Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	934 468 740
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NORBETONG AS
Forretningsadresse:	Lilleakerveien 2A 0283 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Otto Poulsen
Dato for fastsettelse av årsregnskapet:	03.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 14.08.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	804 162 340	797 481 276
Annen driftsinntekt	9	3 770 849	4 232 346
Sum inntekter		**807 933 189**	**801 713 622**
Kostnader			
Varekostnad		439 904 207	443 339 468
Lønnskostnad	3	86 191 767	79 090 277
Avskrivning av driftsmidler	9	14 219 146	13 697 450
Annen driftskostnad	5, 7	239 475 899	250 333 610
Sum kostnader		**779 791 019**	**786 460 805**
Driftsresultat		**28 142 170**	**15 252 817**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		3 095 866	21 333 500
Renteinntekt fra foretak i samme konsern		2 433 563	6 918 882
Annen renteinntekt		1 049 086	1 585 762
Annen finansinntekt		247 928	61 483
Sum finansinntekter		**6 826 443**	**29 899 627**
Rentekostnad til foretak i samme konsern		11 568	
Annen rentekostnad		201 896	984 154
Annen finanskostnad		32 824 468	168 064
Sum finanskostnader		**33 037 932**	**1 152 218**
Netto finans	6	**-26 211 489**	**28 747 409**
Ordinært resultat før skattekostnad		**1 930 681**	**44 000 226**
Skattekostnad	8	1 455 224	2 715 908
Ordinært resultat etter skattekostnad		**475 457**	**41 284 318**
Årsresultat		**475 457**	**41 284 318**
Overføringer og disponeringer			

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Konsernbidrag			27 300 000
Avsatt til annen egenkapital		475 456	13 984 318
Sum overføringer og disponeringer		**475 456**	**41 284 318**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom	9	82 537 328	86 080 676
Maskiner og anlegg	9	92 605 745	87 759 019
Driftsløsøre, inventar o.a. utstyr	9	1 321 134	1 099 041
Sum varige driftsmidler		**176 464 207**	**174 938 736**
Finansielle anleggsmidler			
Investering i datterselskap	10	161 311 951	220 800 051
Investeringer i tilknyttet selskap	10	46 020 000	46 020 000
Pensjonsmidler		6 125 967	7 595 406
Andre langsiktige fordringer	4, 12	3 664 187	3 346 272
Sum finansielle anleggsmidler		**217 122 105**	**277 761 729**
Sum anleggsmidler		**393 586 312**	**452 700 465**
Omløpsmidler			
Varer			
Varer	13	9 724 668	9 448 249
Sum varer	13	**9 724 668**	**9 448 249**
Fordringer			
Kundefordringer	11	115 179 328	121 940 894
Andre fordringer	11	591 737 862	550 134 317
Sum fordringer		**706 917 190**	**672 075 211**
Bankinnskudd, kontanter og lignende			
Bankinskudd, kontanter o.o.	14	103 563	103 563
Sum bankinnskudd, kontanter og lignende	14	**103 563**	**103 563**
Sum omløpsmidler		**716 745 421**	**681 627 023**
SUM EIENDELER		**1 110 331 733**	**1 134 327 488**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	15, 16	124 800 000	124 800 000
Sum innskutt egenkapital		**124 800 000**	**124 800 000**
Opptjent egenkapital			
Annen egenkapital	16	812 333 732	809 370 727
Sum opptjent egenkapital		**812 333 732**	**809 370 727**
Sum egenkapital		**937 133 732**	**934 170 727**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	8	19 950 448	25 136 393
Sum avsetninger for forpliktelser		**19 950 448**	**25 136 393**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**19 950 448**	**25 136 393**
Kortsiktig gjeld			
Leverandørgjeld	11	114 153 574	108 621 743
Betalbar skatt	8	4 627 654	2 345 335
Skyldige offentlige avgifter		19 806 357	16 433 263
Annen kortsiktig gjeld	11	14 659 968	47 620 027
Sum kortsiktig gjeld		**153 247 553**	**175 020 368**
Sum gjeld		**173 198 001**	**200 156 761**
SUM EGENKAPITAL OG GJELD		**1 110 331 733**	**1 134 327 488**

NORBETONG AS

Årsberetning 2020

NORBETONG AS
Adresse: Lilleakerveien 2A, 0283 OSLO
Org.nr: 934468740 MVA

Virksomhet

NorBetong AS er Norges ledende produsent av ferdigbetong. Selskapet driver produksjon og salg av ferdigbetong fra faste anlegg i Sør-Norge, og fra mobile anlegg med fleksibel anvendelse. NorBetong AS skal være ledende i Norge innenfor sine virksomhetsområder.

NorBetong AS er eiet av det tyske selskapet HeidelbergCement AG, som er en av verdens ledende produsenter av sement og en betydelig aktør innenfor tyngre byggevarer.

Årsregnskapet er i samsvar med regnskapsloven § 3-3a og § 4-5 avlagt under forutsetning om fortsatt drift, styret bekrefter at denne forutsetningen er til stede. Det har ikke funnet sted hendelser som er av vesentlig betydning for årsregnskapet etter avslutningen av regnskapsåret.

Marked/Økonomi

NorBetong AS hadde i 2020 en omsetning på kr 807,9 mill. mot kr 801,7 mill. i 2019, en økning på 0,8%. Leveransene gikk ned med 4,6%, men resultatet fra drift bedret seg med 12,9 mill på grunn av bedre marginer og lavere driftskostnader.
Resultat før skatt i 2020 gikk ned på grunn av tap ved salg av aksjer i datterselskap, samt lavere mottatt utbytte og endte på kr 1,9 mill. mot et resultat før skatt på kr 44 mill. i 2019.

NorBetong AS fusjonerte inn selskapet HeidebergCement Pumps and Trucks AS i desember 2020.

Markedsutsiktene for 2021 forventes å ligge på samme nivå som i 2020.
Covid-19 kan imidlertid påvirke dette negativt. Ledelsen og gruppen følger nøye opp utviklingen av pandemien og vurderer løpende om tiltak skal iverksettes.
Pandemien har gjennom året hatt liten finansiell påvirkning på bedriften, alle fabrikker har vært operative og det har ikke vært permitteringer. Norbetong har benyttet seg av tilskuddsordninger og motatt totalt kr 47 tusen.

Det gjøres løpende vurderinger og tapsføringer av kundefordringene.
Pr. desember 2020 er ingen store poster eller kunder vurdert som usikre.

Det er som følge av eierstruktur liten risiko knyttet til selskapet (finansiell risiko, kreditt risiko og likviditetsrisiko). Likviditetssituasjonen i selskapet er tilfredsstillende.
Styret mener at årsregnskapet gir et riktig bilde av NorBetong AS sine eiendeler og gjeld, finansielle stilling og resultat, og bekrefter at forutsetning om fortsatt drift er tilstede.

Organisasjon, miljø og personale

Pr. 31. desember 2020 var det 79,26 årsverk knyttet til virksomheten i NorBetong AS, mot 74,26 ved utgangen av 2019. Sykefraværet i selskapet var på til sammen 1063 dager i 2020, dette utgjør 7,82 % av total arbeidstid i selskapet. Det ble i 2020 registrert 1 skade og totalt 60 skadefraværsdager.

Arbeidsmiljøet i bedriften må anses som godt og det arbeides kontinuerlig med å opprettholde de gode forholdene. Virksomheten i selskapet er ikke i særlig grad forbundet med risiko for forurensing av det ytre miljø. Det er iverksatt og det arbeides kontinuerlig med tiltak for å sikre mot forurensingen av miljøet. Oppfølging av formålet i diskriminerings- og tilgjengelighetsloven skjer som en del av det løpende HR arbeidet gjennom AMU i virksomheten.

NORBETONG AS

NorBetong AS har en overvekt av menn blant sine ansatte med en andel på 92,7%, noe som i hovedsak kan forklares med bransjemessige tradisjoner og stor stabilitet blant de ansatte. NorBetong AS praktiserer full likestilling mellom kvinner og menn.

NorBetong AS arbeider for å fremme Diskrimineringslovens formål innenfor virksomheten. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, utviklingsmuligheter og beskyttelse mot trakassering. Dette inkluderer også en ambisjon om å være en arbeidsplass hvor det ikke forekommer diskriminering på grunn av nedsatt funksjonsevne.

Arbeidet for å bedre helse, miljø og sikkerhet vil fortsatt bli høyt prioritert i konsernet.

Ytre miljø

Utslipp fra produksjonsanleggene, inkludert stoffer som kan innebære miljøskader, er innenfor de krav som myndighetene stiller. Betongtransporten og betongpumpingen påvirker det ytre miljø i svært liten grad og bilparken består av moderne lastebiler med lavutslippsmotorer. Konsernets virksomhet er ikke regulert av konsesjoner eller pålegg.

NorBetong AS er miljøsertifisert ihht. NS-ISO14001 og har i gjennom dette jobbet kontinuerlig med miljøtiltak ihht. miljøplanen som er laget.

Egenkapital

Egenkapitalen var ved utgangen av året kr 937,1 mill., sammenlignet med kr 934,2 mill. året før. Selskapet egenkapitalandel er innenfor det intervallet som selskapets ledelse anser som akseptabelt.

Oslo, 3. mai 2021
Styret for NORBETONG AS

Giv Kouzekanani Brantenberg Styrets formann	**Jan Gånge** Styremedlem	**Per Berglund** Styremedlem
Thor Harry Bjerge Styremedlem	**Jan-Gábor Turi** Styremedlem	**Otto Poulsen** Administrerende direktør

NORBETONG AS
Kontantstrømoppstilling

Alle tall i NOK	Note	2020	2019
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		1 930 681	44 000 226
Utbytte fra tilknyttede selskap		-3 095 866	-21 333 500
Periodens betalte skatt		-2 217 646	-1 173 401
Tap/gevinst ved salg av anleggsmidler		-1 299 900	-11 000
Ordinære avskrivninger		14 219 146	13 697 451
Nedskrivning anleggsmidler		57 450 000	0
Endring i varelager, debitorer og kreditorer		12 016 979	19 999 455
Forskjeller i pensjonsmidler/-forpliktelser		1 777 439	-3 619 050
Endring i andre tidsavgrensningsposter		-35 693 797	69 919 080
Netto kontantstrøm fra operasjonelle aktiviteter		45 087 036	121 479 261
Kontantstrømmer fra investeringsaktiviteter			
Netto innbetalinger ved salg og utbetalinger ved kjøp		-14 607 062	-25 813 802
Utbetalinger ved kjøp av aksjer		0	-14 000 000
Innbetalt på kortsiktige og langsiktige fordringer		1 424 160	0
Netto kontantstrøm fra investeringsaktiviteter		-13 182 902	-39 813 802
Kontantstrømmer fra finansieringsaktiviteter			
utbetalinger av utbytte/konsernbidrag		-35 000 000	-103 000 000
Innbetaling av utbytte tilknyttede selskap		3 095 866	21 333 500
Netto kontantstrøm fra finansieringsaktiviteter		-31 904 134	-81 666 500
Netto endring i likvider i året		0	-1 041
Kontanter og bankinnskudd per 01.01		103 563	104 604
Kontanter og bankinnskudd per. 31.12		103 563	103 563

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

Konsernregnskap
NorBetong AS er et heleid datterselskap i HeidelbergCement Group. I henhold til regnskapsloven § 3-7 er det ikke utarbeidet konsernregnskap for selskapet.

For henvendelser vedrørende konsemregnskap, kontakt morselskapet: HeidelbergCement AG, Berliner Strasse 6, D-69120 Heidelberg, Tyskland.

Datterselskap/tilknyttet selskap
Datterselskapet og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Investeringene er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Mottatt utbytte inntektsføres som det er avsatt i avgivende selskap, dersom det er overveiende sannsynlig at utbytte blir vedtatt og er opptjent i eierperioden.

Valuta
Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet.
Pengeposter i utenlandsk valuta er vurdert etter balansedagens kurs. Valutakursendringer resultatføres løpende i regnskapsperioden.

Salgsinntekter
Inntekter fra salg av varer resultatføres når levering har funnet sted og risiko er overført. Tjenester inntektsføres i takt med utførelsen.

Skatt
Skattekostnaden i resultatregnskapet består av betalbar skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22 % i år 2020 (22 % i år 2019) på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til egenkapitaltransaksjoner.

Klassifisering og vurdering av balanseposter
Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Varige driftsmidler
Varige driftsmidler balanseføres og avskrives over driftsmidlets forventede levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmiddelet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Driftsmidler som ikke er ferdig installert og satt i drift ved årsskiftet betegnes som anlegg under utførelse og blir ikke avskrevet før de tas i bruk.

Goodwill
Goodwill oppstått ved kjøp av virksomheter er bokført til kostpris redusert med lineære avskrivninger beregnet på bakgrunn av forventet levetid.

Varebeholdninger
Varelager regnskapsføres til det laveste av anskaffelseskost og virkelig verdi. Anskaffelseskost tilordnes ved bruk av FIFO metoden og inkluderer utgifter påløpt ved anskaffelse av varene og kostnader for å bringe varene til nåværende tilstand og plassering.

Fordringer
Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap på krav.

Leasing
Kostnader knyttet til operasjonell leasing kostnadsføres i tilhørende periode, mens finansielle leieavtaler balanseføres.

Pensjoner
NorBetong AS har kollektiv pensjonsordning (sikrede pensjoner) for sine ansatte som gir en bestemt fremtidig pensjonsytelse (ytelsesplan). Pensjonsytelsene er basert på antall opptjeningsår og lønnsnivået ved pensjonsalder. De ansatte i NorBetong AS har også rett til avtalefestet pensjon fra fylte 62 år.

Pensjonsforpliktelsene er vurdert til nåverdien av fremtidige pensjonsytelser som er opptjent på balansedagen og er beregnet av uavhengig aktuar hensyntatt selskapets forutsetninger om diskonteringsrente, fremtidig lønnsvekst og pensjonsregulering. Diskonteringsrenten fastsettes med utgangspunkt i rente på langsiktige norske foretaksobligasjoner. Pensjonsmidlene er vurdert til virkelig verdi, og fratrukket i netto pensjonsforpliktelser i balansen.

Netto pensjonskostnad består av årets beregnede pensjonsopptjening, beregnet rentekostnad av pensjonsforpliktelsene fratrukket beregnet renteinntekt av pensjonsmidlene, samt arbeidsgiveravgift av usikrede eller underfinansierte ordninger. Netto pensjonskostnad inngår i lønnskostnadene.

Estimatavvik føres løpende mot egenkapitalen.

NORBETONG AS
Noter til regnskapet for 2020
Alle tall i NOK

Konsernkonto
Bankkontiene til NorBetong AS inngår i konsernets kontosystem, hvor HeidelbergCement AG er kontoinnehaver. Saldo er presentert som kortsiktig fordring på konsern, og ikke som bankinnskudd.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Det innebærer at en i analysen tar utgangspunkt i selskapets årsresultat for å kunne presentere kontantstrømmer tilført fra henholdsvis ordinær drift, investeringsaktiviteter og finansieringsaktiviteter. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Valutagevinst og - tap presenteres som finansposter.

Note 2 - Salgsinntekter

	2020	2019
Geografisk fordeling		
Norge	804 162 340	797 481 276

Salgsinntektene består av salg av ferdigbetong i Norge i sin helhet.

Note 3 - Lønnskostnader, antall ansatte, godtgjørelse, lån til ansatte og godtgjørelse til revisor

Lønnskostnader	2020	2019
Lønninger	67 582 984	61 301 583
Arbeidsgiveravgift	9 076 578	9 430 277
Pensjonskostnader	5 817 704	5 344 805
Andre ytelser	3 714 500	3 013 611
Sum	86 191 766	79 090 276

Selskapet har i regnskapsåret sysselsatt totalt 79 årsverk.

Ytelser til ledende personer

	Daglig leder	
Lønn	1 494 096	0
Pensjonsutgifter	56 854	0
Bonuser	501 466	0
Annen godtgjørelse	126 254	0

Administrerende direktør deltar i selskapets pensjonsordning og i bonusordningen for ledere i HeidelbergCement Northern Europe. Størrelsen på bonus avhenger av selskapets inntjening og oppnåelse av individuelle mål.

Ledende ansatte har ikke hatt opsjonsavtale eller annen aksjebasert avlønning i 2020.

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

	2020
Godtgjørelse til revisor	430 701

Revisjons honorar er ekslusiv MVA.

Godtgjørelse til revisor:

Det er i 2020 fakturert (eks. mva) kr. 290 701 i ordinært revisjonshonorar, kr. 100 000 til skatterådgivning og kr. 40 000 for annen bistand.

Note 4 - Lån til ansatte

Lån til selskapets ansatte utgjør pr. 31.12.2020 kr 3 664 187.

Lånene er rente- og avdragsfrie, og nedskrives over 5/20 år med like store deler årlig. Avskrivningsbeløp og rentefordel innberettes som lønn.

Det er ikke ytet lån eller stilt garantier til daglig leder, styreleder eller andre nærstående parter. Ingen lån eller garantier utgjør mer enn 5 % av selskapets aksjekapital.

Note 5 - Spesifikasjon andre driftskostnader

	2020	2019
Frakt og distribusjonskostnader	142 130 568	146 382 126
Reparasjon og vedlikehold, fremmede tjenester, honorarer	19 877 467	18 893 888
Leiekostnader	21 535 031	18 936 543
Energikostnader	6 629 582	7 968 623
Andre driftskostnader	49 303 254	58 152 426
Sum	239 475 902	250 333 606

Note 6 - Finans

Finansinntekter	2020	2019
Utbytte	5 795 966	21 333 500
Renteinntekt fra foretak i samme konsern	2 433 563	6 918 882
Annen renteinntekt	1 049 086	1 585 762
Agio	247 928	61 483
Försäljning finansiella anläggningar	1 299 900	0
Korrigering utbytte från fg år	-4 000 000	0
	6 826 443	29 899 627

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Finanskostnader		
Rentekostnader fra foretak i samme konsern	11 568	0
Annen rentekostnad	201 896	984 154
Disagio	299 668	142 064
Annen finanskostnad	24 800	26 000
Nedskrivning aksjer i konsoliderte selskaper	32 500 000	0
	33 037 932	1 152 218

Note 7 - Leieavtaler

Selskapet har operasjonelle leasingavtaler på deler av maskinparken. Leasingavtalene har en varighet på 1-5 år.

	2020	2019
Leasing		
Operasjonell leasing	10 614 428	7 583 650

Note 8 - Skatt

Årets skattekostnad fordeler seg på:	2020	2019
Betalbar skatt (22% av grunnlag for betalbar skatt i resultatregnskapet)	4 627 674	10 045 335
For mye, for lite avsatt i fjor	2 081 255	-1 432 898
Skatt estimatavvik direkte balanseført	-67 760	1 780 020
Endring i utsatt skatt/skattefordel	-5 185 945	-7 676 549
Årets totale skattekostnad	1 455 224	2 715 908

Beregning av årets skattegrunnlag:	2020	2019
Resultat før skattekostnad	1 930 681	44 000 226
Permanente forskjeller	-4 776 277	-6 586 455
Estimatavvik pensjon direkte balanseført	308 000	-8 091 000
Endring i IB som følge av endret skatt	0	-5 232 282
Endring i forskjeller som inngår i grunnlag for utsatt skatt/skattefordel	23 572 478	34 893 404
Alminnelig inntekt	21 034 882	58 983 893
Avgitt konsernbidrag	0	-35 000 000
Årets skattegrunnlag	21 034 882	23 983 893
Betalbar skatt (22%) av årets skattegrunnlag	4 627 674	5 276 456

NORBETONG AS
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Alle tall i NOK

Oversikt over midlertidige forskjeller	**2020**	**2019**
Driftsmidler inkl goodwill	20 569 922	48 443 848
Fordringer	-1 547 814	-872 614
Gevinst- og tapskonto	65 535 779	81 919 723
Andre forskjeller	0	-22 830 031
Pensjoner	6 125 967	7 595 406
Netto midlertidige forskjeller	90 683 854	114 256 332
Utsatt skatt/skattefordel i regnskapet (22 %)	19 950 448	25 136 393

Hvordan betalbar skatt fremkommer i balansen	**2020**	**2019**
Betalbar skatt i skattekostnaden	4 627 674	10 045 335
Skattevirkning i konsernbidrag, stiftelses-/emisjonskostnader	0	-7 700 000
Betalbar skatt i balansen	4 627 674	2 345 335

Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt	**2020**
22% skatt av resultat før skatt	424 750
For mye, for lite avsatt i fjor	2 081 255
Permanente forskjeller (22%)	-1 050 781
Beregnet skattekostnad	1 455 224

Note 9 - Varige driftsmidler

	Goodwill	Tomter, bygninger og annen eiendom	Maskiner og anlegg	Anlegg under utførelse lignende	Driftsløsøre, inventar, verktøy mm.	Sum
Anskaffelseskost 01.01	48 079 156	121 374 720	261 774 138	3 411 143	21 324 188	455 963 345
Tilgang kjøpte driftsmidler	0	653 415	5 224 821	9 438 219	590 507	15 906 962
Anskaffelseskost 31.12	48 079 156	122 028 135	266 998 959	12 849 362	21 914 695	471 870 307
Akk.avskrivning 31.12	-48 079 156	-39 490 807	-187 242 576	0	-20 593 561	-295 406 100
Balanseført pr. 31.12	0	82 537 328	79 756 383	12 849 362	1 321 134	176 464 207
Årets avskrivninger	0	4 196 763	9 657 250	0	365 133	14 219 146
Økonomisk levetid	5-10 år	10-33 år	10-15 år	Avskrives ikke	5 år	
Avskrivningsplan	Lineær	Lineær	Lineær		Lineær	

NORBETONG AS
Noter til regnskapet for 2020
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Note 10 - Datterselskap, tilknyttet selskap m v

Datterselskap	Kontor	Eier-andel	Resultat 2020	Egenkapital pr. 31.12	Balanseført verdi pr. 31.12
NorStone AS	Sandnes	100 %	3 130 574	31 769 885	110 656 901
Betong Sør AS	Kristiansand	100 %	3 658 878	18 172 507	22 655 050
Sola Betong AS	Tananger	67 %	2 524 000	9 044 000	28 000 000
Sum			9 313 452	58 986 392	161 311 951

Tilknyttet Selskap	Kontor	Eier-andel	Resultat 2020	Egenkapital pr. 31.12	Balanseført verdi pr. 31.12
Betong Øst AS	Kongsvinger	50 %	56 336 659	106 309 691	5 000 000
Betong Vest AS	Blomsterdalen	40 %	1 188 410	30 526 075	27 000 000
ISPS Terminal Sjursöy Nord AS	Oslo	0 %	0	0	20 000
Sylteosen Betong AS	Elnesvågen	40 %	1 642 674	23 892 231	14 000 000
Sum			59 167 743	160 727 997	46 020 000

Investeringer i datterselskap og tilknyttede selskap vurderes etter kostmetoden i selskapsregnskapet.

Det er mottatt TNOK 5 796 TNOK i utbytte fra Betong Øst Trøndelag AS. Utbytte er ført som finansinntekt.

Årsresultat og egenkapital i datterselskap oppgitt 100 %. For tilknyttede selskap er det benyttet midlertidige tall da årsresultatet ikke er klart.

Note 11 - Mellomværende med selskap i samme konsern og tilknyttede selskap

Totalt varekøp fra konsern utgør 258 118 TNOK.
Totalt salg till konsern utgør 13 914 TNOK.

Fordringer	2020	2019
Kundefordringer	4 025 105	2 964 558
Andre fordringer	568 439 305	516 465 769
Sum	572 464 410	519 430 327

Gjeld	2020	2019
Leverandørgjeld	53 358 726	45 242 198
Annen kortsiktig gjeld	866 063	35 000 000
Sum	54 224 789	80 242 198

Note 12 - Fordringer og gjeld

Fordringer med forfall senere enn ett år	2020	2019
Lån til ansatte	3 664 187	3 346 272

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Sum	3 664 187	3 346 272

Note 13 - Varer

	2020	2019
Lager av råvarer m.m.	9 724 668	9 448 249
Sum	9 724 668	9 448 249

Note 14 - Bankinnskudd

Som sikkerhet for ansattes skattetrekksmidler har selskapets bankforbindelse avgitt en bankgaranti på TNOK 5 000. Skyldig skattetrekk pr 31.12.2020 utgjorde TNOK 3 248.

Konsernets likviditet er organisert i en konsernkontoordning. Dette innebærer at datterselskapenes kontantbeholdning formelt sett er fordringer på morselskapet. NorBetong AS bankinnskudd i konsernkontoordningen er klassifisert som konsernfordringer.

Note 15 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	Pålydende	Balanseført
Ordinære aksjer	1 950 000	64	124 800 000

Det er kun en aksjeklasse.

Oversikt over aksjonærene i selskapet pr. 31.12:

	Ordinære aksjer	Eier-andel	Stemme-andel
HeidelbergCement Norway AS	1 950 000	100 %	100 %

Note 16 - Egenkapital

	Aksjekapital	Annen egenkapital	Sum
Egenkapital 01.01.20	124 800 000	809 370 727	934 170 727
Årets resultat	0	475 457	475 457
ifrs 16 tidigare år	0	236 541	236 541
Estimatavvik pensjoner	0	240 241	240 241
Fusjonsresultater	0	2 010 766	2 010 766
Egenkapital 31.12.20	124 800 000	812 333 732	937 133 732

Estimatavvik ved beregning av pensjoner føres direkte mot egenkapitalen. Egenkapitaleffekten av estimatavvik og avgitt konsernbidrag er etter skatt.

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Note 17 - Pensjoner

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Selskapet har pensjonsordninger som omfatter i alt 122 personer.

	2020	2019
Nåverdi av årets pensjonsopptjening, inkl. arbeidsgiveravgift	2 179 000	2 074 000
Rentekostnad av pensjonsforpliktelsen	1 215 000	1 408 000
Renteinntekt av pensjonsmidlene	-1 391 000	-1 887 000
Netto pensjonskostnad	2 003 000	1 595 000

	2020	2019
Opptjente pensjonsforpliktelser pr31.12	58 768 000	53 747 000
Beregnede pensjonsforpliktelser	58 768 000	53 747 000
Pensjonsmidler (til markedsverdi) pr31.12	64 895 000	61 343 000
Netto pensjonsforpliktelse (pensjonsmidler)	-6 127 000	-7 596 000

	Forplikt.	Forplikt.
Økonomiske forutsetninger:	2020	2019
Diskonteringsrente	1,70%	2,30%
Forventet lønnsregulering	1,75%	2,00%
Forventet G-regulering	2,25%	2,50%
Forventet avkastning pensjonsmidler	0,00%	2,80%
	0,00%	0,00%

Estimatavvik regnskapsføres løpende ved føring direkte mot egenkapitalen.

De aktuarmessige forutsetningene er basert på vanlige benyttede forutsetninger innen forsikring når det gjelder demografiske faktorer.

Som erstatning for den gamle AFP-ordningen som ble avviklet i 2010 er det etablert en ny AFP-ordning. Den nye AFP- ordningen er, i motsetning til den gamle, ikke en førtidspensjonsordning, men en ordning som gir et livslangt tillegg på den ordinære pensjonen. Den nye AFP-ordningen er en ytelsesbasert flerforetakspensjonsordning, og finansieres gjennom premier som fastsettes som en prosent av lønn. Foreløpig foreligger ingen pålitelig måling og allokering av forpliktelse og midler i ordningen. Regnskapsmessig blir ordningen behandlet som en innskuddsbasert pensjonsordning hvor premiebetalinger kostnadsføres løpende. Det er ikke fondsoppbyggning i ordningen, og det forventes at premienivået vil øke de kommende årene.

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Note 18 - Hendelser etter balansedagen

Ledelsen og gruppen følger nøye opp utviklingen av Covid-19 og gjør løpende risikovurderinger og vurderinger av om det skal iverksettes tiltak.
Foreløpig har det ikke vært behov for å iverksette tiltak, men dersom man merker en reduksjon i etterspørsel eller leveranser fra underleverandører kan det bli aktuelt med permitteringer av ikke-kritisk personell, kostnadsbesparelser eller benytte seg av statens støtteordninger.
Ledelsen har utarbeidet og styret har fått fremlagt oppdaterte likviditetsbudsjetter og analyser som viser at selskapets likviditet er tilfredsstillende og at eventuelle tiltak som må implementeres vil være tilstrekkelig til å opprettholde fortsatt drift på et tilfredsstillende nivå.

HEIDELBERGCEMENT

ANNUAL REPORT
2020

MATERIAL
TO BUILD OUR FUTURE

Financial highlights

Figures in €m	2016	2017	2018	2019	2020
Number of employees as at 31 December	60,424	59,054	57,939	55,047	**53,122**
Sales volumes					
Cement and clinker (million tonnes)	102.8	125.7	130.0	125.9	**122.0**
Aggregates (million tonnes)	272.0	305.3	309.4	308.3	**296.3**
Ready-mixed concrete (million cubic metres)	42.5	47.2	49.0	50.7	**46.9**
Asphalt (million tonnes)	9.4	9.6	10.3	11.3	**11.0**
Income statement					
Total Group revenue	15,166	17,266	18,075	18,851	**17,606**
Result from current operations before depreciation and amortisation (RCOBD[1])	2,887	3,297	3,100	3,580	**3,707**
Result from current operations (RCO[2])	1,928	2,188	2,010	2,186	**2,363**
Profit / loss for the financial year	831	1,058	1,286	1,242	**-2,009**
Group share of profit / loss	657	918	1,143	1,091	**-2,139**
Dividend per share in €	1.60	1.90	2.10	0.60	**2.20**[3]
Earnings / loss per share in €	3.40	4.62	5.76	5.50	**-10.78**
Investments					
Investments in intangible assets and PP&E	1,040	1,035	1,061	1,183	**969**
Investments in financial assets [4]	2,999	243	663	131	**98**
Total investments	4,039	1,278	1,723	1,314	**1,067**
Depreciation and amortisation	959	1,109	1,090	1,394	**1,344**
Cash flow					
Cash flow from operating activities	1,874	2,038	1,968	2,664	**3,027**
Cash flow from investing activities	-2,321	-837	-1,134	-906	**-949**
Cash flow from financing activities	1,056	-922	-348	-873	**-2,641**
Balance sheet					
Equity (incl. non-controlling interests)	17,792	15,987	16,822	18,504	**14,548**
Balance sheet total	37,120	34,558	35,783	38,589	**32,335**
Net debt [5]	8,999	8,695	8,323	8,410	**6,893**
Ratios					
RCOBD [1] margin	19.0 %	19.1 %	17.2 %	19.0 %	**21.1 %**
RCO [2] margin	12.7 %	12.7 %	11.1 %	11.6 %	**13.4 %**
Net debt [5]/equity (gearing)	50.6 %	54.4 %	49.5 %	45.5 %	**47.4 %**
Net debt [5]/RCOBD [1]	3.12x	2.64x	2.68x	2.35x	**1.86x**

1) RCOBD = Result from current operations before depreciation and amortisation; 2018 amount was restated.
2) RCO = Result from current operations; 2018 amount was restated.
3) The Managing Board and Supervisory Board will propose to the Annual General Meeting on 6 May 2021 the distribution of a cash dividend of €2.20.
4) 2019 amount was restated, see the Notes Other changes, page 124 f.
5) 2018 amount was restated due to adjusted net debt definition.

1 – To our shareholders

2 – Combined management report of HeidelbergCement Group and HeidelbergCement AG

3 – Corporate Governance[1)]

4 – Consolidated financial statements

5 – Additional information

1) Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

1 To our shareholders

Dr. Dominik von Achten, Chairman of the Managing Board

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Dear Shareholders,
Dear Employees and Friends of HeidelbergCement,

In many ways, 2020 was an extraordinary year for all of us. The coronavirus pandemic has shown us how vulnerable our economy and society are and how important health, cohesion, and flexibility are.

Shortly after I took over as Chairman of the Managing Board of HeidelbergCement in February 2020, it was clear that the coronavirus would have a significant impact on our business activity. From mid-February, we therefore acted promptly and comprehensively to take the measures that were necessary in the given situation. With the COPE action plan, we launched a comprehensive package of measures with a focus on cost savings and preserving liquidity. In doing so, the health protection of our employees, customers, and service providers was always a priority.

In the past year, the impact of the COVID-19 pandemic significantly impaired construction activity and thus demand for building materials. After the sharp drop in sales volumes in the second quarter at the height of the first lockdown due to the pandemic, demand rose again significantly in the following months, but did not fully compensate for the losses by the end of the year. Nevertheless, we closed the 2020 financial year with a top result. On a like-for-like basis, the result from current operations before depreciation and amortisation increased by around 6 % to €3.7 billion. We not only achieved our forecast in all key figures, but even exceeded it.

Key to this success was the good operational performance in all our market regions and business lines. We managed to more than compensate for the COVID-19-related declines in revenue with savings in costs and investments, as well as in many other areas. In conjunction with the economic recovery in the summer and early autumn as well as the good price development, these measures contributed significantly to the improvement in result.

This is a great achievement by the entire HeidelbergCement team, of which I am very proud. My thanks therefore go to all employees for their extraordinary commitment in the past year. You did an outstanding job and, with a high degree of flexibility, ensured that our company was able to bring this difficult year to a successful close.

Following the positive business trend in 2020, we are resuming our progressive dividend policy as planned. For the past financial year, the Managing Board and Supervisory Board will propose to the Annual General Meeting the payout of a dividend of €2.20 per share. This corresponds to a payout ratio of 32.0 % of the Group share of adjusted profit. In this way, our shareholders will participate in our good result in an appropriate manner.

"Beyond 2020" strategy

During the first half of 2020, we intensively reviewed our strategic orientation. On 16 September 2020, we presented our new "Beyond 2020" strategy to shareholders and the public at our Capital Markets Day. At the heart of the strategy are new medium-term financial and sustainability targets, which we aim to achieve by 2025 at the latest. We are targeting a return on invested capital (ROIC) of well over 8 %. We want to increase our profit margin, i.e. the ratio of the result from current operations before depreciation and amortisation to revenue, to 22 %. Net debt should be within a target corridor of 1.5 to 2.0 times the result from current operations before depreciation and amortisation.

The focus of our portfolio management is on simplifying the country portfolio and prioritising the strongest market positions. Where we cannot achieve our return expectations in the medium term, we will disinvest. Selected acquisitions in existing markets must meet high expectations for returns on investment and/or growth. As a general principle, we will maintain our balanced positioning in mature and growth markets.

Sustainability and digitalisation as key topics for the future

We see climate change and digitalisation as the two main challenges of the future for us as a company as well as for society. As one of the world's leading manufacturers of building materials, we have the ambition and innovative strength to play a pioneering role in actively shaping this change.

This is why we place a high priority on the issue of sustainability as part of our Group strategy. By 2025, we aim to reduce specific net CO_2 emissions to below 525 kg per tonne of cementitious material. This corresponds to a reduction of 30 % compared with 1990. Our intention is to reduce this figure to below 500 kg per tonne of cementitious material by 2030. Within our CO_2 roadmap 2030, each country must achieve the CO_2 reduction targets by means of precisely defined measures.

In order to lend even more weight to the roadmap, we are now anchoring these CO_2 reduction targets consistently in our global remuneration systems. In future, the full variable remuneration can only be achieved if both the financial targets and the sustainability target are met. The regulation will apply to all members of the Managing Board and to every bonus-eligible employee worldwide from the 2021 financial year.

We are also making great strides in industrial scaling of technologies to reduce and capture CO_2. Three CO_2 capture and utilisation/storage (CCU/S) projects are entering the next phase. Our project in Brevik, Norway, the world's first industrial-scale CCS project in the cement industry, is scheduled to start regular operation by 2024. In the pilot project catch4climate, we will build and operate a demonstration plant for CO_2 capture on a semi-industrial scale at the German Mergelstetten cement plant together with three other cement manufacturers. With the pilot project LEILAC 2, the LEILAC technology is to be implemented on an industrial scale at our cement plant in Hanover, Germany, by 2025.

In addition, we continue to make progress in the development of sustainable and low-carbon products. With i.tech® 3D, we are delivering an innovative concrete for the first printed residential buildings in Germany. The high-tech material was developed specifically for 3D printing and is suitable for a wide range of applications and various types of 3D printers.

As part of our second topic for the future and transformation focus, we have launched a digitalisation offensive across all business lines and Group areas. Three digital pillars – HConnect, HProduce, and HService – contribute to improving our growth and profit margin. The digital HConnect products enhance the interface to the customer and are expected to cover more than 75 % of the worldwide sales volume by 2025. The HProduce and HService solutions allow significant efficiency gains and cost reductions in our production and administrative processes. We intend to continue developing these digital solutions over the next few years.

Our corporate purpose "Material to build our future"
Given the increasing pace of change in the business world, it is crucial to provide orientation to employees and managers, to strengthen the common identity, and to emphasise what we stand for and want to stand for as a company. Therefore, an integral part of our strategy is our new, jointly developed corporate purpose "Material to build our future". With this play on words, we reaffirm our intention both to develop and to produce innovative (building) materials for the future and to play a material role going forward. Environmental responsibility is at the heart of everything we do – we have set ourselves the goal of being the industry leader on the path to carbon neutrality. In addition, we stand for long-term profitability thanks to operational excellence, engagement, and openness to change as well as our close partnerships with customers and stakeholders.

With this in mind, I would like to thank everyone who has supported HeidelbergCement in the past year: our shareholders, customers, employee representatives, employees, suppliers, and business partners as well as the communities where we are located. You have all contributed to Heidelberg-Cement's success over the course of 2020, an extraordinary year. I look forward to shaping the future of our company together with you and, also on behalf of my colleagues on the Managing Board, I would like to thank you for the trust you place in us.

Yours sincerely,

Dr. Dominik von Achten
Chairman of the Managing Board

Heidelberg, 18 March 2021

Fritz-Jürgen Heckmann, Chairman of the Supervisory Board

Report of the Supervisory Board

Ladies and Gentlemen,

The 2020 financial year was dominated by the coronavirus pandemic. HeidelbergCement's focus has been and remains on protecting the health of all our employees and business partners as effectively as possible. However, the coronavirus pandemic also presented us with numerous challenges from a business perspective. A significant drop in sales volumes as a result of lockdowns in many countries in the second quarter of 2020 was confronted with catch-up effects in the third and fourth quarters. The company showed great adaptability to the changing circumstances and was able to reduce costs within a very short period of time. Despite a decline in revenue in 2020 in comparison with the previous year, from €18.9 billion to €17.6 billion, the result from current operations increased from €2.2 billion to €2.4 billion, while net debt was reduced by €1.5 billion to €6.9 billion. All this was only possible because of the swift action of the Managing Board and the outstanding commitment of all employees. The Supervisory Board would like to thank the Managing Board and employees for this achievement, which should by no means be taken for granted. This robust development allows us to look to the future with confidence, despite all the uncertainties.

In 2020, a generation change took place within our company's Managing Board. The previous Deputy Chairman of the Managing Board Dr. Dominik von Achten took over the role of Chairman of the Managing Board from Dr. Bernd Scheifele on 1 February 2020. Despite the challenges posed by the coronavirus pandemic, Dr. von Achten, together with the rest of the Managing Board, presented a revised and, in the view of the Supervisory Board, very convincing Group strategy "Beyond 2020" as planned in September 2020. The company is ready to face the challenges that lie ahead and will invest even more in the future-oriented fields of digitalisation and sustainability. We accept our share of the global responsibility to limit the rise in worldwide temperature to below 2°C and are also accelerating our already ambitious goals to achieve a CO_2-neutral concrete. At the same time, we retain a focus on the company's financial profitability.

HeidelbergCement defines success not only in terms of achieving financial targets but also in terms of how we get there: sustainability plays a central role in the way we think and act. Our high scores in leading sustainability ratings are both a distinction and an incentive for us. The Supervisory Board supports the Managing Board's new strategy and is convinced that the company will be able to overcome the challenges of the future on this basis.

Consultation and monitoring

Once again, the Supervisory Board firmly supported the company's development during the past financial year and discussed it with the Managing Board at the ordinary and extraordinary meetings of the plenary session and its committees as well as through contact outside the scheduled meetings. Additionally, it received regular and detailed reports, both in writing and verbally, about the intended business policy, strategy and planning, the progress of business and the financial situation, the risk situation and risk management, and compliance. In particular, the Managing Board agreed the Group's new strategy with the Supervisory Board. All deviations of the actual business development from the plans were explained in detail by the Managing Board. Such deviations in the 2020 financial year were due in no small part to the coronavirus pandemic and its effects. In view of the dynamic nature of developments and in order to ensure that the Supervisory Board was kept informed in a timely manner, extraordinary meetings were also held between the regular meetings of the Supervisory Board and its committees, at which the Managing Board provided information on the current situation of the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the Group. Investment projects and financing matters requiring authorisation were presented by the Managing Board and discussed before decisions were made. The Supervisory Board is satisfied that the Managing Board has installed an effective risk management system capable of recognising at an early stage any developments that could jeopardise the survival of the Group. The Supervisory Board has also had this certified by the auditor. Furthermore, it is satisfied as to the effectiveness of the compliance programme, which guarantees Group-wide compliance with the law and with internal guidelines. In the relevant meetings, the responsible line managers of the Group below Managing Board level were available together with members of the Managing Board to provide information to the Audit Committee and to answer questions. Outside the scheduled meetings and without the participation of the Managing Board, the Chairman of the Supervisory Board as well as the Chairman and Deputy Chairman of the Audit Committee also discussed topics relating to the audit in detail with the auditor. In addition, the Chairman of the Supervisory Board was in regular contact with the Chairman of the Managing Board outside the scheduled meetings. In summary, it can be stated that the Supervisory Board has duly fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the German Corporate Governance Code.

The plenary session of the Supervisory Board convened at eight meetings during the reporting year. The Audit Committee met five times. Two meetings of the Personnel Committee took place. Some of the meetings were conducted as face-to-face sessions and, owing to the coronavirus pandemic, others took place as videoconferences. The Nomination Committee and the Arbitration Committee, formed pursuant to section 27(3) of the German Codetermination Law, did not need to meet. The results of the committees' meetings were reported at the subsequent plenary sessions. Members of the Supervisory Board and its committees are listed in the Corporate Governance chapter on ↗ **page 100 f.**

The average attendance rate at the eight plenary sessions of the Supervisory Board in February, March, May, June, August, September (two meetings), and November was 99 %. The participation rate at the committees' meetings held in the reporting year was 100 %.

Participation of the members of the Supervisory Board at the plenary sessions and committee meetings

Supervisory Board member	Number of Supervisory Board and committee meetings	Participation	Participation rate
Fritz-Jürgen Heckmann, Chairman of the Supervisory Board [1]	15	15	100 %
Heinz Schmitt, Deputy Chairman of the Supervisory Board [2]	15	15	100 %
Barbara Breuninger [2]	13	13	100 %
Birgit Jochens [2]	10	10	100 %
Ludwig Merckle [1]	15	15	100 %
Tobias Merckle [1]	8	8	100 %
Luka Mucic [1]	15	15	100 %
Dr. Ines Ploss [2]	10	10	100 %
Peter Riedel [2]	13	13	100 %
Werner Schraeder [2]	15	15	100 %
Margret Suckale [1]	15	15	100 %
Prof. Dr. Marion Weissenberger-Eibl [1]	8	7	87.5 %

1) Shareholder representative
2) Employee representative

Separate preliminary meetings of the employee representatives were held in connection with the Supervisory Board meetings. The Supervisory Board also met regularly without the Managing Board.

Topics of discussion in the meetings of the Supervisory Board and its committees
The sessions in the first half of 2020 dealt, among other things, with the audit of the non-financial statement, the adoption of the 2019 annual financial statements and consolidated financial statements, the approval of the 2020 operating plan, and preparations for the 2020 Annual General Meeting, which was held on a purely virtual basis for the first time because of the impact of the coronavirus pandemic. The Supervisory Board and its committees also dealt with the Managing Board's regular reports on the business trend and the status of net debt as well as with Corporate Governance issues. In this context the Supervisory Board resolved to set the target figure for the proportion of women in the Managing Board to at least one woman for the period from 1 July 2020 to 30 June 2025.

Following the onset of the coronavirus pandemic, the Supervisory Board and Audit Committee dealt regularly and in detail with its impact on the company. The focus was not only on the current business situation and its development, but also on resulting changes in working practices and the longer-term consequences for HeidelbergCement's markets.

The Supervisory Board placed particular emphasis on closely accompanying and supporting the Managing Board in the development of the "Beyond 2020" Group strategy. This was not only the subject of the Supervisory Board's annual strategy meeting in September but was also dealt with at an extraordinary meeting in August and at other meetings. At several meetings, the Supervisory Board also discussed with the Managing Board the major investments, divestments, and portfolio optimisations affecting the strategic goals of profitable growth of HeidelbergCement and a further improvement of the balance sheet structure.

In the reporting year, the Audit Committee dealt extensively with the further development of the company's Corporate Governance and risk management as well as with the effectiveness of the compliance management system. In addition, the Managing Board regularly reported to the Supervisory Board and the Audit Committee on the company's measures to achieve an even more sustainable business model. One focus here was on further ways of reducing CO_2 emissions or – where this is not economically feasible – on the capture and subsequent use or storage of the CO_2 produced.

In addition, the Supervisory Board and its Audit Committee addressed during the reporting year the issue of a bond under the EMTN programme created in the mid-1990s, which allows the company to issue bonds to the capital market. The bond amounts to €650 million with a term that runs until October 2024. Despite the uncertainties caused by the coronavirus pandemic, HeidelbergCement was able to place the bond on advantageous terms, which demonstrated the capital market's confidence in our company's performance even in difficult times. HeidelbergCement is therefore ideally prepared to secure financing for its business transactions in the short, medium, and long term. The Supervisory Board welcomes and encourages the concern of the Managing Board to refinance expiring financial instruments at current favourable interest conditions, thereby continuing to improve the financial result. The Supervisory Board acknowledged that the maturity profile of the liabilities shows its usual balanced structure. It encouraged the Managing Board in its efforts to keep the leverage ratio in the investment grade range and to return net debt in relation to the result from current operations before depreciation and amortisation to the target corridor of 1.5x–2.0x.

In its meetings, the Audit Committee dealt with the 2019 annual financial statements and consolidated financial statements as well as the points of focus for the audit, the reports regarding internal audit, risk management, and compliance, the half-year financial report and quarterly statements for the 2020 financial year, the preparation of the Supervisory Board's proposal to the 2020 Annual General Meeting for the appointment of audit firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as the new auditor and Group auditor, and – after the Annual General Meeting followed this proposal – the award of the audit contract to PricewaterhouseCoopers. In this context, it defined the points of focus for the 2020 audit. The auditors responsible for the consolidated financial statements are Mr Dr. Ulrich Störk and Mr Thomas Tilgner.

The Audit Committee also monitored the development of the non-audit services by the company's auditor and received reports from the Managing Board on the nature and scope of the non-audit services performed by the auditor.

The Chairman of the Audit Committee is Mr Luka Mucic. Mr Mucic is regarded as a financial expert pursuant to section 100(5) of the German Stock Corporation Act (Aktiengesetz, AktG) on account of the expertise he has acquired in the areas of accounting and auditing through his professional activity as Chief Financial Officer of SAP SE.

The meetings of the Personnel Committee covered, among other things, the preliminary discussion and recommendation to the Supervisory Board regarding the determination of the variable Managing Board remuneration for the 2019 financial year, as well as the definition of parameters for the variable Managing Board remuneration in the year 2020 and in the years 2020 to 2022, respectively. Finally, the Personnel Committee assured itself that all members of the Managing Board have carried out the required individual investment in HeidelbergCement shares as part of the Managing Board remuneration system.

During the reporting year, there were no conflicts of interest of any Supervisory Board member when dealing with topics within the Supervisory Board. There were also no consulting or other contracts for services or work between any member of the Supervisory Board and the Group in the 2020 reporting year.

Corporate Governance

The declaration of compliance in the reporting year was submitted by the Managing Board on 14 February 2020 and by the Supervisory Board on 18 February 2020. The declaration of compliance for the current year was submitted by the Managing Board on 12 February 2021 and by the Supervisory Board on 22 February 2021. The complete text can be found in the section Declaration of compliance pursuant to section 161 of the AktG in the Corporate Governance chapter ↗ **page 81**. The declaration of compliance is made permanently available to the shareholders on the Group's website.

With regard to its composition and that of the Managing Board, the Supervisory Board unreservedly complies with the guidelines of the German Corporate Governance Code regarding the principles of diversity when appointing committees and leadership positions within the Group and of section 289f.(2)(6) of the German Commercial Code (Handelsgesetzbuch, HGB) (diversity concept). Regarding its own composition, it implements the diversity goals stated in the Code and the competence profile for the Supervisory Board agreed on 11 September 2017. Detailed information on this topic can be found in the Corporate Governance chapter on ↗ **page 81 f.**

In March 2020, the Supervisory Board resolved to set the target figure for the proportion of women in the Managing Board to at least one woman for the period from 1 July 2020 to 30 June 2025. The Supervisory Board welcomes and supports the Managing Board's goal of further increasing the proportion of women in management positions in the first and second leadership levels below the Managing Board. As at 31 December 2020, the proportion of women in leadership positions in Germany at the first and second level below the Managing Board was 16.0 % each. We continued to use the proportion of women in the total workforce in Germany as a reference point for the target figures. This means that the Managing Board's goal of increasing the proportion of women in Germany to 15 % for each of the two management levels below the Managing Board by the end of June 2022 has already been achieved ahead of schedule. The proportion of women in the total workforce in Germany was 15.9 % in 2020.

As regards the remuneration structure for the members of the Managing Board for the 2020 financial year, details on remuneration of the Managing Board are included in the Corporate Governance Report on ↗ **page 86 f.** to avoid repetition. A description of the adjusted version of the Managing Board remuneration system, applicable from 1 January 2019, can be found here. The Supervisory Board considers the remuneration appropriate if it reflects adequately the management performance and value creation for the company and for the owners of the company. The basis for appropriate remuneration is a well-structured and transparent remuneration system. HeidelbergCement's remuneration system was developed by taking into account the interests of the company itself and of its owners and by consulting external remuneration experts. In the view of the Supervisory Board, it guarantees appropriate remuneration of the Managing Board. In addition, according to the recommendations of the German Corporate Governance Code, a payment cap was introduced in 2011. For the management component 2018–2020, the target for earnings before interest and taxes (EBIT) was reached and the target for return on invested capital (ROIC) was significantly exceeded. Regarding the capital market component, the development of the price of the HeidelbergCement share did not beat the DAX and MSCI World Construction Materials Index performance over the four-year period of the long-term bonus plan 2017–2019/20. Adjusted for dividend payments and changes to the capital, the HeidelbergCement share price decreased by 6 % over the four-year period.

The Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees perform their duties. The last review, including an in-depth discussion by the Supervisory Board, took place in November 2019. No significant deficiencies were identified in the process, and no indications of newly emerging deficiencies have come to light since then. The next self-assessment is scheduled for autumn 2021.

The members of the Supervisory Board are themselves responsible for obtaining the training required for their tasks and are supported by the company in this respect. The company also offers specific training sessions – sometimes with external support – for members of the Supervisory Board, most recently in November 2020. If required, new members of the Supervisory Board are given an introduction to the legal framework surrounding the Supervisory Board and can also meet with members of the Managing Board and line managers to discuss fundamental and current issues in order to gain an overview of the topics that are relevant to the company.

With the measures listed above, the Supervisory Board has reaffirmed its commitment to effective Corporate Governance in the Group.

Auditing and approval of annual financial statements, consolidated financial statements, and non-financial statement

Before the contract for the auditing of the annual financial statements of the Company and the consolidated financial statements of the Group was awarded, the points of focus for the audit, the content of the audit, and the costs were discussed in detail with the auditors, Pricewaterhouse-Coopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. In February 2021, the Managing Board informed the Supervisory Board about the preliminary, unaudited key figures for the 2020 financial year and provided a status report on the financial statements work. The annual financial statements of HeidelbergCement AG, the consolidated financial statements as at 31 December 2020, and the combined management report for the Company and the Group, as prepared by the Managing Board, were examined by the independent auditors. In addition, the auditor performed a limited assurance engagement on the non-financial statement (sections 289b and 315b of the HGB) contained in the combined management report on behalf of the Supervisory Board. The financial statements together with the reading copies of the auditors' reports were sent in advance to the members of the Supervisory Board. At first, the Audit Committee dealt intensively with the financial statements documents (including the non-financial statement) in the presence of the auditors.

The auditors reported on the main results of their audit. Then, the Supervisory Board discussed the financial statements documents (including the non-financial statement) in detail, once again in the presence of the auditors. The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report (including the non-financial statement), and the Managing Board's proposal for the use of the balance sheet profit. The results of the pre-audit conducted by the Audit Committee and the results of its own audit correspond fully to the results of the official auditor. The Supervisory Board raised no objections to the final results of this examination. The auditors issued an unqualified audit opinion on the annual financial statements of HeidelbergCement AG and the consolidated financial statements of HeidelbergCement Group as at 31 December 2020 as well as the combined management report of HeidelbergCement AG and HeidelbergCement Group.

The Supervisory Board approved the Managing Board's proposal for the use of the balance sheet profit including the payout of a dividend of €2.20 per share (previous year: 0.60).

Personnel matters and a note of thanks
As already mentioned above, the previous Deputy Chairman of the Managing Board, Dr. Dominik von Achten, took over as Chairman of the Managing Board from Dr. Bernd Scheifele with effect from 1 February 2020. As Chairman of the Managing Board, Dr. Scheifele had a decisive impact on HeidelbergCement for 15 years. He significantly increased the Group's competitiveness through effective management processes and a lean administration, expanded the geographical positioning and scope of core activities, and developed HeidelbergCement into the world's leading vertically integrated building materials company. Under his leadership, HeidelbergCement's revenue has more than doubled to around €18 billion, results from current operations have almost tripled, and the number of employees has increased by more than 30 % to approximately 55,000. Our company, its employees, and its shareholders are extraordinarily grateful to Dr. Scheifele for his many years of exceptional, tireless, and highly successful commitment. We wish Dr. von Achten much success in his new and challenging position.

In conclusion, the Supervisory Board would like to thank all employees of the Group once again for their high level of commitment and their performance for the Group in the 2020 financial year. It is thanks to this commitment that the company has been able to meet the challenges of the coronavirus pandemic.

Heidelberg, 17 March 2021

For the Supervisory Board

Yours sincerely,

Fritz-Jürgen Heckmann
Chairman

Managing Board

DR. DOMINIK VON ACHTEN

Born in Munich (Germany), aged 55 years. Studies in law and economics at the German universities of Freiburg and Munich. Member of the Managing Board since 2007 and Chairman of the Managing Board since 1 February 2020; in charge of Strategy & Development, Communication & Investor Relations, Human Resources, H DigITal, Digital Venture Office, Legal, Compliance, and Internal Audit.

DR. LORENZ NÄGER

Born in Ravensburg (Germany), aged 60 years. Studies in business administration at the German universities of Regensburg and Mannheim and in Swansea (United Kingdom). Member of the Managing Board since 2004 and Deputy Chairman of the Managing Board since 1 February 2020; in charge of Finance, Accounting, Controlling, Taxes, Treasury, Insurance & Risk Management, Data Governance, Shared Service Center, and Purchasing.

KEVIN GLUSKIE

Born in Hobart (Australia), aged 53 years. Studies in civil engineering at the University of Tasmania (Australia) and MBA of the University of Sydney. He joined Pioneer (acquired by Hanson in 2000) in 1990. Member of the Managing Board since 2016 and in charge of the Asia-Pacific Group area, as well as the Competence Center Readymix.

HAKAN GURDAL

Born in Istanbul (Turkey), aged 53 years. Studies in mechanical engineering at the Yildiz Technical University in Istanbul and MBA International Management of the University of Istanbul. He joined Çanakkale Çimento (today part of the joint venture Akçansa) in 1992. Member of the Managing Board since 2016; in charge of the Africa-Eastern Mediterranean Basin Group area and HC Trading.

ERNEST JELITO

Born in Poland, aged 62 years. Studies in chemistry at the AGH University of Science and Technology in Krakow (Poland). Since 1982 at HeidelbergCement. Member of the Managing Board since 2019; in charge of the Northern and Eastern Europe-Central Asia Group area and Technology Cement.

JON MORRISH

Born in Shrewsbury (United Kingdom), aged 50 years. Studies in biochemistry at the University of Leeds (UK) and MBA of the Cranfield School of Management. He joined Hanson in 1999. Member of the Managing Board since 2016; in charge of the Western and Southern Europe Group area and Environment Social Governance (ESG).

CHRIS WARD

Born in Fargo, North Dakota (USA), aged 48 years. Studies in mining engineering at the University of Missouri-Rolla. Since 1996 at HeidelbergCement. Member of the Managing Board since 2019; in charge of the North America Group area and the Competence Center Materials.

HeidelbergCement in the capital market

Overview

In Germany, the HeidelbergCement share is listed for trading on the Prime Standard segment of the Frankfurt Stock Exchange and on the Regulated Market of the Stuttgart, Düsseldorf, and Munich stock exchanges. The HeidelbergCement share is listed in the German benchmark index DAX. This makes HeidelbergCement the only company in the construction and building materials industry to be recognised as one of the 30 largest listed companies in Germany.

Our share ranks among the most important building materials shares in Europe. Besides the DAX, it is also included in other indices, such as the FTSEurofirst 300 Index, the S&P Global 1200 Index, and the Dow Jones Construction & Materials Titans 30 Index, which comprises the 30 largest construction shares and second-tier construction shares in the world.

Development of the HeidelbergCement share

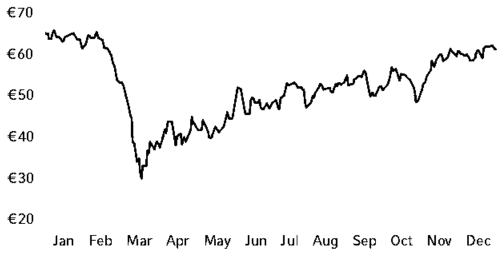
The HeidelbergCement share closed at €64.96 at the end of 2019 and already reached its annual high of €65.76 on 8 January 2020. Driven by the negative market sentiment in connection with the COVID-19 pandemic, the share price fell significantly from mid-February and reached its annual low of €30.22 on 19 March 2020. With the recovery of the stock market, the upward trend of the HeidelbergCement share also began. In comparison with the annual low, its price rose by 102.6 %, closing at €61.22 at the end of the year. Compared with the end of 2019, however, the HeidelbergCement share price fell by 5.8 %. The DAX recorded an increase of 3.5 % and the MSCI World Construction Materials Index grew by 4.2 % during the same period.

At the end of 2020, HeidelbergCement's market capitalisation amounted to €12.1 billion (previous year: 12.9).

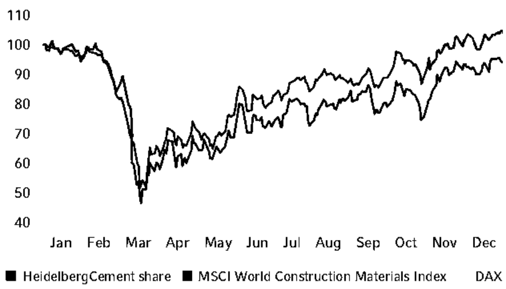
Development of the HeidelbergCement share
(ISIN DE0006047004, WKN 604700)

€	2020
Year-end share price 2019	**64.96**
Highest share price (8 January 2020)	**65.76**
Lowest share price (19 March 2020)	**30.22**
Year-end share price 2020	**61.22**
Equity per share on 31 Dec. 2020	**73.32**
Market value on 31 Dec. 20120 (€ '000s)	**12,147,057**
Change compared with 31 Dec. 2019	
HeidelbergCement share	**-5.8 %**
DAX	**+3.5 %**
MSCI World Construction Materials Index	**+4.2 %**

Performance of the HeidelbergCement share in 2020 based on daily closing prices



Development of the HeidelbergCement share compared to MSCI World Construction Materials Index and DAX in 2020
Index (Base: 31 December 2019 = 100)



Earnings per share

Loss per share in accordance with IAS 33 for the 2020 financial year was €-10.78 (previous year: earnings per share of €5.50). Earnings per share adjusted for the additional ordinary result as well as a non-recurring deferred tax income in 2020 amounts to €6.88 (previous year: 6.40). (See Earnings position section on ↗ **page 27 f.**)

The calculation of the earnings per share in accordance with IAS 33 is shown in the following table. To determine the average number of shares, additions are weighted in proportion to time.

Earnings per share according to IAS 33

	2019	2020
Group share of profit / loss in €m	1,090.9	**-2,139.2**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings / loss per share in €	5.50	**-10.78**
Net income / loss from continuing operations in €m – attributable to the parent entity	1,123.3	**-2,066.9**
Earnings / loss per share in € – continuing operations	5.66	**-10.42**
Net loss from discontinued operations in €m – attributable to the parent entity	-32.4	**-72.3**
Loss per share in € – discontinued operations	-0.16	**-0.36**

Dividend

In view of the overall positive business development, the Managing Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of €2.20 per HeidelbergCement share.

Dividend key figures

	2016	2017	2018	2019	2020
Dividend per share in €	1.60	1.90	2.10	0.60	**2.20**[1]
Dividend yield[2] in %	1.8	2.3	3.0	1.2	**3.6**
Group share of profit in €m [3]	657.0	917.7	1,143.0	1,090.9	**1,365.1**
Total dividend amount in €m	317.5	377.0	416.7	119.0	**436.5**
Payout ratio in %	48.3	41.1	36.5	10.9	**32.0**

1) To be proposed to the Annual General Meeting on 6 May 2021
2) Dividend per share/share price on the day of the Annual General Meeting; for the 2020 financial year: dividend per share/share price at the end of the financial year
3) 2020 amount: Group share of adjusted profit (see Earnings position section on page 27 f.)

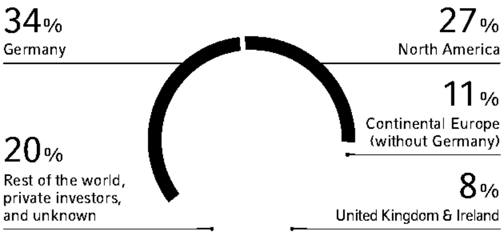
Shareholder structure and trading volume

A study conducted at the end of 2020 showed that the proportion of German investors had risen in comparison with the previous year, while the proportion of British investors had declined. The study also revealed that the investor base had shifted slightly from value-oriented investors and index funds to growth-focused investors and hedge funds.

In December 2020, investors from Germany formed the largest investor group at 34 %, followed by investors from North America at 27 %, continental Europe excluding Germany at 11 %, and the United Kingdom and Ireland at 8 %.

On average, around 1,016,435 HeidelbergCement shares were traded per day in Xetra trading on the Frankfurt Stock Exchange in the 2020 reporting year. In the Equity Indices Ranking published by Deutsche Börse, the Heidelberg-Cement share was in place 37 at the end of 2020 for the free float market capitalisation criterion and in place 29 for order book turnover.

Geographical distribution of shareholders
(as of December 2020)



Shareholder structure

	31 Dec. 2020
Spohn Cement Beteiligungen GmbH, Zossen/Germany (25 June.2020). Spohn Cement Beteiligungen GmbH is controlled by Ludwig Merckle.	**27.71 %**[1]
BlackRock, Inc., Wilmington, Delaware/USA (19 August 2019)	**4.92 %**[2]
Artisan Partners Asset Management Inc., Wilmington, Delaware/USA (4. March 2020)	**3.16 %**

1) thereof 25.53 % pursuant to section 33 of the German Securities Trading Law (Wertpapierhandelsgesetz – WpHG) (Instruments) and 2.18 % pursuant to section 38 WpHG (instruments)
2) thereof 4.47 % pursuant to secton 34 WpHG and 0.46 % pursuant to section 38 WpHG (Instruments) 4.47 % pursuant to section 34 WpHG and 0.46 % pursuant to section 38 WpHG (instruments)
In brackets: date of the voting rights notification

HeidelbergCement AG share capital

	Share capital € '000s	Number of shares
1 January 2019	595,249	198,416,477
31 December 2019	**595,249**	**198,416,477**

Bonds and credit ratings

Details of our corporate bond issued during the 2020 financial year and HeidelbergCement's credit rating by the rating agencies can be found in the Group financial management section on ↗ **page 40 f.**

Investor Relations

In 2020, our investor relations work mainly focused on fostering existing investor relations, as well as attracting new, long-term investors. Another point of focus was on active contact with ESG investors and analysts.

In September, HeidelbergCement presented its new "Beyond 2020" strategy at a Capital Markets Day. At the heart of the strategy are new medium-term financial and sustainability targets, which the Group aims to achieve by 2025.

The investor relations team also maintained regular contact with analysts during the reporting year. At the end of 2020, the number of analysts had risen to 29 overall, four more than at the end of the previous year.

HeidelbergCement will continue to invest in open dialogue and transparent communication with the capital market with the aim of further strengthening trust in the company and the share.

1 To our shareholders
2 Combined management report
3 Corporate Governance
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5 Additional information
Contents

2 Combined management report of HeidelbergCement Group and HeidelbergCement AG

Due to rounding, numbers presented in the Annual Report may not add up precisely to the totals provided.

Fundamentals of the Group

Business model

HeidelbergCement is one of the world's largest building materials companies in terms of sales volumes and operates on five continents. Our products are used for the construction of houses, traffic routes, infrastructure, as well as commercial and industrial facilities, thus meeting the demands of a growing world population for housing, mobility, and economic development.

Our core activities include the production and distribution of cement, aggregates, ready-mixed concrete, and asphalt. Furthermore, HeidelbergCement offers services such as worldwide trading especially in cement and clinker by sea.

Products

Our core products cement, aggregates (sand, gravel, and crushed rock), ready-mixed concrete, and asphalt are homogeneous bulk goods. Their product characteristics are mostly standardised in order to ensure the required stability, reliability, and processability in the application.

Cements are classified according to their early and final strength as well as their composition. In addition to cements that consist of 100 % clinker, there are so-called composite cements, in which a portion of the clinker is replaced by alternative raw materials, such as fly ash, ground slag, or limestone. Cement is used as a binder mainly in concrete production.

Aggregates are classified according to their particle size and consistency. They are the main component in the production of concrete and asphalt but are also used as base courses in the construction of infrastructure, such as roads.

Concrete is a mixture of aggregates (about 80 %), cement (about 12 %), and water. Concrete is usually delivered to the building site by ready-mix trucks and is poured locally into forms. Moreover, concrete is also used for the production of precast concrete parts, such as stairs, ceiling elements, or structural components.

Asphalt is a mixture of aggregates (about 95 %) and bitumen and is generally used as a top layer in road construction.

Locations and sales markets

Due to the heavy weight of cement, aggregates, and concrete in proportion to their price, production is usually located in close proximity to the sales markets. The cement transportation radius by road normally does not exceed 200 km. The delivery radius for aggregates, ready-mixed concrete, and asphalt by road is less than 100 km. Consequently, we have local production sites in more than 50 countries in which we offer building materials.

We operate 134 cement plants (plus 19 as part of joint ventures), more than 600 quarries and aggregates pits as well as around 1,430 ready-mixed concrete production sites worldwide. In total, the Group employs 53,122 people at around 2,660 locations on five continents. There are additionally more than 350 production sites belonging to joint ventures.

Organisational structure of the Group areas and business lines

HEIDELBERGCEMENT

Western and Southern Europe	Northern and Eastern Europe-Central Asia	North America	Asia-Pacific	Africa-Eastern Mediterranean Basin	Group Services
Belgium, France, Germany, Italy, Netherlands, Spain, United Kingdom	Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Czechia, Denmark, Estonia, Georgia, Greece, Hungary, Iceland, Kazakhstan, Latvia, Lithuania, Norway, Poland, Romania, Russia, Sweden, Slovakia	Canada, USA	Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, Thailand Australia	Benin, Burkina Faso, DR Congo, Egypt, Gambia, Ghana, Liberia, Morocco, Mozambique, Sierra Leone, South Africa, Tanzania, Togo Israel, Palestine, Turkey	

■ Cement ■ Aggregates ■ Ready-mixed concrete-asphalt ■ Service-joint ventures-other

Organisational structure
The Group is divided into five geographical Group areas: Western and Southern Europe, Northern and Eastern Europe-Central Asia, North America, Asia-Pacific, and Africa-Eastern Mediterranean Basin (see organisation chart for breakdown of countries). Our global trading activities, especially the trading of cement and clinker, are pooled together in the sixth Group area Group Services.

Within the geographical Group areas, we have divided our activities into four business lines. In the business lines of cement and aggregates we report on the essential raw materials that are required for the manufacture of downstream ready-mixed concrete and asphalt activities, which are combined in the third business line. The fourth business line, service-joint ventures-other, primarily covers the activities of our joint ventures. It also includes the building products that are still manufactured in a few countries.

Business processes
HeidelbergCement operates as a fully integrated building materials company. Key business processes include the extraction of raw materials, the production of building materials, as well as their sales and distribution to customers. Operating activities are supported by central competence centers for technology as well as by shared service centers in individual countries and regions. Operating business processes include the geological exploration of raw material deposits, the purchase or lease of the land where the deposits are located, obtaining mining concessions and environmental certifications, the construction of manufacturing facilities in cooperation with external service providers, as well as the actual production of building materials, including the extraction of raw materials and the maintenance of facilities.

Impact of the business model on non-financial aspects
HeidelbergCement is a manufacturing company. The extraction of raw materials and the production of cement and aggregates in itself harbour various dangers, for example with regard to the transportation of raw materials and finished products, working at great heights, high voltage currents, using heavy technical equipment, or with respect to rotating parts of kilns, mills, or conveyor belts as well as hot temperatures around the cement kilns. Occupational health and safety is therefore among our key corporate values.

This also includes climate protection. The production of cement generates a large amount of CO_2 due to the chemical processes involved in burning clinker and the high temperatures that are required. Therefore, we use alternative raw materials and fuels to reduce CO_2 emissions. We also optimise our production processes to increase energy efficiency.

HeidelbergCement is represented in more than 50 countries at more than 3,000 production sites worldwide. As we generally produce locally, we also create local jobs in rural areas and make a contribution in the communities to which our locations belong.

External factors of influence
The most significant external factors influencing the economic development of the HeidelbergCement Group are weather conditions, economic and population growth, as well as the development of the regulatory environment and the competition in the markets in which we operate.

Targets and strategy

HeidelbergCement's target is to enhance the value of the Group through sustainable and result-oriented growth. Earning the cost of capital and achieving sufficient financial performance are the necessary prerequisites to generate returns for shareholders and guarantee the company's permanent entrepreneurial ability to act, allowing it to invest in innovation and growth as well as in the development of its personnel and the company. Beyond our financial performance, we make our contribution to environmental protection and the development of society. In this respect, we are guided primarily by the expectations and requirements of the people and organisations we are in close contact with:

- Customers,
- Shareholders,
- Employees,
- Suppliers and other business partners, as well as
- Society and general public.

Therefore, in addition to the financial targets covered in the following section Internal management control system and indicators on ↗ **page 22 f.**, we also pursue non-financial targets. These are described in the chapters Employees and society on ↗ **page 48 f.**, Environmental responsibility on ↗ **page 52 f.**, and Compliance on ↗ **page 57 f.** In order to reach these targets, the Managing Board defines the Group strategy and discusses it with the Supervisory Board.

In our new "Beyond 2020" Group strategy adopted in September 2020, we defined six areas on which we intend to focus:

- Business excellence,
- Portfolio management,
- People and organisation,
- Sustainability,
- Digital transformation,
- Financial strategy and capital allocation.

Business excellence
In a market with largely standardised products, customer focus and service quality are extremely important in order

to market our products and services. Moreover, we aim to ensure a competitive cost structure in all areas. The productivity enhancement in input factors such as working time, capital, and energy should at least offset inflation-related cost increases. For countries with high inflation, this is valid to the extent that we cannot compensate inflation by increased sales prices in the market. The basis and prerequisite for operational excellence is a culture of continuous improvement. We compare performance both internally and in relation to competitors, in order to identify optimisation potential. We aim to achieve a long-term position in the top quartile for efficiency and cost structure, productivity, margin, growth, and value enhancement.

As part of "Beyond 2020", HeidelbergCement intends to further optimise processes and structures in sales, production, and administration. In production, a "Global Operating Model" enables the three business lines cement, aggregates, and concrete/asphalt to standardise processes and achieve additional efficiency gains. In sales, new and sustainable products and services should help to improve margins.

Portfolio management
In portfolio management, the focus is on simplifying our portfolio of countries and prioritising the strongest market positions. We have defined clear financial and non-financial criteria according to which all our markets have been assessed. This includes divestments of businesses and markets that do not meet these criteria in the medium term. We will continue to operate and expand our activities in countries that meet these criteria. Selective acquisitions in existing markets must meet high result and return expectations. Basically, the company maintains its balanced positioning in mature and growth markets. We will continue our vertical integration in the countries in which we are achieving strong synergy effects and are able to strengthen and expand our market positions.

People and organisation
As a company with a focus on performance and results, we greatly value the competence of our employees and management. The focus is on comprehensive efficiency and clear customer orientation. HeidelbergCement pursues an integrated management approach, the success of which is based on a balance between local operational responsibility, Group-wide standards, and global leadership. Our local operations are key for the success of our business. Local management bears full responsibility for revenue and results, production, market cultivation, and personnel management.

Sustainability
For us, sustainability means integrating economic, ecological, and social goals into our business strategy. In this context, we have defined the fundamental principles of our sustainability strategy in six action areas along the value chain and published them in our Sustainability Commitments 2030:

- Driving profitability and innovation,
- Achieving excellence in occupational health and safety,
- Reducing our ecological footprint,
- Enabling the circular economy,
- Being a good neighbour,
- Ensuring compliance and creating transparency.

Within the framework of "Beyond 2020", we are significantly pushing our ambitious climate goals. We want to achieve our original target for 2030 of a 30 % reduction in specific net CO_2 emissions compared with 1990 already by 2025. By 2030, we intend to reduce our specific net CO_2 emissions to below 500 kg per tonne of cementitious material. This corresponds to a further decrease of more than 15 % compared with 2019. We will achieve these goals by using proven techniques and measures such as maximising the use of alternative fuels, optimising the product mix, or improving the efficiency of our plants. To this end, we have defined specific measures for all plants worldwide. We aim to offer CO_2-neutral concrete by 2050 at the latest. To achieve this, however, tried-and-tested techniques and measures alone are not sufficient. We are therefore researching and testing several new technologies such as the capture and use/storage (CCU/S) of CO_2 and are intensifying the circular economy in order to reduce CO_2 emissions in the long term.

Digital transformation
Throughout the value chain, from raw materials mining, production, and logistics processes to the interface with the customers, digital transformation plays a crucial role. By introducing digital solutions, we intend to significantly increase our efficiency and reduce costs in production and administration. The strategy is centered on the three digital pillars HConnect, HProduce, and HService. While HConnect aims to cover more than 75 % of our global sales volume via digital interfaces to customers by 2025, HProduce and HService will focus primarily on improving efficiency and reducing costs. At Managing Board level, the Chairman of the Managing Board of HeidelbergCement is responsible for digital transformation.

Financial strategy and capital allocation
In connection with "Beyond 2020", HeidelbergCement has set itself new medium-term targets for return on invested capital (ROIC) and RCOBD margin. The company aims to achieve a ROIC of well over 8 % by 2025. ROIC in the reporting year was 7.9 % (previous year: 6.5 %). By 2025, the ratio of the result from current operations before depreciation and amortisation to revenue (RCOBD margin) is to increase to 22 %. The primary margin drivers are active portfolio management, business excellence initiatives in sales, production, and administration as well as the digital transformation.

Our priorities for capital allocation are:

- Covering the investment required to operate our production sites efficiently and meet market demands,
- Reducing net debt in order to maintain or improve our investment grade rating,
- Returning to a progressive dividend policy,
- Medium-sized investments in attractive companies in our core markets, and
- Share buyback option.

HeidelbergCement has limited the amount of net investments to around €1.2 billion per year. Net investments refer to the balance of investment and divestment in the area of property, plant and equipment.

HeidelbergCement strives to keep its debt within the target corridor of 1.5 to 2.0 times the result from current operations before depreciation and amortisation. Our guideline for the leverage ratio is to maintain our rating in the investment grade range over the long term or improve it.

HeidelbergCement wants to remain an attractive investment opportunity for its shareholders and aims to return to its progressive dividend policy after the coronavirus crisis.

We will use the surplus capital and the proceeds from divestments to make medium-sized investments in attractive companies in our core markets if they meet our margin expectations.

Depending on good business performance and attractive investment opportunities, the Group retains the option to also buy back its own shares in the future, thereby improving earnings per share.

"Material to build our future"

The world is undergoing profound change. With its building materials and solutions, HeidelbergCement has been contributing to global progress for 150 years. Now the time has come to take the next step and lay the foundation for the future. That is why, during 2020, HeidelbergCement adopted its corporate purpose: "Material to build our future".

With this play on words, the company emphasises its intention both to develop and produce innovative (building) materials for the future and to play a material role in the future. Responsibility for the environment is at the heart of HeidelbergCement's actions. The company has set itself the goal of being the industry leader on the path to carbon neutrality. HeidelbergCement is known for long-term profitability thanks to operational excellence, engagement, and openness to change as well as its close partnerships with customers and stakeholders.

Four culture principles underpin the achievement of these goals:

- Be stronger together!
- Get the customer excited!
- Unleash innovation!
- Think and act long term!

The corporate purpose and four culture principles are integral to HeidelbergCement's new strategy "Beyond 2020".

Internal management control system and indicators

Components and functionality of the control system

The internal management control system at HeidelbergCement is based primarily on annual operational planning, ongoing management accounting and control, quarterly management meetings, central coordination of the investment process, as well as regular Managing Board meetings and reporting to the Supervisory Board.

In the context of annual planning, the Managing Board first defines a top-down budget on the basis of macroeconomic analyses, its assessment of market conditions, and cost targets. From this, specific targets are derived for individual operating units, which are used as the basis of detailed planning for the individual units and setting of targets with local management. The individual operational plans created by the operating units are then consolidated centrally to create the Group-wide plan.

The ongoing management accounting and control of the company are carried out using a comprehensive system of standardised reports on the Group's net assets, financial performance, and results of operations. The indicators used for this purpose are determined and presented uniformly throughout the Group. A report on the financial status is prepared weekly, for example. Reports on results of operations, production, and technology are prepared monthly. The internal quarterly reporting includes a detailed cash flow report in order to monitor cash flow. Detailed reports on the financial situation and detailed tax reporting are also submitted at the end of each quarter. At the quarterly management meetings, the Managing Board and country managers discuss business developments, including target achievement, along with the outlook for the relevant year and any measures that need to be taken. These are based, among others, on the quarterly forecasts of the country organisations.

Central departments in the areas of strategy, finance, environmental social governance (ESG), and technology follow a formalised process to review and assess all major investments and acquisitions. Investments in expansion are assessed using a discounted cash flow (DCF) model. The target is for the investment projects to achieve a return on invested capital

(ROIC) of at least 8 % in the first full operational year. This long-term approach to investment returns is supported by simulated calculations that show the impact of an investment on the consolidated income statement, statement of cash flows, balance sheet, and taxes over a period of five years.

The overall result of these analyses is the criterion by which the Managing Board makes its investment decisions.

Financial targets and management indicators

Earnings, capital expenditure, and return on capital
The most important performance indicators of HeidelbergCement include the result from current operations, an important short-term indicator of the company's earnings strength that is determined in detail and analysed for all operating units. Strategic management and capital allocation are based on ROIC.

In 2020, HeidelbergCement adjusted the calculation of ROIC, which is defined as the ratio of the result from current operations minus standard taxes to the average invested capital (average of opening and closing balance). Standard taxes are calculated using an adjusted effective tax rate on the result from current operations. Disclosures on the modified definition of ROIC and its calculation can be found in the Capital efficiency chapter ↗ **page 40**. The financial and assets positions of the operating units are monitored in the short term primarily via the amount of working capital and investment.

Adjusted free cash flow was introduced as an additional target figure for the country management in 2018. It is defined as the sum of free cash flow and all investments and divestments. Intra-Group payments are offset in the calculation. Fixed targets are agreed with all operating units for each indicator.

Financing structure
HeidelbergCement's objective is to maintain a stable investment grade credit rating to ensure that we retain our high financial stability. Furthermore, an investment grade rating facilitates access to attractive and cost-effective funding opportunities and makes our share more attractive for an even broader circle of investors. To achieve this goal, we strive for financial indicators that fulfil the respective requirements of the rating agencies. An important indicator is the leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation.

Non-financial targets and sustainable key-performance indicators
Occupational health and safety generally plays a major role in the production of building materials and, in addition, climate protection and emission control in cement production especially. Therefore, non-financial key performance indicators include parameters such as accident frequency rate, accident severity rate, and fatality rate as well as data on CO_2 emissions and the use of alternative fuels. Information on these non-financial key performance indicators is available in the chapters Employees and society on ↗ **page 48 f.** and Environmental responsibility on ↗ **page 52 f.**

Lead indicators
HeidelbergCement's core business is in standardised mass products that are generally ordered at short notice. For the most part, suppliers of such products are interchangeable from a customer standpoint. Moreover, the volume of construction activity – and thus sales volumes of building materials – are dependent on local weather conditions in the respective markets. Given this constellation, no reliable lead indicators are definable for business forecasting. However, selected statistical data and industry association forecasts can be utilised to gauge the business outlook at country level. In mature markets, for instance, figures on building permits or infrastructure budgets serve as important sources of information. In the growth markets of emerging countries, data on population growth and GDP growth forecasts are frequently used indicators.

Research and technology

The aim of research and development (R&D) at HeidelbergCement is to develop innovative products as well as process improvements and new formulations, in order to minimise the use of energy, CO_2 emissions, and hence costs.

General focus and intensity of our research and development activities
The innovation work at HeidelbergCement can essentially be divided into five areas of focus:

– Products and applications: The main priority is the development and improvement of binders and concretes with optimised properties and innovative functionalities. In 2020, we focused on reducing CO_2 emissions by analysing the life cycle of concrete. Improving the characteristics of cement and concrete is an important lever in terms of both optimising the use of these building materials and reducing the overall CO_2 emissions associated with concrete use.

– Cement production: Continuous improvement and sharing of best practice are important points of focus in the cement business line. This is illustrated by the Continuous Improvement Program (CIP), Maintenance Improvement Program (MIP), and Operational Excellence (OPEX).

  In 2020, we built on the progress made in 2019 with respect to digitalisation. Digital technologies allow us, for instance, to monitor plants and provide support remotely. We further advanced the introduction of the Expert System, a software solution for optimising production.

- Aggregates: In the aggregates business line, our Continuous Improvement and Performance Management programme (CI Agg) aims to make improvements along the entire value chain, from the extraction of raw materials to production processes and sales. We have a similar programme in the asphalt operating line.

- Ready-mixed concrete: The Competence Center Readymix (CCR) is pursuing the objective of generating savings in the ready-mixed concrete operating line and improving the quality of products and services. This will be achieved through an improvement programme examining all parts of the ready-mixed concrete business from the ground up: raw material delivery, logistics, production, product range, production facilities, and concrete pumps.

- Development of cements and concretes with improved carbon footprint: We are developing composite cements and concretes with less clinker and cement. Reducing the proportion of clinker in cement is the most important lever when it comes to minimising energy consumption and CO_2 emissions, as well as preserving natural raw materials. We also work on processes to incorporate CO_2 in our products by means of carbonation, which allows us to use building materials for CO_2 storage.

Organisation and fields of activities in the area of R&D and innovation

Our global competence centers Heidelberg Technology Center (HTC), Competence Center Materials (CCM), Competence Center Readymix (CCR), and teams from the two centers for R&D and product innovation – Global R&D (GRD) and Global Product Innovation (GPI) – pool the knowledge in our Group and make it available to all operating units.

Central R&D and innovation

We have concentrated the Group-wide R&D and innovation activities in the cement, ready-mixed concrete, and aggregates business lines in our two research centers in Leimen (GRD), Germany, and Bergamo (GPI), Italy. While the team in Leimen focuses on the reduction of CO_2 emissions, CO_2 use in building materials, resource efficiency, and a decrease in production costs, our activities in Bergamo concentrate on the development of sustainable, low carbon concrete solutions for innovative concrete applications, infrastructure rehabilitation, and new market opportunities.

Technology and innovation

Technical centers support our national companies in each Group area. In the cement business line, this is the HTC with four area organisations. They assist our cement plants with all technical issues, from securing raw materials and operational optimisations to process control and quality assurance. With investment projects, HTC locations are involved in project management until a new installation or plant is commissioned or optimisation measures have been completed.

Similarly, the CCM supports the aggregates and asphalt business areas Group-wide with programmes for continuous improvement and performance management. Its tasks also include the planning and implementation of projects as well as digitalisation and automation. The CCM also offers training and further education.

The CCR, a comparable organisation for the ready-mixed concrete business line, focuses on continuous improvement of the entire ready-mixed concrete business but primarily on the optimisation of raw materials and logistics costs and of the result margin.

Customer-related development and technical service

Our proximity to the market requires customer-oriented development and technical service, which is also reflected in our financial commitment (see the following table).

Expenditure for research and technology

Total expenditure on research and technology amounted to €120.0 million in the reporting year (previous year: 133.5), corresponding to 0.7 % of Group revenue. The following table shows a breakdown of expenses for the last five years for each of the three fields of activities mentioned above.

Expenditure for research and technology

€m	2016	2017	2018	2019	2020
Central R&D and innovation [1] [2]	13.6	21.9	18.3	15.3	**13.4**
Technology and innovation	55.6	61.7	64.0	61.6	**52.3**
Customer-related development and technical service	47.4	57.4	63.4	56.7	**54.3**
Total	116.6	141.0	145.7	133.5	**120.0**

1) Including capitalised expenses
2) Since 2017, the ESG (Environmental Social Governance) department has been included in the figures.

Expenses for the development of basic technologies are allocated to the Central R&D and innovation section. Expenses for process innovations can be found in the Technology and innovation section, while the third section of the table contains the expenses for the optimisation of products and applications according to the wishes of our customers.

The development projects that were capitalised as investments include, amongst others, low-carbon concretes as well as new composite cements. In 2020, capitalised development costs totalled €1.0 million (previous year: 2.7), which corresponds to around 0.9 % of total expenditure on research and technology. Because this figure is low, we have not presented it separately or shown further details.

Employees in research and technology

In the 2020 financial year, a total of 1,301 people (previous year: 1,083) were employed in research and technology. The personnel breakdown and development over the last five years is shown in the following table.

Employees in research and technology

	2016	2017	2018	2019	2020
Central R&D and innovation[1]	97	127	109	97	**91**
Technology and innovation	358	348	357	342	**309**
Customer-related development and technical service	608	661	690	644	**631**
Total	1,063	1,136	1,156	1,083	**1,031**

1) Since 2017, the ESG (Environmental Social Governance) department has been included in the figures.

Research cooperation

Cooperation with institutes and universities at both a local and global level complements our own R&D and innovation activities. At a global level, we refer in particular to our participation in the research network INNOVANDI. The network includes cement and admixture companies as well as 40 leading international universities, which all work together to carry out fundamental research.

In terms of product development, we prefer bilateral cooperation with individual universities in order to complement our own expertise. In some cases, cooperative projects with universities are supported by public funding.

Major projects for the preservation of resources, recycling, and CO_2 capture

Use of alternative energies

To reduce HeidelbergCement's carbon footprint and increase the use of alternative fuels, we initiated the Alternative Fuel Master Plan in 2018 and are monitoring its progress on a regular basis. Information on the progress in the use of alternative fuels in the reporting year is available in the chapter Environmental responsibility on ↗ **page 52 f.**

Cements with lower proportions of clinker

We have made further progress in the development of cements with less clinker, thereby achieving a reduction in both CO_2 emissions and costs. In several countries, the proportion of blast furnace slag, fly ash, and limestone in cement has been increased, thus reducing the clinker content. Further industrial tests for cements with lower proportions of clinker (CEM II/C and CEM VI) have been successfully completed in Poland and Germany. Initial national approval for a CEM II/C cement has been granted in Poland.

Incorporation of CO_2 into concrete

Throughout its entire service life, concrete binds CO_2 from the air to form limestone. This natural carbonation process also continues during concrete recycling. As a result, some of the CO_2 emitted in the production of the basic material cement is already reabsorbed over the whole product life cycle of concrete. Accelerating this natural process is the focus of the C^2inCO_2 research project in collaboration with industry partners and universities, which is funded by the German Federal Ministry of Education and Research.

Capture, storage, and/or utilisation of CO_2

In June 2020, HeidelbergCement signed a contract with engineering company Aker Solutions to deliver a facility for the capture, liquefaction, and intermediate storage of CO_2 at the Brevik cement plant in Norway. Brevik would then be the site of the world's first industrial-scale carbon capture plant in the cement industry. The aim of the project is to demonstrate that carbon capture and storage (CCS) is a viable, safe, and cost-effective technology. Norway's government and parliament have resolved to go ahead with the project in Brevik.

After the first phase of the LEILAC project in Lixhe, Belgium, proved to be very successful, HeidelbergCement intends to work with Australian technology company Calix and a European consortium to build a plant four times as large. The LEILAC 2 project aims to demonstrate the technical and economic feasibility at a larger technical scale of a process technology designed to capture the CO_2 released during the heating of the raw material in high-purity form.

In addition, HeidelbergCement is researching whether captured CO_2 can be used to breed microalgae and therefore to manufacture fish food and other animal feed. In cooperation with OmegaGreen, we are already producing 50,000 kg of dried microalgae annually on a 1 ha area at our Moroccan cement plant in Safi. Similar research projects are also running in Sweden, Turkey, and France.

In order to further develop the oxyfuel technology for CO_2 capture, HeidelbergCement participated in a joint research project to construct an oxyfuel kiln line together with four other European cement manufacturers as part of the catch4climate pilot scheme. The aim is to use the CO_2 obtained to manufacture climate-neutral synthetic fuels, such as kerosine for aviation.

Innovative concretes

One of the areas the GPI team is investigating is cement- and concrete-based construction technologies. With the fibre-reinforced, high-performance concrete i.power RIGENERA, the team has developed a solution for the rehabilitation of concrete, in particular of bridges, overpasses, pillars, etc., and is working on concrete products to improve the energy efficiency of buildings. Digitalisation and automation in the construction industry will also support the development of new, sustainable building solutions.

2020 economic report

Economic environment

General economic conditions

The 2020 financial year was dominated by the coronavirus pandemic, which severely affected the global economy and international trade. Economic activity plummeted in the first half of 2020 and partially recovered in the second half of the year. However, a renewed upsurge in cases of the virus slowed down the recovery towards the end of the year.

While growth in the Western economies collapsed in 2020, the Chinese economy was the only major economy to grow by 2.3 % in the reporting yar, according to the January forecast of the International Monetary Fund (IMF). Strong exports, the favourable progression of the pandemic, and fiscal policy stimuli contributed to this.

For the eurozone, the IMF expects GDP to decline by 7.2 % in 2020. After the recovery in the summer, the second wave of infections slowed down the upturn from autumn onwards. According to the IMF, heavy declines are expected in France and Italy in particular, with Spain set to perform worst of all.

Germany's economy shrank by over 5 % in 2020 because of the coronavirus crisis. However, the slump is less severe than the recession during the 2009 financial crisis. In the United Kingdom, the IMF expects GDP to fall by 10.0 %, which is partly due to the uncertainties surrounding the final form of Brexit, in addition to the coronavirus crisis.

With a decline of 3.4 %, the economy in the USA also experienced a severe slump, according to the IMF. Growth in the second half of the year did not fully compensate for the downturn caused by the coronavirus crisis in the first six months. The recovery was supported by the continued expansionary monetary policy.

According to the IMF, the growth rates of the emerging countries of Asia and Africa also decreased in comparison with the previous year. Together with population growth and gross domestic product per capita, economic growth is one of the most important indicators for measuring the development of construction activity.

In the USA, the US Federal Reserve cut base rates in two steps to almost 0 % in 2020 to support the economy during the COVID-19 crisis. The European Central Bank continued to pursue its loose monetary policy with low interest rates and net bond purchases.

In 2020, the value of the euro strengthened against a large number of currencies, such as the US dollar, the Canadian and Australian dollars, and the Indonesian rupiah.

Owing to numerous COVID-19-related lockdowns, demand for energy (electricity, diesel, etc.) temporarily decreased in many countries. As a result, prices for most energy sources fell in 2020 compared with 2019. For various reasons, some energy prices rose again towards the end of the year. Electricity prices, for example, increased as a result of higher CO_2, coal, and natural gas prices. Among other factors, the price rise for petroleum coke was due to the reduced production of diesel and aviation fuel in the refineries.

Industry-specific conditions

Besides the country-specific investment climate for residential, commercial, and infrastructure construction, industry-specific conditions also include local weather conditions, developments in the competitive situation, and the regulatory environment. As the production and marketing of building materials is very localised and only represents a small percentage of global trade, we focus on the regions and countries that are relevant to us instead of considering a global view. Details of the development in the individual countries can be found in the Business trend in the Group areas section on ↗ **page 28 f.**

The EU Emissions Trading System (EU ETS) is just one of the regulatory conditions that exercise an influence on the results of building materials producers. In anticipation of the shortage of CO_2 emission rights in the fourth trading period beginning in 2021, initially announced and confirmed in 2020 with the establishment of an EU Green Deal, the price of emission rights developed dynamically during the reporting year. After an initial price drop at the beginning of the coronavirus crisis in March/April to around €15, the price rose again from the middle of the year and was just over €32 per tonne of CO_2 at the end of 2020. As in 2019, HeidelbergCement is standing by its intention not to sell surplus emission rights, but to keep them for future use in the fourth trading period.

Relevant changes in reporting

In 2020, there were no significant relevant changes in reporting. Unless expressly indicated otherwise, all statements and figures in this Annual Report refer to the continuing operations of HeidelbergCement.

Revaluation of the asset portfolio

In the second quarter of 2020 and as a consequence of the coronavirus pandemic, HeidelbergCement carried out an extensive review of the business prospects of all of the Group's significant local business units. HeidelbergCement conducted an impairment test of its asset portfolio on this basis. The examination led to impairments of goodwill shown in the consolidated balance sheet to the amount of around €2.7 billion and of other intangible assets and property, plant and equipment of around €0.8 billion. Impairment losses are shown in the additional ordinary expenses and thus impair the result, but do not lead to liquidity outflows. Further details can be found in the Impairments section of the Notes on ↗ **page 145 f.**

Development of sales volumes

In 2020, the impact of the coronavirus pandemic adversely affected construction activity and thus the demand for our building materials. After the sharp drop in sales volumes in the second quarter at the height of the first lockdowns due to COVID-19, demand rose again significantly in the following months, but did not fully compensate for the losses by the end of the year. Overall, sales volumes in 2020 decreased in all business lines, but developed differently in the individual Group areas.

In 2020, cement and clinker sales volumes fell by 3.1 % to 122.0 million tonnes (previous year: 125.9). With the exception of Africa-Eastern Mediterranean Basin, all Group areas recorded declines in sales. Countries in Northern Europe and Asia were most affected, followed by Western and Southern Europe and North America. As part of our portfolio optimisations, we expanded our market share in Morocco in 2020 by purchasing a grinding plant with an annual capacity of 0.5 million tonnes. In Bangladesh, we had already purchased a grinding plant with an annual capacity of 0.6 million tonnes in 2019. In contrast, we sold our business activities in Mauritania in the reporting year. In 2019, we sold our activities in Ukraine, two cement plants and two grinding facilities in Italy, and the white cement plant in Egypt.

Excluding these changes to the scope of consolidation, cement and clinker sales volumes in 2020 were 2.6 % below the previous year.

At 296.3 million tonnes (previous year: 308.3), sales of aggregates were 3.9 % below the previous year's level. On a like-for-like basis – i.e. excluding consolidation effects – sales volumes fell by 3.2 %. While deliveries of aggregates increased slightly in Northern and Eastern Europe-Central Asia, they fell in all other Group areas. The greatest decrease was recorded in Africa-Eastern Mediterranean Basin.

Ready-mixed concrete sales volumes declined by 7.4% in 2020 to 46.9 million cubic metres (previous year: 50.7). Excluding consolidation effects, sales volumes fell by 7.5%. With the exception of a slight increase in volumes in North America, delivery volumes in the other Group areas were below those of the previous year. The heaviest declines were recorded in Asia-Pacific and Northern and Eastern Europe-Central Asia.

Asphalt deliveries decreased by 2.6 % in the reporting year to 11.0 million tonnes (previous year: 11.3). Excluding consolidation effects, they dropped by 3.1 %. While sales volumes were slightly above the previous year's level in Asia-Pacific, they fell in the other Group areas. Africa-Eastern Mediterranean Basin recorded the heaviest losses.

For a detailed description of the development of sales volumes in the individual Group areas, we refer to the section Business trend in the Group areas on ↗ **page 28 f.**

Sales volumes

	2019	2020	Change	On a like-for-like basis [1]
Cement and clinker (million tonnes)	125.9	**122.0**	-3.1 %	-2.6 %
Aggregates (million tonnes)	308.3	**296.3**	-3.9 %	-3.2 %
Ready-mixed concrete (million cubic metres)	50.7	**46.9**	-7.4 %	-7.5 %
Asphalt (million tonnes)	11.3	**11.0**	-2.6 %	-3.1 %

1) Excluding consolidation effects

Earnings position

Group revenue decreased by 6.6 % in comparison with the previous year to €17,606 million (previous year: 18,851). Excluding consolidation and exchange rate effects, the decline amounted to 4.6 %. This decline resulted mainly from the €596 million decrease in revenue of HC Trading due to the decision to significantly reduce fuel trading with third-party customers. Changes to the scope of consolidation of €28 million and exchange rate effects of €363 million had a negative impact on revenue.

In the reporting year, material costs fell by 14.5 % to €6,483 million (previous year: 7,586). This decline resulted primarily from the reduced costs of goods purchased for resale of HC Trading, energy, and raw materials. Excluding consolidation and exchange rate effects, material costs decreased by 12.6 %. The material cost ratio fell from 40.2 % to 36.8 %. The balance of other operating expenses and income was 5.1 % below the previous year's level at €-4,628 million (previous year: -4,875). Excluding exchange rate and consolidation effects, the decline amounted to 3.1 %, which was essentially due to lower freight costs. Personnel costs decreased by 5.1 % to €3,025 million (previous year: 3,187). The personnel cost ratio increased to 17.2 % (previous year: 16.9). The result from equity accounted investments (REI) fell by 3.8 % to €279 million (previous year: 290).

The result from current operations before depreciation and amortisation increased by 3.5 % to €3,707 million (previous year: 3,580). Excluding consolidation and exchange rate effects, the growth was 6.1 % compared with the previous year. Besides successful price increases and reduced energy costs, significant savings resulting in particular from the COPE (COVID Contingency Plan Execution) action plan launched in February 2020 had a positive impact on the result. The result from current operations rose by 8.1 % to €2,363 million (previous year: 2,186). Changes to the scope of consolidationcontributed €3 million to the improvement in the result from current operations, while exchange rate effects reduced the result by €60 million.

The additional ordinary result of €-3,678 million (previous year: -178) was affected by impairment of goodwill amounting to €2,694 million and of other non-current assets totalling €803 million. This was mainly due to the revaluation of the

HeidelbergCement Group's asset portfolio in connection with COVID-19. Further comments can be found in the Notes on ↗ **page 145 f.** Earnings before interest and taxes (EBIT) fell accordingly by €3,323 million to €-1,315 million (previous year: 2,008).

The financial result rose by €88 million to €-287 million (previous year: -375). In particular, the decrease of €84 million in interest expenses had a positive effect and foreign exchange losses and lower interest income had a negative effect on the financial result compared to the previous year.

Profit before tax from continuing operations fell by €3,235 million to a loss of €-1,602 million (previous year: profit of 1,633), primarily due to the decreased additional ordinary result. Expenses for income taxes were below the previous year's level at €335 million (previous year: 358). The decrease is mainly due to the deferred tax income of €174 million, which is attributable to the impairment of goodwill and other non-current assets that was carried out in the course of the COVID 19-related revaluation of the asset portfolio. Net income from continuing operations fell by €3,212 million to a net loss of €-1,937 million (previous year: net income of 1,275).

Net loss from discontinued operations amounted to €-72 million (previous year: -32); of this figure, €-29 million (previous year: -32) is attributable to operations of the Hanson Group that were discontinued in previous years. The result also includes a loss of €-44 million from the valuation of the contingent purchase price receivable from the disposal of the Hanson Building Products in 2015.

Overall, the loss for the financial year amounts to €-2,009 million (previous year: profit of €1,242 million). The profit relating to non-controlling interests fell by €21 million to €130 million (previous year: 151). The Group share of loss therefore amounts to €-2,139 million (previous year: Group share of profit of 1,091). Excluding the additional ordinary result, which in 2020 consisted largely of non-recurring effects from the impairment of goodwill and other assets, as well as the non-recurring deferred tax income in connection with the revaluation of the asset portfolio in 2020, the Group share rose by 7.6 % to €1,365 million (previous year: 1,269).

Earnings per share – Group share – in accordance with IAS 33 fell by €16.28 to €-10.78 (previous year: 5.50). Excluding the additional ordinary result, which in 2020 consisted largely of non-recurring effects from the impairment of goodwill and other assets, as well as the non-recurring deferred tax income in connection with the revaluation of the asset portfolio in 2020, the earnings per share rose by €0.48 to €6.88 (previous year: 6.40).

The Managing Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of €2.20 (previous year: 0.60) per share.

Consolidated income statement (short form)

€m	2019	2020	Change
Revenue	18,851	**17,606**	-7 %
Result from current operations before depreciation and amortisation (RCOBD)	3,580	**3,707**	4 %
Depreciation and amortisation	-1,394	**-1,344**	-4 %
Result from current operations (RCO)	2,186	**2,363**	8 %
Additional ordinary result	-178	**-3,678**	
Earnings before interest and taxes (EBIT)	2,008	**-1,315**	
Financial result	-375	**-287**	-23 %
Profit / loss before tax from continuing operations	1,633	**-1,602**	
Income taxes	-358	**-335**	-7 %
Net income / loss from continuing operations	1,275	**-1,937**	
Net loss from discontinued operations	-32	**-72**	123 %
Profit / loss for the financial year	1,242	**-2,009**	
Group share of profit / loss	1,091	**-2,139**	

Business trend in the Group areas

Western and Southern Europe

HeidelbergCement operates production sites in seven countries in the Western and Southern Europe Group area. In these markets, we manufacture cement, aggregates, and ready-mixed concrete – as well as asphalt in the United Kingdom and precast concrete parts/concrete products in Germany.

As part of the "Beyond 2020" strategic realignment, HeidelbergCement is optimising its portfolio with a focus on its core business and on sustainable and low-carbon production. In particular, this includes investing around €400 million in the modernisation and reorganisation of the cement sites in France. Almost €300 million of this sum is earmarked for the construction of a new kiln line in Airvault, western France. A further measure, announced in September, is the conversion of the Leimen cement plant into a grinding plant, which will in future be supplied with clinker by our cement plant in Schelklingen.

Economic development in the countries of the Western and Southern Europe Group area was consistently negative in the reporting year, according to available IMF data (January forecast). At different times and to different degrees, all countries were impacted by lockdowns over the course of the year. The coronavirus crisis hit Spain particularly hard with an expected decrease in GDP of 11.1 %. The United Kingdom and Italy are also predicted to record significant declines in economic output of -10.0 % and -9.2 % respectively. At the start of the crisis, Spain and Italy were so badly affected that economic life came to an almost complete standstill in March and April. In the United Kingdom, the economy was additionally impacted by uncertainty about the way forward following Brexit at the end of 2020. France expects GDP to decline by 9.0 % and Germany by 5.4 %. According to the IMF's October forecast, economic output in Belgium and the Netherlands is predicted to decrease by 8.3 % and 5.4 % respectively.

Construction activity in the countries of the Group area developed very differently depending on the individual political responses to the coronavirus crisis. While construction activity was largely brought to a halt in France, Italy, the United Kingdom, and Spain during the first wave in spring, construction sites in Germany and the Netherlands mostly continued operating during the lockdown. According to Euroconstruct's November forecast, the sharpest fall in construction activity was experienced in the United Kingdom at -19.5 %, followed by France (-15.8 %) and Spain (-12.5 %). The decrease in Italy and Belgium was less severe at -7.4 % and -7.1 % respectively. The construction industry in the Netherlands (-2.2 %) and Germany (-1.6 %) recorded only relatively slight declines.

Cement business line

In 2020, the Western and Southern Europe Group area's cement and clinker sales volumes fell by 5.6 % to 28.2 million tonnes (previous year: 29.9). Excluding the disposal of cement plants in the north and center of Italy in 2019, the decline amounted to 4.6 %. Germany was the only country to record a slight increase in cement sales volumes compared with the previous year, largely due to stable construction activity and exceptionally good weather, especially in the first quarter. In all other countries, delivery volumes decreased owing to the coronavirus crisis and the associated closure of construction sites and delays to construction projects.

Although all countries increased their prices, considerably in some cases, compared with the previous year – excluding the United Kingdom, where they remained stable – the decline in sales volumes was not offset completely. Revenue of the cement business line in the Western and Southern Europe Group area decreased slightly by 1.9 % to €2,527 million (previous year: 2,577).

In the Netherlands, the Maastricht cement plant was closed in July. Its customers have since been supplied by our plants in Belgium and Germany, particularly the sites in Ghent and Lengfurt. At the end of the year, the kiln at the Antoing clinker plant in Belgium was modernised in order to reduce CO_2 emissions.

Aggregates business line

The Group area's deliveries of aggregates decreased by 6.4 % to 78.2 million tonnes (previous year: 83.5). Excluding the aggregates activities acquired from Cemex in France, which were included from the second half of 2019, sales volumes declined by 7.1 %. Here too, Germany was the only country in the Group area to increase its sales volumes.

Despite positive price development in all countries, at €1,077 million (previous year: 1,128), revenue in the aggregates business line was 4.5 % below the previous year.

Ready-mixed concrete-asphalt business line

This business line covers the ready-mixed concrete and asphalt activities. While we have numerous ready-mixed concrete plants in many parts of the Group area, asphalt activities are limited to the United Kingdom.

Ready-mixed concrete sales volumes fell by 6.4 % to 17.2 million cubic metres (previous year: 18.4) in the reporting year. Excluding the ready-mixed concrete activities in France acquired from Cemex in 2019, sales volumes decreased by 6.9 %. Germany was again the only country to record sales volume increases compared with the previous year. While prices in the United Kingdom and France were stable, all other countries implemented price increases.

At 3.5 million tonnes (previous year: 3.6), sales volumes of the asphalt operating line in the United Kingdom were 2.8 % below the previous year.

Revenue of the ready-mixed concrete-asphalt business line fell by 3.6 % to €1,922 million (previous year: 1,993).

Service-joint ventures-other business line

The service-joint ventures-other business line essentially includes the precast concrete parts and concrete products operating lines in Germany. At €373 million (previous year: 358), revenue of the business line was 4.3 % above the previous year.

Revenue and results

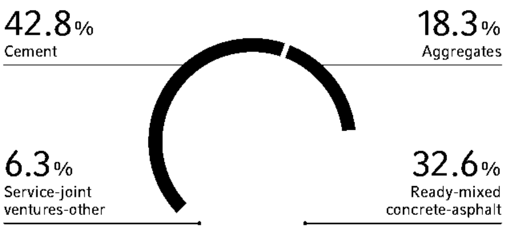
Due to the decline in sales volumes, revenue of the Western and Southern Europe Group area decreased overall by 3.0 % to €4,960 million (previous year: 5,112). Excluding consolidation and exchange rate effects, revenue fell by 2.2 %.

In order to mitigate the negative effects resulting from the coronavirus crisis, cost-saving programmes were implemented in all business lines at an early stage. In conjunction with the economic recovery in all countries in the summer and early autumn, these measures contributed to an improvement in result in the Group area. At €859 million (previous year: 779), the result from current operations before depreciation and amortisation was 10.2 % above the level of the previous year. The result from current operations rose by 27.6 % to €463 million (previous year: 363).

Key data Western and Southern Europe

€m	2019	2020	Change
Revenue	5,112	**4,960**	-3.0 %
Result from current operations	363	**463**	27.6 %
Cement and clinker sales volumes (Mt)	29.9	**28.2**	-5.6 %
Aggregates sales volumes (Mt)	83.5	**78.2**	-6.4 %
Ready-mixed concrete sales volumes (Mm^3)	18.4	**17.2**	-6.4 %
Asphalt sales volumes (Mt)	3.6	**3.5**	-2.8 %
Employees as at 31 December	15,608	**15,250**	-2.3 %

Revenue Western and Southern Europe 2020



Northern and Eastern Europe-Central Asia

HeidelbergCement is active in 20 countries in the Northern and Eastern Europe-Central Asia Group area; in many of these countries, we produce cement as well as aggregates and ready-mixed concrete, and in some we also manufacture concrete products.

Overall, the economies in the countries of the Group area developed negatively in 2020, in line with the IMF's October forecast. All countries were severely impacted by the coronavirus crisis. In Czechia, Hungary, and Georgia, economic output is estimated to have decreased by 6.5 %, 6.1 %, and 5.0 % respectively, and by as much as 9.5 % in Greece. For Romania, Sweden, Russia, and Poland, declines in GDP of 4.8 %, 4.7 %, 4.1 %, and 3.6 % are expected. Economic growth in Norway and Kazakhstan slowed by 2.8 % and 2.7 % respectively in comparison with the previous year.

The development of construction activity in the countries in the Northern and Eastern Europe-Central Asia Group area was predominantly negative in 2020, according to Euroconstruct's November forecast. However, the impact of the coronavirus crisis varied. The countries of Northern Europe were affected less badly than those in Eastern Europe-Central Asia. The construction industry in Sweden only declined slightly by an estimated 0.4 %: the negative development in residential and non-residential construction is likely to be almost offset by the growth in infrastructure construction. In Norway, the previous year's level is expected to have been reached thanks to the positive development in non-residential construction and, in particular, infrastructure construction.

Following a stronger increase in the previous year, a pandemic-related decrease of 8.3 % is anticipated for the Hungarian construction sector in 2020. A decline of 3.1 % is predicted for the Polish construction industry; the projected rise in infrastructure construction is not likely to offset the negative development in residential and non-residential construction. In Czechia, a decrease of 3.9 % is expected as a result of the downward trend in all construction sectors.

As part of our portfolio and structural optimisations, we sold our aggregates and ready-mixed concrete activities in Kazakhstan in 2020, with the exception of one ready-mixed concrete plant.

Cement business line
The cement and clinker sales volumes of the Northern and Eastern Europe-Central Asia Group area fell by 1.4 % to 23.6 million tonnes (previous year: 23.9). Excluding the consolidation effect from the divestment of the activities in Ukraine in 2019, sales volumes reached the previous year's level.

While sales volumes increased in Sweden and Denmark as well as in Romania, Kazakhstan, Poland, and Russia, all other countries in the Group area recorded decreases in volumes. The Romanian market benefited from strong growth in all construction sectors. While the cement demand in Sweden increased due to large infrastructure projects, it was slightly impacted in Norway by the coronavirus crisis. In the Baltic countries, a rise in imports adversely affected the domestic market.

Revenue of the cement business line was slightly below the previous year's level, with a decline of 1.0 % to €1,532 million (previous year: 1,548).

In 2020, several projects aimed at modernising our production facilities were continued. At the cement plant in Brevik, Norway, the new, larger limestone storage facility with a semi-automatic unloading system is expected to go into operation in the course of 2021. A new storage hall for alternative fuels was built at our Slite cement plant in Sweden. The Cesla cement plant in Russia was converted to use gas instead of coal.

Aggregates business line
The main markets of the Northern and Eastern Europe-Central Asia Group area in the aggregates business line are in Northern Europe as well as in Czechia and Poland. Deliveries of aggregates in 2020 rose overall by 1.0 % to 48.7 million tonnes (previous year: 48.2). In the reporting year, we sold the aggregates business in Kazakhstan. Excluding this sale and the activities in Ukraine already sold in 2019, delivery volumes increased by 2.1 %.

In 2020, development in the aggregates business varied across the countries of the Group area. While Sweden, Russia, Czechia, and Greece in particular recorded volume increases, sales volumes in Poland, Norway and Romania declined. The Mibau Group, which makes the biggest contribution to sales volumes, also recorded a rise.

Revenue of the aggregates business line fell by 0.5 % to €525 million (previous year: 528).

Ready-mixed concrete-asphalt business line
We produce ready-mixed concrete in all countries in the Northern and Eastern Europe-Central Asia Group area with the exception of Russia and Albania; however, we are not active in the asphalt business. Ready-mixed concrete deliveries in the Group area fell by 11.5 % to 6.0 million cubic metres (previous year: 6.8). Excluding the aforementioned divestments in Kazakhstan and the sale of the Ukraine business,

sales volumes were 9.8 % below the previous year. Demand declined in most countries.

Revenue of the ready-mixed concrete-asphalt business line decreased by 11.2 % to €560 million (previous year: 631).

Service-joint ventures-other business line
In Northern and Eastern Europe-Central Asia, this business line includes our joint ventures as well as the concrete products of Nordic Precast Group (NPG), which is active in Denmark, Germany, Poland, Estonia, Norway, and Sweden.

Through the acquisition of Kynningsrud Prefab, completed in March 2020, NPG not only increased its production capacity, but also expanded its geographical market presence. Declining demand for concrete products during the coronavirus crisis put pressure on the prices in all three Scandinavian countries.

The main joint ventures are located in Georgia, Hungary, and Bosnia-Herzegovina. In Georgia, the modernisation of a coal mill began in the reporting year, with completion expected in 2021. Cement sales volumes in Georgia rose slightly compared with the previous year.

In 2020, our joint venture Duna-Dráva Cement Kft. in Hungary completed the modernisation of the Vác cement plant, which allows to significantly increase the use of alternative fuels. Cement sales volumes in Hungary fell in comparison with the previous year because public projects were delayed due to COVID-19.

In Bosnia-Herzegovina, where we operate one cement plant and several ready-mixed concrete production sites, cement sales volumes increased compared with 2019.

We also operate other joint ventures – particularly in the ready-mixed concrete business – in Norway, Croatia, Czechia, and Poland.

Revenue of the service-joint ventures-other business line rose by 10.5 % to €437 million (previous year: 396). Revenue of our joint ventures is not included here, as these are accounted for at equity.

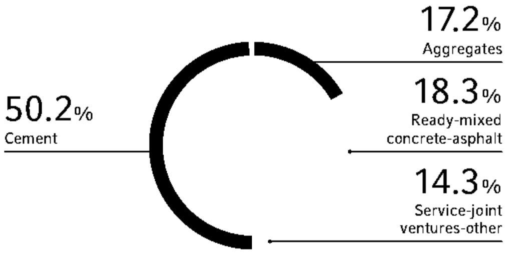
Revenue and results
Revenue of the Northern and Eastern Europe-Central Asia Group area decreased slightly by 1.2 % to €2,854 million (previous year: 2,888). Excluding consolidation and exchange rate effects, it rose by 2.7 %.

Successful and early price increases in cement and clinker in particular as well as simultaneous cost savings in variable and fixed production costs mitigated the negative effects of the coronavirus crisis. The savings made as part of the Group-wide COPE action plan have also contributed to the improvement in result in the Group area. At €718 million (previous year: 677), the result from current operations before depreciation and amortisation was 6.0 % above the level of the previous year. The result from current operations rose by 11.2 % to €526 million (previous year: 474).

Key data Northern and Eastern Europe-Central Asia

€m	2019	2020	Change
Revenue	2,888	**2,854**	-1.2 %
Result from current operations	474	**526**	11.2 %
Cement and clinker sales volumes (Mt)	23.9	**23.6**	-1.4 %
Aggregates sales volumes (Mt)	48.2	**48.7**	1.0 %
Ready-mixed concrete sales volumes (Mm³)	6.8	**6.0**	-11.5 %
Employees as at 31 December	11,251	**11,097**	-1.4 %

Revenue Northern and Eastern Europe-Central Asia 2020



North America

The United States of America and Canada form the North America Group area. In this market region, HeidelbergCement produces cement, aggregates, and ready-mixed concrete. Additionally, asphalt is produced in both countries and concrete pipes are manufactured in Canada.

In its January 2021 forecast, the International Monetary Fund (IMF) predicted a decline in the USA's gross domestic product in 2020 of 3.4%, versus growth of 2.2% in the previous year. According to the IMF's October forecast, the labour market has deteriorated, with a rise in the unemployment rate from 3.7% in the previous year to 8.9% in the reporting year.

The American Portland Cement Association (PCA) expects total construction spending to be 0.9% lower than the previous year, as the growth rates in residential and public construction spending of 2.0% and 2.2%, respectively, will be outpaced by a decline of 7.9% in commercial construction.

For Canada, the IMF predicts (January forecast) a fall of 5.5% in gross domestic product compared with a rise of 1.9% in 2019. According to the IMF (October forecast), the unemployment rate should increase from 5.7% in the previous year to 9.7% in 2020. The economy in Alberta, an important market region for HeidelbergCement in the Prairie provinces, is expected to set a negative annual record with an anticipated decline in economic output of 8.3%. In addition to COVID-19, this is due to the fall in the oil price in the spring. With a predicted decline in GDP of 5.3%, British Columbia is likely to perform somewhat better. The progress of major important building projects was only minimally impacted by the pandemic.

Cement business line
Cement and clinker sales volumes of our plants were 3.5 % below the previous year at 15.6 million tonnes (previous year: 16.1). After a strong start in the first quarter, cement sales volumes fell in the two following quarters compared with 2019, because several key markets faced the double pressure of the COVID-19 pandemic and the sharp drop in oil prices. The markets in the West and Midwest regions as well as in Canada were particularly hard hit. Price increases in all regions helped to mitigate the decrease in volumes.

In the USA, we continued the reconstruction and modernisation of the Mitchell, Indiana, cement plant, which began in the third quarter of 2019. In the reporting year, site infrastructure work and the deep foundations of the plant were completed, and construction of the major foundations has started. The plant is scheduled for completion in 2023.

Revenue in the cement business line fell by 4.4 % in 2020 to €1,778 million (previous year: 1,861).

Aggregates business line
In the USA and Western Canada, HeidelbergCement has a network of production sites for sand, gravel, and hard rock. Total sales volumes declined by 1.7 % in comparison with the previous year to 125.9 million tonnes (previous year: 128.1).

Like cement, the aggregates business line was also negatively impacted by the pandemic. This applied in particular to the US states of Washington and Pennsylvania, where construction activity was shut down in the second quarter. In Canada, sales volumes fell largely as a result of the sharp decline in demand from the oil industry in the Prairie provinces. Price increases were implemented in all market regions of the USA and Canada.

Revenue in the aggregates business line declined by 3.1 % to €1,765 million (previous year: 1,822).

Ready-mixed concrete-asphalt business line
In the USA and Canada, HeidelbergCement operates numerous ready-mixed concrete plants. In 2020, ready-mixed concrete sales volumes grew slightly by 0.9 % to 7.8 million cubic metres (previous year: 7.7). Demand was particularly strong in the Northeast region, including especially in the Ontario market. While sales volumes also increased in the West region, they decreased in Canada.

Asphalt deliveries declined by 1.9 % to just under 5.0 million tonnes (previous year: 5.0). Excluding consolidation effects from the increased shareholding in California Commercial Asphalt from 50 % to 100 % in 2019, sales volumes fell by 3.0 %. While demand for asphalt grew in California, it declined in Pennsylvania and New York partly due to state-imposed shutdowns related to the pandemic in the first half of the year.

Revenue of the ready-mixed concrete-asphalt business line fell slightly by 1.3 % to €1,286 million (previous year: 1,303).

Service-joint ventures-other business line
This business line includes our joint venture Texas Lehigh Cement Company LP, headquartered in Austin, Texas. The company, in which we hold a 50 % stake, operates a cement plant in Buda, Texas. Due to the decreased activities of the oil industry in Texas, the demand for oil well cement fell in the reporting year and thus total cement sales volumes dropped by 8.1 % compared with 2019.

Revenue in the business line, which includes the concrete pipes operating line in Canada and other associated activities, decreased by 6.9 % to €294 million (previous year: 316). Revenue of our joint ventures is not included here, as these are accounted for at equity.

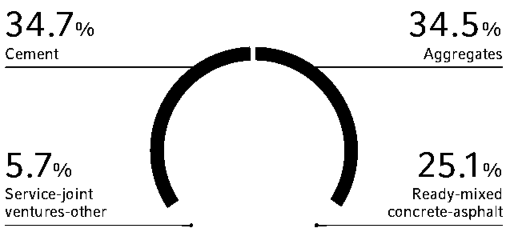
Revenue and results
Total revenue in the North America Group area decreased by 3.4 % to €4,617 million (previous year: 4,778). Excluding consolidation and exchange rate effects, revenue was down 1.4 % on the previous year.

In an effort to mitigate the revenue losses owing to the COVID-19 pandemic and declining activities in the oil industry and to contribute to an improvement in result, operating fixed costs were reduced, efficiency in administrative functions increased, and capital spending reduced in North America. The result from current operations before depreciation and amortisation decreased by 2.3 % to €1,019 million (previous year: 1,042). The result from current operations was only slightly below the previous year's level with a decline of 1.7 % to €653 million (previous year: 664); excluding consolidation and exchange rate effects, it rose by 0.6 %.

Key data North America

€m	2019	2020	Change
Revenue	4,778	**4,617**	-3.4 %
Result from current operations	664	**653**	-1.7 %
Cement and clinker sales volumes (Mt)	16.1	**15.6**	-3.5 %
Aggregates sales volumes (Mt)	128.1	**125.9**	-1.7 %
Ready-mixed concrete sales volumes (Mm³)	7.7	**7.8**	0.9 %
Asphalt sales volumes (Mt)	5.0	**5.0**	-1.9 %
Employees as at 31 December	9,047	**8,585**	-5.1 %

Revenue North America 2020



Asia-Pacific

The Asia-Pacific Group area comprises nine countries. Our business focuses on cement production in Indonesia, India, Thailand, Bangladesh, and Brunei. In addition, HeidelbergCement is also active in Australia, Malaysia, Hong Kong, and Indonesia in the areas of aggregates and ready-mixed concrete as well as in Thailand in the ready-mixed concrete business.

In its October forecast, the IMF predicted an economic decline of 2.2 % in the Asia and Pacific region in 2020, versus growth of 4.6 % in the previous year. According to the IMF's January forecast, the impact of the lockdowns due to COVID-19 led to comparatively low economic growth of 2.3 % in China compared with 6.0 % in the previous year. Thanks to strong exports and government investments, the country's economy recovered faster than anticipated. For India, on the other hand, which was hit hard by lockdown measures in the spring, the IMF (January forecast) expects the economy to contract by 8.0 % in the 2020/2021 fiscal year. In Indonesia and Thailand, the IMF (October forecast) predicts a decline in gross domestic product of 1.5 % and 7.1 % respectively. Heavy reliance on external financing, including international transfers, and tourism will make recovery a challenge for many countries in the Asia-Pacific region. In Australia, economic activity fell by 4.2 % according to the IMF (October forecast).

Cement business line

In the cement business line, HeidelbergCement is represented in Indonesia, India, Thailand, Bangladesh, and Brunei. In 2020, cement and clinker deliveries of the Asia-Pacific Group area decreased by 7.9 % to 32.9 million tonnes (previous year: 35.8). Via our joint ventures, we also hold cement market positions in China and Australia.

In Indonesia, cement consumption dropped by 11.0 % in 2020, because the government cut its budget for infrastructure expansion and redirected it into health care facilities and social security. Cement and clinker sales volumes of our subsidiary Indocement declined by 9.7 % to 17.1 million tonnes (previous year: 19.0) in comparison with the previous year. As a result of slightly increased prices and reduced energy costs due to the significantly increased use of alternative fuels, Indocement was able to increase its margins. Furthermore, cost-saving measures helped to mitigate the impact of the decline in sales volumes on the country's overall result.

In India, construction activity and thus cement consumption suffered significantly under strict lockdown measures. In the months of March and April, our production sites had to cease operations for several weeks. The movement restrictions hit commercial construction particularly hard, while government measures supported infrastructure construction. Our total cement and clinker deliveries in India decreased by 11.9 %. Despite the decline in sales volumes, sales prices were increased. In combination with cost-saving measures, this led to a slight improvement in result in India.

The construction industry in Thailand was mainly supported by public investments in the transport network and the development of water resources. The cement sales volumes of our plants also benefited from this and were slightly above the previous year. Extensive cost-saving measures improved the result for the country despite weak price development.

In Bangladesh, the economy recovered strongly after a three-month lockdown to fight the pandemic. In 2020, the cement sales volumes of our plants were slightly above the level of the previous year. However, excluding the consolidation effects arising from the commissioning of a third cement mill at the Kanchpur plant near Dhaka and the purchase of the Emirates Cement company in 2019, which operates a grinding plant, cement sales volumes decreased.

The cement market in Brunei was also affected by the impact of the pandemic. The cement sales volumes of our grinding plant and the price development were weak, although delivery volumes exceeded those of the previous year.

Revenue of the cement business line declined by 12.3 % to €1,617 million (previous year: 1,844).

Aggregates business line

In the aggregates business line, HeidelbergCement is represented in Australia, Malaysia, and Indonesia. We are no longer active in the aggregates business in Thailand since the expiry of a lease for a quarry at the end of 2019. In 2020, total aggregates deliveries fell by 9.3 % to 36.1 million tonnes (previous year: 39.8). Excluding the consolidation effect resulting from the withdrawal from Thailand, sales volumes decreased by 3.9 %. Through a joint venture, HeidelbergCement is also active in the aggregates business in Hong Kong.

In Australia, aggregates sales volumes were above the previous year due to government support for infrastructure construction during the COVID-19 pandemic. However, prices remained under pressure.

Construction activity in Malaysia was badly hit by long nationwide and local lockdowns, which caused aggregates sales volumes to drop significantly in comparison with the previous year. Demand also decreased significantly in Indonesia, as progress on construction projects was severely hampered by movement restrictions.

Revenue of the aggregates business line decreased by 10.1 % to €512 million (previous year: 570).

Ready-mixed concrete-asphalt business line
In the ready-mixed concrete business, HeidelbergCement is represented in Australia, Indonesia, Malaysia, and Thailand as well as in Hong Kong via two joint ventures. In addition, we also have asphalt activities in Malaysia and Australia.

Sales volumes of ready-mixed concrete fell by 11.9 % in 2020 to 10.6 million cubic metres (previous year: 12.0). State-imposed lockdowns and movement restrictions had a severe impact on construction activity, which was directly reflected in the volume loss and price pressure in all countries of the Asia-Pacific Group area.

While demand for asphalt rose in Australia, we suffered decreases in volumes in Malaysia. Total deliveries of the asphalt operating line reached the previous year's level with 2.3 million tonnes (previous year: 2.3).

Revenue of the ready-mixed concrete-asphalt business line fell by 9.7 % to €1,106 million (previous year: 1,225).

Service-joint ventures-other business line
The service-joint ventures-other business line comprises the cement, aggregates, and ready-mixed concrete activities of our joint ventures in the Chinese provinces of Guangdong and Shaanxi as well as in Hong Kong and of our Australian joint venture, Cement Australia.

In China, we are represented in the cement business with the two joint ventures China Century Cement and Jidong Heidelberg Cement Company in the Guangdong and Shaanxi provinces. Due to the impact of COVID-19 in the first half of the year, sales volumes for both companies were slightly below the previous year's level in 2020.

In Australia, sales volumes of our joint venture Cement Australia also decreased.

Revenue of the business line, which is only generated by a few additional non-core activities, fell by 13.5 % to €44 million (previous year: 51). Revenue of our joint ventures is not included here, as these are accounted for at equity.

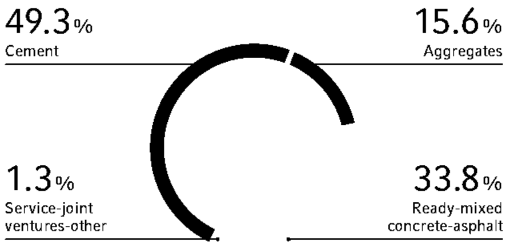
Revenue and results
Revenue of the Asia-Pacific Group area decreased by 11.1 % to €2,998 million (previous year: 3,372). Excluding consolidation and exchange rate effects, revenue fell by 8.0 %.

Cost-saving measures and price adjustments in the countries of the Asia-Pacific Group area did not compensate for the impact of the decline in sales volumes in the reporting year as a whole. The result from current operations before depreciation and amortisation decreased by 7.0 % to €694 million (previous year: 746) compared with the previous year. The result from current operations dropped by 9.5 % to €446 million (previous year: 493).

Key data Asia-Pacific

€m	2019	2020	Change
Revenue	3,372	**2,998**	-11.1 %
Result from current operations	493	**446**	-9.5 %
Cement and clinker sales volumes (Mt)	35.8	**32.9**	-7.9 %
Aggregates sales volumes (Mt)	39.8	**36.1**	-9.3 %
Ready-mixed concrete sales volumes (Mm³)	12.0	**10.6**	-11.9 %
Asphalt sales volumes (Mt)	2.3	**2.3**	0.6 %
Employees as at 31 December	13,190	**12,629**	-4.3 %

Revenue Asia-Pacific 2020



Africa-Eastern Mediterranean Basin

HeidelbergCement operates in 16 countries in the Africa-Eastern Mediterranean Basin Group area. The eleven countries south of the Sahara recorded comparatively good economic development in the reporting year as a whole despite the pressures brought about by COVID-19. Strong population growth, urbanisation, and negotiations over free trade agreements were among the main drivers. The five further Group countries in North Africa and the Eastern Mediterranean Basin showed varying development rates.

We mainly manufacture cement in the countries south of the Sahara. We are one of the four biggest cement producers in all countries. In North Africa, we are active in the cement and ready-mixed concrete business in Morocco and Egypt, as well as in the aggregates business in Morocco.

In the Eastern Mediterranean Basin, we have plants in Israel and Turkey, as well as a company in Palestine for the local market. In Israel, we mainly produce aggregates and ready-mixed concrete, and operate a cement import terminal. Our joint venture Akçansa in Turkey is one of the country's largest cement manufacturers and also runs ready-mixed concrete and aggregates operations. Thanks to its ports, Akçansa is also creating value as an exporter.

Demand for building materials in Africa – particularly south of the Sahara – largely continued to develop positively in 2020 despite COVID-19. The market environment was characterised by robust local economic development with a young and rapidly growing population, as well as steadily progressing immigration to cities and urban areas. The impact of the COVID-19 pandemic on economic development in Africa was very varied. While the economy slumped significantly in some countries, such as Morocco, the construction sector in the rest of the Group area proved to be very stable. A key indicator is the rising per capita consumption of cement, which is still significantly lower in the sub-Saharan countries than in more developed or industrialised countries. Our production sites, which are primarily located close to urban centers, are well positioned to serve the growing demand for building materials.

According to the October 2020 forecast of the IMF, the economy in sub-Saharan Africa contracted by an estimated 3.0 % in 2020. The majority of our Group countries in this region are expected to have recorded above-average development, with the exception of South Africa, where we operate a joint venture. The highest growth rate is expected in Benin (+2.0 %), followed by Tanzania (+1.9 %), Ghana (+0.9 %), and Togo (0.0 %). For the remaining countries, expectations range between -0.5 % for Mozambique and -3.1 % for Sierra Leone to -8.0 % for South Africa.

The construction industry in Morocco has not fully recovered from its downturn since the peak in 2012 and has suffered a further setback as a result of the global pandemic. The IMF anticipates that the country's gross domestic product will decrease by 7.0 % in 2020 due to the lockdowns and the economic slowdown caused by COVID-19.

Egypt is expected to achieve economic growth of 3.5 % in 2020 despite a volatile economic situation and COVID-19. The development of the cement market continues to be determined by government intervention, including the commissioning of additional capacities by state-owned enterprises, which is leading to high competitive and price pressure. To mitigate this pressure, our subsidiaries continued their restructuring programme with further cost savings in 2020.

According to the IMF's October forecast, GDP for 2020 fell by 5.0 % in Turkey due to the heavy impact of COVID-19. Economic development continued to be adversely affected by the weak local currency and high inflation. The construction industry suffered as a result of declining investments.

As a consequence of several almost complete lockdowns due to high COVID-19 infection rates, economic output in Israel is expected to decline by 5.9 % in 2020.

Cement business line
The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area increased strongly by 8.6 % to 21.2 million tonnes (previous year: 19.5) in the reporting year.

In most countries south of the Sahara, total cement and clinker deliveries rose in 2020 despite COVID-19. Our investments in Togo enabled us to increase local clinker production in order to cover the growing local demand in the region – Burkina Faso, Benin, and Togo.

In the North Africa region, which includes Egypt and Morocco, the impact of COVID-19 on the economy in our Group area was the strongest. In the reporting year, cement and clinker deliveries remained at the previous year's level. We further optimised our portfolio to counteract the at times very difficult market environment in North Africa. On 8 January 2020, we sold our 56.93 % shareholding in the activities in Mauritania. Furthermore, our Moroccan subsidiary Ciments du Maroc completed its acquisition of a 100 % shareholding in Les Cimenteries Marocaines du Sud S.A. on 4 May 2020.

In addition, we expanded our cement activities in some of the fast-growing countries. In Israel, we further consolidated our vertically integrated market position in cement, aggregates, and ready-mixed concrete. In Togo, optimisation of our production capacities was continued. Another focus of our investments was on improving fuel flexibility and alternative fuel usage in some key countries in order to optimise our position for expected market growth.

Revenue of the cement business line rose by 8.5 % to €1,448 million (previous year: 1,334).

Aggregates business line
HeidelbergCement is largely active in Israel and Morocco in the aggregates business line. In Israel, our volumes declined significantly as a result of limited reserves. In Morocco, aggregates sales volumes fell slightly short of the previous year. Total aggregates deliveries of the Group area declined in the reporting year by 16.7 % to 7.4 million tonnes (previous year: 8.9).

Revenue of the aggregates business line decreased by 16.6 % to €78 million (previous year: 94).

Ready-mixed concrete-asphalt business line
Our market presence in this Group area extends to Egypt, Morocco, and Israel. At 5.0 million cubic metres (previous year: 5.3), deliveries of ready-mixed concrete declined by 4.7 % in 2020. In the asphalt operating line, however, we are only active in Israel, where asphalt sales volumes fell by 26.1 % to 0.3 million tonnes (previous year: 0.4).

Total revenue of the ready-mixed concrete-asphalt business line fell by 3.0 % to €350 million (previous year: 361).

Service-joint ventures-other business line
The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa and the logistics department in Israel, which primarily operates internally.

In 2020, the domestic cement sales volumes of Akçansa recovered after a prolonged slowdown in the construction sector; this was countered by the impact of COVID-19 on the overall economic situation. The focus was on exports of cement and clinker. Akçansa's total cement and clinker sales volumes rose by 4.3 % in comparison with the previous year.

While aggregates sales volumes fell significantly, deliveries of ready-mixed concrete were only slightly below the previous year. The decline in sales volumes was partially offset by price increases.

Revenue of the business line, which is only generated by a few non-core activities, increased by 14.0 % to €40 million (previous year: 35). Revenue of our activities in Turkey is not included here, as these are accounted for at equity.

Revenue and results

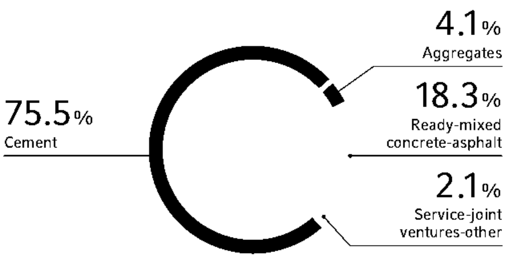
Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 4.7 % to €1,765 million (previous year: 1,686). Excluding consolidation and exchange rate effects, revenue was up 6.8 % on the previous year's level.

The result from current operations before depreciation and amortisation increased by 15.1 % to €451 million (previous year: 392) owing to lower variable costs and the strong increase in sales volumes particularly in sub-Saharan Africa. At €342 million (previous year: 282), the result from current operations was 21.2 % above the previous year.

Key data Africa-Eastern Mediterranean Basin

€m	2019	2020	Change
Revenue	1,686	**1,765**	4.7 %
Result from current operations	282	**342**	21.2 %
Cement and clinker sales volumes (Mt)	19.5	**21.2**	8.6 %
Aggregates sales volumes (Mt)	8.9	**7.4**	-16.7 %
Ready-mixed concrete sales volumes (Mm³)	5.3	**5.0**	-4.7 %
Asphalt sales volumes (Mt)	0.4	**0.3**	-26.1 %
Employees as at 31 December	5,498	**5,174**	-5.9 %

Revenue Africa-Eastern Mediterranean Basin 2020



Group Services

The Group Services business unit mainly comprises the activities of the HC Trading Group (HCT) – one of the largest trading companies worldwide, particularly for cement, clinker, and secondary cementitious materials, but also for solid and alternative fuels as well as other building materials and additives. Its locations are strategically distributed around the globe, including in Istanbul, Shanghai, Dubai, Malta, and Heidelberg.

HCT's mission is the international purchasing, transport, and sale of bulk goods for the HeidelbergCement Group via sea routes. HCT optimises the utilisation of our cement plants worldwide by balancing supply and demand for cement and clinker. Production surplus is sold to third parties on the global market. In addition, HCT is responsible for the supply of fuels and other building materials.

In the reporting year, HCT's trade volume fell by 23.8 % to 23.2 million tonnes (previous year: 30.4), primarily due to the decision to significantly reduce fuel trading with third-party customers. By contrast, the trade in cement, clinker, and secondary cementitious materials, which encompasses HCT's core business, rose by almost 6 %. In the reporting year, HCT supplied customers in around 80 importing countries with more than 1,200 shipments from over 40 exporting countries. The majority of the deliveries went to Africa and Asia as well as North America. Among the key export countries were Turkey, Vietnam, Morocco, and Saudi Arabia.

Revenue and results

Revenue of the Group Services business unit fell by 37.3 % in comparison with the previous year to €1,010 million (previous year: 1,611). The decline is mainly due to the decision to significantly reduce fuel trading with third-party customers.

At €24 million (previous year: 18), the result from current operations before depreciation and amortisation was significantly above the level of the previous year with a rise of 28.0 %. The result from current operations also increased significantly by 41.2 % to €20 million (previous year: 14). This rise in the reporting year was due to rapidly implemented cost saving measures as part of the Group-wide COPE action plan and the successful reorganisation of HCT.

Key data Group Services

€m	2019	2020	Change
Revenue	1,611	**1,010**	-37.3 %
Result from current operations	14	**20**	41.2 %
Trading volumes (Mt)	30.4	**23.2**	-23.8 %
Cement and clinker sales volumes (Mt)	0.7	**0.6**	-20.5 %
Ready-mixed concrete sales volumes (Mm³)	0.5	**0.3**	-36.7 %
Employees as at 31 December	454	**388**	-14.5 %

Statement of cash flows

Despite the difficult market environment, cash inflow from operating activities of continuing operations increased significantly in the 2020 financial year by €370 million to €3,046 million (previous year: 2,676). The financial resources thus obtained were used, in particular, to reduce financial debt. The significant rise in cash inflow from operating activities is based on our good operating activities and our consistent spending discipline as part of the COPE action plan.

Dividends received, which were somewhat higher than the previous year's level at €223 million (previous year: 217), mainly include payouts from joint ventures and associates. Interest received decreased by €30 million compared with 2019 to €102 million (previous year: 133). The significant decline of €118 million in interest payments to €368 million (previous year: 485) is primarily due to favourable financing conditions. This item also includes interest payments of €38 million (previous year: 45) attributable to leases. Compared with the previous year, income taxes paid rose by €47 million to €341 million (previous year: 294). Cash outflows from the utilisation of provisions also increased by €28 million to €328 million (previous year: 300). Thanks to strict monitoring and active control, a decrease in working capital to €236 million (previous year: 73) was achieved, which had a significant positive impact on the cash flow from operating activities compared with the previous year. Of the change in working capital, €11 million (previous year: 18) is attributable to the instruments used for active working capital management.

The cash flow from operating activities – discontinued operations of €20 million (previous year: 13) relates primarily to cash flows in connection with the settlement of the damages and environmental obligations arising from the takeover of the Hanson Group.

Net cash used in investing activities of continuing operations rose by €43 million to €949 million (previous year: 907). Cash-relevant investments decreased by €246 million to €1,067 million (previous year: 1,314). This decline is especially attributable to the lower payments for the acquisition of property, plant and equipment amounting to €922 million (previous year: 1,135) due to the investment discipline connected with the COPE action plan. Payments for the acquisition of subsidiaries and other business units also fell by €13 million in comparison with the previous year to €76 million (previous year: 90). These mainly relate to the acquisition of the Norwegian-Swedish Kynningsrud Group and Les Cimenteries Marocaines du Sud S.A., Laâyoune. Investments for sustaining and optimising our capacities amounted to €833 million (previous year: 911), and €234 million (previous year: 403) related to capacity expansions. Further details can be found in the Investments section on ↗ **page 38** and in the Business combinations in the reporting year section of the Notes on ↗ **page 126 f.** Cash-relevant divestments also decreased significantly in comparison with the previous year by €289 million to €118 million (previous year: 407). Of this figure, cash inflow from the disposal of subsidiaries and other business units accounted for €2 million (previous year: 159). Further details can be found in the Divestments in the reporting year section of the Notes on ↗ **page 128.** Proceeds from the sale of intangible assets and property, plant and equipment decreased by €109 million to €67 million (previous year: 176). The disposal of financial assets, associates, and joint ventures as well as the repayment of loans resulted in payments received of €49 million (previous year: 72).

Consolidated statement of cash flows (short form)

€m	2019[1]	2020	Difference
Cash flow	2,903	**3,139**	236
Changes in working capital	73	**236**	162
Decrease in provisions through cash payments	-300	**-328**	-28
Cash flow from operating activities – continuing operations	2,676	**3,046**	370
Cash flow from operating activities – discontinued operations	-13	**-20**	-7
Cash flow from operating activities	2,664	**3,027**	363
Investments (cash outflow)	-1,314	**-1,067**	246
Divestments (cash inflow) and change in consolidation scope	407	**118**	-289
Cash flow from investing activities – continuing operations	-907	**-949**	-43
Cash flow from investing activities – discontinued operations	1		-1
Cash flow from investing activities	-906	**-949**	-44
Capital decrease – non-controlling interests	0	**-10**	-10
Dividend payments	-586	**-323**	263
Changes in ownership interests in subsidiaries	117	**-20**	-137
Net change in bonds, loans, and lease liabilities	-404	**-2,288**	-1,884
Cash flow from financing activities	-873	**-2,641**	-1,768
Effect of exchange rate changes	73	**-108**	-182
Change in cash and cash equivalents	958	**-672**	-1,630

1) Amounts were restated due to reclassifications (see Notes item 3.3)

Financing activities generated a cash outflow of €2,641 million in 2020 (previous year: 873). The cash outflow arising from the net proceeds from and repayment of bonds and loans of €2,288 million (previous year: 404) included in this figure covers the change in long- and short-term interest-bearing liabilities, mainly comprising the issue of one bond of €650 million, the repayment of four bonds with a total value of €2.6 billion, and the repayment of lease liabilities amounting to €271 million. This item also includes borrowings and payments relating to bank loans and debt certificates, as well as changes to other short-term interest-bearing liabilities with high turnover rate. In the previous year, a bond with a value of €750 million was issued and two bonds with a total value of €1.0 billion were repaid, as were lease liabilities of €285 million. The proceeds of €2 million (previous year: 209) from the decrease in ownership interests in subsidiaries result from the disposal of 2.5 % of the shares in Suez Cement Company S.A.E., Egypt. In the previous year, 11.3 % of the shares in Ciments du Maroc S.A., Morocco, were sold. The payments of €22 million (previous year: 92) made to increase ownership interests in subsidiaries are mainly related to the acquisition of 21.0 % of the shares in Suez Cement Company S.A.E., Egypt, amounting to €15.3 million, and of 18.5 % of the shares in Tourah Portland Cement Company S.A.E., Egypt, amounting to €5 million. In the previous year, this item included the disposal of 11.3 % of the shares in Ciments du Maroc S.A., Morocco. Dividend payments led to an overall cash outflow of €323 million (previous year: 586). The significant decline in comparison with the previous year is due to the reduction of the originally proposed dividend payments of HeidelbergCement AG to €0.60 per share, resulting in a total dividend payment of €119 million (previous year: 417).

In the 2020 financial year, HeidelbergCement was able to meet its payment obligations at all times.

Investments

Extremely disciplined investment activities were a significant cornerstone of our cash management in the 2020 financial year. As part of the COPE action plan, we reduced cash-relevant investments by €246 million compared with the previous year to €1,067 million (previous year: 1,314). On the other hand, there were cash-relevant divestments of €118 million (previous year: 407). Cash-relevant net investments totalled €949 million (previous year: 907). Including the changes in ownership interests in subsidiaries, the cash-relevant net amount rose to €969 million (previous year: 790).

Investments in property, plant and equipment (including intangible assets) accounted for €969 million (previous year: 1,183). On the one hand, investments in property, plant and equipment related to maintenance, optimisation, and environmental protection measures at our production sites. Maintenance investments were only made in business-critical projects. Throughout the Group, our investment activities remained focused on improving our environmental protection activities. This includes investment in reducing dust, nitrogen oxide, and sulphur oxide emissions, as well as increasing the use of alternative fuels and raw materials. Major capital expenditure also related to the new construction and modernisation of the Mitchell cement plant in Indiana, USA, the construction of the new headquarters in Heidelberg, Germany, the modernisation of production facilities at our cement plants in the Northern and Eastern Europe-Central Asia Group area, and the increase in fuel flexibility at the cement plants in the Africa-Eastern Mediterranean Basin Group area.

On the other hand, we also made targeted investments in 2020 for profitable growth in selected markets, in line with our long-term growth strategy. These included the development of a new aggregates quarry in West Java, Indonesia, and the optimisation of our production capacities in Togo.

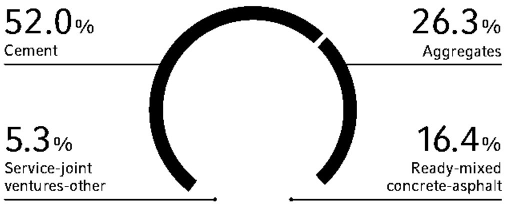
Investments in financial assets and other business units fell to €98 million (previous year: 131). These essentially related to the acquisition of the Scandinavian manufacturer of precast concrete parts Kynningsrud Prefab by our subsidiary Nordic Precast Group and the acquisition of the cement grinding plant Les Cimenteries Marocaines du Sud by our Moroccan subsidiary Ciments du Maroc, as well as smaller bolt-on acquisitions of shareholdings.

As part of our portfolio optimisation, we sold our shares in the Mauritanian cement grinding plant Mauritano-Française des Ciments and other activities that did not belong to the core business or did not meet our return requirements.

Investments

€m	2019	2020	Change
Western and Southern Europe	440	**296**	-32.8 %
Northern and Eastern Europe-Central Asia	154	**160**	4.2 %
North America	338	**281**	-16.8 %
Asia-Pacific	183	**133**	-27.2 %
Africa-Eastern Mediterranean Basin	68	**95**	40.8 %
Group Services	0	**4**	
Financial assets and other business units	131	**98**	-25.1 %
Total	1,314	**1,067**	-18.8 %

Investments in property, plant and equipment by business lines in 2020



Consolidated balance sheet

In comparison with 31 December 2019, the balance sheet total declined by €6,253 million to €32,335 million (previous year: 38,589) as at 31 December 2020.

Non-current assets fell by €5,209 million to €25,023 million (previous year: 30,232). Adjusted for negative exchange rate effects of €1,389 million, the decrease amounted to €3,820 million, which is due in particular to the revaluation of the asset portfolio in connection with the COVID-19 pandemic. In this context, impairment of €2,694 million on goodwill, €24 million on other intangible assets, and €779 million on property, plant and equipment was recognised.

Financial assets decreased by €136 million to €1,992 million (previous year: 2,128). Adjusted for negative exchange rate effects of €67 million, the decline amounted to €69 million. While the carrying amounts of shares in joint ventures and associates increased by €10 million, the carrying amount of financial investments fell by €135 million. Of the decline, €133 million was due to the fair value measurement of the participation in the Permanente Group, Phoenix, USA.

Current assets decreased by €1,070 million to €7,270 million (previous year: 8,340). The negative currency effects of €323 million primarily related to inventories of €117 million, trade receivables of €60 million, and cash and cash equivalents of €108 million. As a result of active receivables management, trade receivables fell by €184 million to €1,562 million (previous year: 1,746). Other current operating receivables and assets also declined by €31 million to €598 million (previous year: 629) and inventories by €228 million to €1,971 (previous year: 2,199). Cash and cash equivalents decreased by €684 million to €2,857 (previous year: 3,542). The changes are explained in more detail in the Statement of cash flows section on ↗ **page 37 f.**

On the equity and liabilities side, equity fell by €3,956 million to €14,548 million (previous year: 18,504). This decrease is primarily attributable to the comprehensive income for the reporting year of €-3,574 million, which is composed of the net loss for the financial year amounting to €2,009 million and other comprehensive income of €-1,565 million. In addition, dividends totalling €119 million were distributed to shareholders of HeidelbergCement AG and €204 million to non-controlling interests. Other changes are shown in the Consolidated statement of changes in equity on ↗ **page 110 f.**

Interest-bearing liabilities decreased by €2,124 million to €9,904 million (previous year: 12,028). In the financial year, four bonds totalling €2,550 million were repaid, as were lease liabilities of €271 million, largely through the use of cash and cash equivalents. In addition, HeidelbergCement issued one bond with the value of €650 million. Net debt was reduced by €1,518 million to €6,893 million (previous year: 8,410). This was due in particular to the good operating cash flow and the lower dividend payments.

Provisions decreased by €48 million to €2,498 million (previous year: 2,546). While pension provisions fell by €119 million, other provisions increased by €71 million. Operating liabilities, including liabilities from income taxes, were at the previous year's level, amounting to €4,783 million (previous year: 4,783).

Consolidated balance sheet (short form)

€m	31 Dec. 2019	31 Dec. 2020	Part of balance sheet total 2020
Assets			
Intangible assets and property, plant, and equipment[1]	26,684	**21,763**	67 %
Financial assets	2,128	**1,992**	6 %
Other non-current assets	1,420	**1,268**	4 %
Current assets[1]	8,340	**7,270**	22 %
Assets held for sale	16	**42**	0 %
Balance sheet total	38,589	**32,335**	100 %
Equity and liabilities			
Shareholders' equity and non-controlling interests	18,504	**14,548**	45 %
Non-current liabilities	12,693	**11,909**	37 %
Current liabilities	7,390	**5,861**	18 %
Liabilities associated with assets held for sale	1	**17**	0 %
Balance sheet total	38,589	**32,335**	100 %

1) Amounts restated for 2019 (reclassification of emission rights from "Other intangible assets" to "Raw materials and consumables")

Key financial ratios

	2019	2020
Assets and capital structure		
Equity/balance sheet total	48.0 %	**45.0 %**
Net debt [1]/balance sheet total	21.8 %	**21.3 %**
Equity + non-current liabilities/ fixed assets[1]	108.3 %	**111.4 %**
Gearing (net debt/equity)	45.5 %	**47.4 %**
Earnings per share		
Earnings per share (€)	5.50	**-10.78**
Profitability		
Return on total assets before taxes[2]	5.1 %	**-4.2 %**
Return on equity[3]	6.9 %	**-13.3 %**
Return on revenue[4]	6.8 %	**-11.0 %**

1) 2019 changed due to reclassification of emission rights
2) Result before tax from continuing operations + interest expenses/balance sheet total
3) Net income from continuing operations/equity
4) Net income from continuing operations/revenue

Capital efficiency
In 2020, HeidelbergCement adjusted the calculation of ROIC (return on invested capital). The main changes concern the calculation of taxes and average invested capital.

The Group's goal is to achieve a ROIC of significantly above 8 %. In the 2020 financial year, ROIC was 7.9 % (previous year: 6.5 %). The calculation of ROIC is detailed in the following table.

Return on Invested Capital (ROIC)

€m	2019	2020
Result from current operations	2,186.3	**2,363.2**
Current tax expense on result from current operations	-477.6	**-476.4**
Net operating profit after taxes	1,708.7	**1,886.8**
Equity (incl. non-controlling interests)	18,504.4	**14,548.4**
Net debt	8,410.4	**6,892.8**
Loans and financial investments	-336.3	**-181.5**
Current interest-bearing receivables	-107.6	**-85.9**
Invested capital	26,470.9	**21,173.8**
Average invested capital	26,228.1	**23,822.4**
Return on Invested Capital (ROIC)	6.5 %	**7.9 %**

Group financial management

Financial principles and targets
The objective of external financing and safeguarding of liquidity is to ensure sufficient liquidity for the Group at all times.

Our external financial flexibility is primarily assured by capital markets and a group of major international banks.

Within the Group the principle of internal financing applies, i.e. financing requirements of subsidiaries are – where possible – covered by internal loan relationships.

The Group companies use either liquidity surpluses from other subsidiaries in cash pools or are provided with intra-Group loans from HC Finance Luxembourg S.A. or HeidelbergCement AG. In 2020, our subsidiaries were financed according to this principle primarily by our finance company HeidelbergCement Finance Luxembourg S.A. (HC Finance Luxembourg S.A.) based in Luxembourg.

In some cases, the Group Treasury department also arranges credit lines for subsidiaries with local banks in order to accommodate legal, tax, or other conditions. Local financing is mainly used for particularly small volumes.

Financing measures
The liquidity position was further strengthened with the Group-wide roll-out of the COPE action plan at the end of February 2020, which was designed to mitigate the negative economic impact of the COVID-19 pandemic at an early stage. In this context, we raised capital on the capital market at favourable conditions in spring 2020 by issuing one bond under the €10 billion EMTN programme. The issue was launched on 9 April with a €650 million bond and a four-and-a-half-year term ending on 9 October 2024. The bond bears a fixed coupon of 2.5 % p.a. The issue price was at 99.605 %, resulting in a yield to maturity of 2.596 %. The issue proceeds were used for general corporate financing purposes and the refinancing of maturities. Furthermore, with available surplus liquidity, we were able to bring forward the maturity of a bond of €750 million from 18 January 2021 to 18 November 2020 and thus redeem it early.

In view of the coronavirus crisis, we also concluded six short-term bilateral credit lines totalling €605 million with our core banks in April and May, which were not drawn upon during the year. Of this amount, we still have a total of €180 million available until May 2021.

The revolving syndicated credit facility of €3 billion was available to HeidelbergCement as a liquidity reserve. As at 31 December 2020, the facility had only been drawn upon in the amount of €162.9 million. The free credit line thus amounted to €2,837.1 million at the end of 2020 (see following table). The credit line runs until January 2025. In addition, instruments are used to optimise net working capital. Credit lines and liquidity are maintained for these instruments so that no liquidity risks can arise if the instruments are discontinued. Overall, it is thereby ensured that all Group companies have sufficient headroom for cash drawdowns as well as for letters of credit and guarantees to enable them to successfully finance operational business and new investments.

Credit line

€m	31 Dec. 2020
Syndicated Credit Facility (SFA)	**3,000.0**
Utilisation (cash)	**11.4**
Utilisation (guarantee)	**151.5**
Free credit line	**2,837.1**

The covenant regarding the limitation on incurring additional debt, which applies if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2, was cancelled in accordance with the terms and conditions of the bonds as well as the terms and conditions of the debt certificate as a result of the investment grade rating. The consolidated EBITDA of €3,663 million and the consolidated interest expense of €268 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. At the end of 2020, the consolidated coverage

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The following table shows the new issues and repayments of HeidelbergCement Group in 2020.

New issues and repayments of HeidelbergCement Group

Transaction	Offering date	Duration	Maturity date	Nominal volume	Yield
New Issue	2020-04-09	4.5 years	2024-10-09	€m 650	2.50 %
Amortisation	2016-06-24	7 years	2023-06-30	€m 19.2	1.29 %
Repayment	2010-03-19	10 years	2020-03-19	€m 750	5.38 %
Repayment	2010-01-19	10 years	2020-04-03	€m 750	7.50 %
Repayment	2013-10-24	7 years	2020-10-21	€m 300	3.25 %
Repayment	2017-01-18	4 years	2020-11-18	€m 750	0.50 %

The following tables show the financial liabilities of HeidelbergCement Group as at 31 December 2020.

Bonds payable

Issuer (€m)	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
HC Finance Luxembourg S.A.	500.0	506.2	3.250	2013-12-12	2021-10-21	XS1002933072
HC Finance Luxembourg S.A.	750.0	757.2	0.500	2018-08-09	2022-08-09	XS1863994981
HeidelbergCement AG	1,000.0	1,014.1	2.250	2016-03-30	2023-03-30	XS1387174375
HeidelbergCement AG	750.0	754.9	2.250	2016-06-03	2024-06-03	XS1425274484
HC Finance Luxembourg S.A.	650.0	649.7	2.500	2020-04-09	2024-10-09	XS2154336338
HeidelbergCement AG	1,000.0	1,004.3	1.500	2016-12-07	2025-02-07	XS1529515584
HC Finance Luxembourg S.A.	1,000.0	1,008.1	1.625	2017-04-04	2026-04-07	XS1589806907
HC Finance Luxembourg S.A.	500.0	499.4	1.500	2017-06-14	2027-06-14	XS1629387462
HC Finance Luxembourg S.A.	750.0	763.9	1.125	2019-07-01	2027-12-01	XS2018637327
HC Finance Luxembourg S.A.	750.0	750.9	1.750	24.04.2018	2028-04-24	XS1810653540
Total		**7,708.5**				

Bank loans

Issuer (€m)	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date
Debt certificates					
HeidelbergCement AG	360.5	366.4	1.850	2016-01-20	2022-01-20
Syndicated facility					
HeidelbergCement AG	11.4	5.3		2018-01-12	2025-01-10
KfW-promoted loan					
HeidelbergCement AG		48.0	1.290	2016-06-24	2023-06-30
European Investment Bank-promoted loan					
HeidelbergCement AG	180.0	179.9		2018-01-04	2023-01-04
KfW-promoted loan					
HeidelbergCement AG		86.0	1.000	2019-08-08	2029-03-30
Others					
Other Group companies		156.5			
Total		**842.1**			

Other interest-bearing liabilities

Issuer (€m)	Book value
Finance Lease Liabilities	
HeidelbergCement Group	1,124.7
Derivative Financial Instruments	
HeidelbergCement Group	60.0
Others	
HeidelbergCement Group	92.4
Total	**1,277.2**

Non-controlling interests with put options

€m	Book value
Non-controlling interests with put options	76.2
Total	**76.2**

ratio amounted to 13.65. In the reporting year, net debt fell by €1.5 billion and amounted to €6.9 billion (previous year: 8.4) as at 31 December 2020. The leverage ratio amounted to 1.86x (previous year: 2.35x).

The following table shows the main liquidity instruments as at 31 December 2020.

Liquidity instruments

€m	31 Dec. 2020
Cash and cash equivalents	2,857.2
Liquidable financial investments and derivative financial instruments	154.0
Free credit line	2,837.1
Free liquidity	**5,848.3**

We were able to successfully continue issuance activity in the money market and issued a total volume of €705 million via our €2 billion Euro Commercial Paper Programme over the course of 2020. At the end of the year, issuance activity under the Commercial Paper Programme was gradually reduced in order to limit excess liquidity at the end of the year. As at 31 December 2020, none of the commercial papers issued by HeidelbergCement AG remained outstanding. The €3 billion syndicated credit facility thereby serves as a backup line.

Rating

In the 2020 financial year, the company's credit rating by the rating agencies Moody's Investors Service and S&P Global Ratings remained stable at Baa3 and BBB-, respectively. The outlook for our credit rating was positive at both agencies. On 17 August 2020, Fitch Ratings withdrew HeidelbergCement's unsolicited rating.

Ratings as at 31 December 2020

Rating agency	Long-term rating	Outlook	Short-term rating
Moody's Investors Service	Baa3	positive	P-3
S&P Global Ratings	BBB-	positive	A-3

Statements on HeidelbergCement AG

In addition to the Group management reporting, the parent company's development is described below. In contrast to the consolidated financial statements, the annual financial statements of HeidelbergCement AG are prepared in accordance with German commercial law. HeidelbergCement AG's management report is combined with that of the HeidelbergCement Group pursuant to section 315(5) of the German Commercial Code (Handelsgesetzbuch, HGB), as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business.

As the controlling company, HeidelbergCement AG plays the leading role in the HeidelbergCement Group. It is also operationally active in Germany in the cement business line with eleven cement and grinding plants. The results of HeidelbergCement AG are significantly influenced by its directly and indirectly held subsidiaries and participations.

The business development of HeidelbergCement AG is subject to the same risks and opportunities as the business development of the Group. Regarding financing, HeidelbergCement AG plays the key role within the Group. Due to the links between HeidelbergCement AG and its subsidiaries as well as its importance in the Group, the outlook for the Group also reflects the expectations for HeidelbergCement AG to a large extent. Therefore, the statements in the Combined management report apply equally to the Group and HeidelbergCement AG.

Revenue of the cement business line rose by 8.1 % in 2020 to €680 million (previous year: 629). This increase is primarily due to the good development of construction activity in Germany, which was only slightly affected by the impact of the COVID-19 pandemic and the associated lockdowns. Total revenue of HeidelbergCement AG grew by €66 million to €872 million (previous year: 806). This increase essentially results from the intra-Group services of €192 million (previous year: 177) provided by HeidelbergCement AG. The moderate increase in cement revenue compared with the previous year as well as the expected rise in intra-Group service charges led to an increase in total revenue slightly above our forecast from 2019.

Material costs increased slightly by €19 million to €294 million (previous year: 276) compared with 2019, owing to the general market development.

Other operating income fell by €23 million to €15 million (previous year: 38). Because of the persistently high demands connected with its leading role within the Group, the number of employees of HeidelbergCement AG rose slightly. Personnel costs increased by €24 million to €265 million (previous year: 241), primarily in connection with restructuring measures. Other operating expenses decreased by €24 million to €266 million (previous year: 290). Overall, earnings before interest and taxes (EBIT) improved by €9 million to €14 million (previous year: 5). Results from participations rose by €15 million to €48 million (previous year: 33).

Income from loans declined by €18 million to €48 million (previous year: 66). Other interest and similar income decreased by €60 million to €127 million (previous year: 187). Interest and similar expenses fell by €35 million to €260 million (previous year: 295). The change in other interest and similar income as well as interest and similar expenses is due to the lower interest rate level and the repayment of bonds and loans from intra-Group financing activities.

Through the in-house banking activities, the financing measures of the subsidiaries lead to currency positions that are hedged by means of external foreign exchange transactions, which are appropriate in terms of maturities and amounts. As these hedging transactions do not, as a rule, relate to any valuation units, currency and interest gains or losses may arise. In accordance with the imparity principle, provisions for risks arising from hedging transactions were recognised at the end of the year to the extent of the negative market values of €50.5 million. Positive market values of €30.5 million are not recognised as assets. The currency result in the 2020 financial year fell slightly to €-14 million (previous year: -8).

The income tax expense of €48 million (previous year: 16) results from taxes for the reporting year as well as adjustments primarily connected with a company audit for open assessment periods from 2005 onwards. Net loss for the 2020 financial year amounted to €-86 million (previous year: profit of 35), while balance sheet profit was €440 million (previous year: 445).

Adjusted for non-recurring effects from the previous year, including in particular appreciations to financial assets and the partial reversal of provisions for risks, the result for the financial year was at the level of the previous year.

The balance sheet total decreased by €0.4 billion compared with the previous year to €26.5 billion (previous year: 26.9).

On the assets side, investments in subsidiaries increased slightly by €2.2 million as a result of capital increases. Loans to subsidiaries fell by €0.6 billion, primarily as a result of loan repayments. Accordingly, financial assets declined by €0.6 billion to €22.5 billion. Total fixed assets decreased to €23.2 billion (previous year: 23.8). Inventories grew by €6 million to €90 million (previous year: 84). In addition to an increase in raw materials, consumables, and supplies, this growth was due in particular to further intra-Group purchases of CO_2 emission rights. Trade receivables were slightly below the previous year's level at €6.9 million (previous year: 8.2). Receivables and other assets rose to €1.9 billion (previous year: 1.3), which was largely due to the increase in receivables from subsidiaries to €1.9 billion (previous year: 1.2). Cash at bank and in hand decreased by €443 million to €1.2 billion (previous year: 1.7).

On the equity and liabilities side, equity decreased by €0.1 billion each to €12.2 billion (previous year: 12.4) due to the dividend distribution and the net loss. Provisions increased in comparison with the previous year to €0.8 billion (previous year: €0.7), mainly due to the €0.1 billion increase in tax provisions to €0.3 billion. This was caused by tax expenses for previous years due to a company audit for the tax years from 2005 onwards as well as interest on tax arrears. Liabilities decreased by €0.4 billion to €13.5 billion (previous year: 13.9).

For 2021, we anticipate a moderate decline in cement revenue. We expect revenue from intra-Group services to rise slightly as a result of extensive tasks in the context of the leading role of HeidelbergCement AG within the Group. Total revenue of HeidelbergCement AG will therefore decrease slightly overall in 2021. Result for the 2021 financial year is anticipated to be slightly below the level of 2020 due to the expected slight increase in prices for raw materials, consumables, and supplies.

Evaluation of the economic situation by Group management

The 2020 financial year developed very positively overall for HeidelbergCement despite difficult conditions; a record figure was achieved in the result from current operations before depreciation and amortisation. Although all Group countries were severely hit by the COVID-19 pandemic and the associated lockdowns, the cost-saving measures within the framework of the Group-wide COPE action plan, launched in February, have taken full effect. We were able to achieve cash savings of around €1.3 billion. The lower level of construction activity due to the pandemic led to a decrease in sales volumes of cement, aggregates, ready-mixed concrete, and asphalt, and revenue was also 6.6 % below the previous year at €17,606 million. Excluding exchange rate and consolidation effects, revenue fell by 4.6 %. Thanks to strict cost-saving measures, fuel, electricity, and personnel costs decreased significantly in some cases in 2020 compared to 2019.

With the exception of Asia-Pacific, all Group areas contributed to the very good result from current operations before depreciation and amortisation. Excluding exchange rate and consolidation effects, the highest increase was recorded by the Africa-Eastern Mediterranean Basin Group area, followed by Western and Southern Europe and Northern and Eastern Europe-Central Asia. The result in North America was at the previous year's level. All Group areas were able to improve their margins, in some cases considerably. Except in Asia-Pacific, the result from current operations also increased significantly in all Group areas.

As a consequence of the COVID-19 pandemic, HeidelbergCement recognised an impairment of goodwill and other assets in the second quarter of 2020, which is shown in the additional ordinary result and therefore affects the result.

As a result of the impairment of goodwill and other assets, the year closed with a loss for the financial year of €-2,009 million (previous year: profit of €1,242 million). The Group share decreased to €-2,139 million (previous year: 1,091). However, excluding the additional ordinary result and the non-recurring deferred tax income in connection with the revaluation of the asset portfolio in 2020, the Group share increased by 7.6%.

Thanks to strict spending discipline under the COPE action plan and further steps in portfolio optimisation, we have significantly increased cash flow. This enabled us to take a big step forward in reducing net debt, which was cut by €1.5 billion compared with 2019 to €6.9 billion. The leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation, declined accordingly and at 1.86x is well within our target range of 1.5x to 2.0x.

Return on invested capital (ROIC) increased to 7.9 %, almost reaching the target of over 8 % set in the Group's "Beyond 2020" strategy.

Comparison of the business trend with the previous year's outlook

After the forecast for 2020 was made in the Annual Report 2019, the general conditions changed dramatically as a result of the rapid spread of the coronavirus. Therefore, in March 2020, HeidelbergCement withdrew the forecasts made for 2020 in the Annual Report 2019, as at that time it was not possible to issue a reliable outlook for the 2020 financial year. We will therefore not compare the 2020 business trend with the forecasts made in the Annual Report 2019.

At the end of February 2020, HeidelbergCement launched the COPE action plan with the aim of achieving cash savings of €1 billion. The consistent implementation of the plan led to cash savings of around €1.3 billion.

An initial assessment of the company's development in 2020 was made with the publication of the quarterly statement for January to September on 5 November 2020. Thanks to the very strong development of results in the third quarter of 2020, HeidelbergCement anticipated that the result from current operations before depreciation and amortisation for the whole of 2020 would exceed that of the previous year and that the leverage ratio would be further reduced to 2.0x or better.

In 2020, HeidelbergCement increased its result from current operations before depreciation and amortisation by 3.5 %, and on a like-for-like basis by 6.1 %, in line with the outlook. The leverage ratio, which fell to 1.86x, developed better than forecast.

Additional statements

Statements pursuant to sections 289a(1) and 315a(1) of the German Commercial Code (HGB)

On 31 December 2020, the share capital of HeidelbergCement AG amounted to €595,249,431. It is divided into 198,416,477 no-par value bearer shares, each with a pro rata amount of €3, which corresponds to a proportionate amount of the subscribed share capital. Each share carries one vote at the Annual General Meeting. All shares carry the same rights and obligations; there are no different classes of shares. The Managing Board knows of no restrictions concerning voting rights or the transfer of shares.

Mr Ludwig Merckle, Ulm, Germany, holds via Spohn Cement Beteiligungen GmbH, Zossen, Germany, a company under his control, 25.53 % of the voting rights of shares in the company as well as rights of retransfer from securities lending to a further 2.18 % (instruments in the sense of section 38 (1) no. 1 WpHG), together 27.71 %, according to the notifications available to the company as at 31 December 2020 in accordance with the German Securities Trading Law (Wertpapierhandelsgesetz - WpHG) and Market Abuse Regulation Article 19. No holder of shares has been granted special rights giving power of control.

The company's Managing Board is appointed and discharged by the Supervisory Board. The Articles of Association may be amended by the Annual General Meeting with a simple majority of the share capital represented at the time of voting, except where a greater majority is required by law. Amendments affecting only the wording of the Articles of Association may be made by the Supervisory Board.

Authorised Capital
Authorised capital exists as at 31 December 2020, which authorises the Managing Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new shares against cash contributions and/or contributions in kind (Authorised Capital 2020). Under the Authorised Capital 2020, the share capital may be increased by up to a total of €178,500,000 by issuing new no-par bearer shares on one or more occasions until 3 June 2025. The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders in the case of an increase in return for cash contributions in order to realise residual amounts, to service option or conversion rights, or to issue shares totalling up to 10 % of the share capital at a near-market price as well as in the case of a capital increase in return for contributions in kind for the purposes of acquisition of companies, or in the context of implementing of a dividend in kind/dividend option. As at 31 December 2020, the Authorised Capital 2020 had not been used.

Conditional Share Capital
In addition, the Conditional Share Capital described below existed as at 31 December 2020. The share capital was conditionally increased by a further amount of up to €118,800,000, divided into up to 39,600,000 new no-par value bearer shares (Conditional Share Capital 2018). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds until 8 May 2023 under the authorisation of the Annual General Meeting from 9 May 2018 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations.

The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. As at 31 December 2020, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2018 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the Authorised Capital 2020 and the Conditional Share Capital 2018 will not exceed a limit of 10 % of the share capital existing at the time the authorisation to exclude the subscription right comes into force.

Acquisition of own shares
Furthermore, the authorisation to acquire own shares described below existed as at 31 December 2020. The company is authorised to acquire own shares up to 3 May 2021 once or several times, in whole or in partial amounts, up to a total of 10 % of the share capital on 4 May 2016 for any permissible purpose within the scope of the legal restrictions. The authorisation may not be used for the purpose of trading in own shares. At no time may more than 10 % of the respective share capital be attributable to the acquired own shares combined with other shares which the company has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the shareholders. The own shares acquired on the basis of the authorisation will be used by selling them via the stock exchange or in another suitable manner while ensuring the equal treatment of the shareholders, or for any other purposes permitted by law. Shareholders' subscription rights can be excluded in certain cases. The company has not used the authorisation to date and has no own shares as at 31 December 2020.

A list of the company's significant agreements contingent on a change of control resulting from a takeover bid, and a summary of the effects thereof, is provided on ↗ **page 46**, pursuant to sections 289a(1) sentence 1 no. 8 and 315a(1) sentence 1 no. 8 of the HGB.

Please note that we are disregarding agreements whose potential consequences for the company fall below the thresholds of €50 million in a singular instance or €100 million in the case of several similar agreements, as they will not normally affect the decision of a potential bidder. These change of control clauses are standard for this industry and type of transaction and have not been agreed with the intention of hindering any takeover bids.

As at 31 December 2020, the following significant agreements of HeidelbergCement AG were contingent on a change of control within HeidelbergCement AG resulting from a takeover bid.

The relevant change of control clauses give the contractual partner or bearer of the bonds or debt certificates the right to immediately accelerate and to demand repayment of the agreement or outstanding loans, debenture bonds, or debt certificates in the event of a change in the company's shareholder structure as defined variously below.

The syndicated credit facility and aval credit facility agreement dated 12 January 2018 and the loan agreements dated 4 December 2017, 14 November 2019, 24 April 2020, 27 May 2020, and 29 May 2020, all four marked (1) in the type of clause column, as well as the loan agreement of 1 March 2019, marked (3) in the type of clause column, give each creditor the right, in the event of a change of control, to accelerate the loan amount it provided (plus any accrued interest) and to demand repayment accordingly.

A change of control in the sense of clause (1) is deemed to occur when a person or a group of people acting jointly in the sense of section 2(5) of the German Securities Acquisition and Takeover Act (WpÜG) has acquired more than 30 % of the shares in the company. Clause (3) applies "in the case of a change in the direct or indirect capital or shareholder structure of HeidelbergCement AG, which leads to a change of control (change of controlling influence)".

The bonds and debt certificates marked (2) in the type of clause column give each bearer of the debenture bond or debt certificate the right, in the event of a change of control as described below, to demand full or partial repayment from the company at the "early repayment amount". The early repayment amount means, in the case of the debt certificate, 100 % of the nominal amount or, in the case of debenture bonds, 101 % of the nominal amount plus accrued and unpaid interest up to (but not including) the repayment date defined in the bond terms.

A change of control is deemed to occur when one of the following events takes place:

- the company becomes aware that a person or group of persons acting in concert in the sense of section 2(5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of more than 30 % of the company's voting rights, or

Name of agreement/date	Type of contract	Nominal amount €m	Repayment	Type of clause
Syndicated credit and aval agreements and bilateral credit lines				
Syndicated credit facility and aval credit facility of 12 January 2018	Credit and aval credit facility	3,000 [1]	to the extent still outstanding €m 150 by 12 January 2024 and €m 2,850 by 10 January 2025	(1)
Loan agreement of 4 December 2017	Credit facility	180	to the extent outstanding by 4 January 2023	(1)
Loan agreement of 1 March 2019	Credit agreement	86	to the extent outstanding by 31 March 2029	(3)
Aval credit facility of 14 November 2019	Aval credit facility	100	to the extent outstanding by 12 January 2024	(1)
Loan agreement of 24 April 2020	Credit facility	100	to the extent outstanding by 23 April 2021	(1)
Loan agreement of 27 May 2020	Credit facility	80	to the extent outstanding by 26 May 2021	(1)
Loan agreement of 29 May 2020	Credit facility	100	to the extent outstanding by 26 May 2021	(1)
Bonds issued by HeidelbergCement AG				
2.25 % bond 2016/2023	Debenture bond	1,000	to the extent still outstanding by 30 March 2023	(2)
2.25 % bond 2016/2024	Debenture bond	750	to the extent still outstanding by 3 June 2024	(2)
1.5 % bond 2016/2025	Debenture bond	1,000	to the extent still outstanding by 7 February 2025	(2)
Bonds issued by HeidelbergCement Finance Luxembourg S.A., guaranteed by HeidelbergCement AG				
3.25 % bond 2013/2021	Debenture bond	500	to the extent still outstanding by 21 October 2021	(2)
0.5 % bond 2018/2022	Debenture bond	750	to the extent still outstanding by 9 August 2022	(2)
2.5 % bond 2020/2024	Debenture bond	650	to the extent still outstanding by 9 October 2024	(2)
1.625 % bond 2017/2026	Debenture bond	1,000	to the extent still outstanding by 7 April 2026	(2)
1.5 % bond 2017/2027	Debenture bond	500	to the extent still outstanding by 14 June 2027	(2)
1.125 % bond 2019/2027	Debenture bond	750	to the extent still outstanding by 1 December 2027	(2)
1.75 % bond 2018/2028	Debenture bond	750	to the extent still outstanding by 24 April 2028	(2)
Debt certificates issued by HeidelbergCement AG				
of 20 January/10 February 2016	Debt certificate	361	to the extent still outstanding by 20 January 2022	(2)

1) Of this figure, €162.9 million was outstanding as at 31 December 2020.

- the merger of the company with or into a third person or the merger of a third person with or into the company, or the sale of all or substantially all assets (consolidated) of the company to a third person, except in connection with legal transactions, as a result of which (a) in the event of a merger the holders of 100 % of the company's voting rights hold at least the majority of the voting rights in the surviving legal entity immediately after such a merger and (b) in the event of the sale of all or substantially all assets, the acquiring legal entity is or becomes a subsidiary of the company and becomes the guarantor for the debenture bonds.

Agreements also exist on pension schemes in the United Kingdom, which stipulate that a change of control (not contractually specified) at HeidelbergCement AG must be communicated to the trustees of these pension schemes. If, according to the corresponding regulatory guidelines, a change of control poses a considerable risk to the fulfilment of the pension obligations (Type A Event), the trustees can request negotiations on the suitability of the safeguarding of the pension cover and these can be verified by means of a clearance procedure before the supervisory authority, which may lead to the adjustment of the securities.

The Management Board remuneration system that was resolved by the Supervisory Board of HeidelbergCement AG and approved by the Annual General Meeting on 9 May 2019, provides that in the event of new contracts and the extension of Managing Board contracts to agree that a possible redundancy payment in the case of early termination of membership of the Managing Board following a change of control be limited to 150 % of the redundancy pay cap. There are no compensation agreements of the company with members of the Managing Board or with employees in the case of a takeover bid.

The other details required pursuant to section 289a(1) and section 315a(1) of the HGB relate to circumstances that do not exist at HeidelbergCement AG.

Regional branches

HeidelbergCement has no regional branches either domestically or internationally.

Events occurring after the close of the 2020 financial year

Information on the events occurring after the close of the 2020 financial year is provided in the Notes on ↗ **page 175.**

Non-financial statement

Pursuant to sections 289b and 315b of the German Commercial Code (HGB), HeidelbergCement prepares a combined non-financial statement for HeidelbergCement Group and HeidelbergCement AG. For this Annual Report, HeidelbergCement has decided to integrate it into the management report. All statements on basic procedure as well as on responsibility and organisation, processes, policies, targets, and commitments in addition to measures and progress refer to the HeidelbergCement Group and, where not shown separately, also to the parent company HeidelbergCement AG. The contents of the non-financial statement were not audited in the context of the audit of the annual financial statements and the consolidated financial statements but were subject to an external voluntary audit with limited assurance in accordance with ISAE 3000 (Revised). The contents of the non-financial statement are indicated by the acronym (NFS) in the titles of the respective sections and chapter and by a line on the left of the text columns.

The preparation of the non-financial statement is based on the GRI standards of the Global Reporting Initiative, which serve as a framework for HeidelbergCement's annual Sustainability Report, regarding compiling data on the key topics and presenting management concepts. The concepts and the explanations on the aspects are based on the structure of the GRI management approaches (GRI 103 management approach). The Sustainability Report 2020 will be published in summer 2021.

Information on HeidelbergCement's business model and the impact of this business model on non-financial aspects can be found in the Business model section in the Fundamentals of the Group chapter. Information on amounts in the annual financial statements that are related to the matters addressed in the non-financial statement are explained in the Notes under item 9.14.

We identified the topics that are relevant for HeidelbergCement for this Annual Report as part of a materiality analysis, which was carried out in the fourth quarter of 2020. To do this, we compared the sustainability topics identified in the past with the topic series of the GRI standards as well as other frameworks and industry requirements. The resulting topics were structured and consolidated to pave the way for the next step: drawing up an analysis from a stakeholder perspective and determining the impact and business relevance. The list comprised 17 topics.

The relevance of sustainability topics to HeidelbergCement's non-financial statement results from their materiality in terms of their impact on the legally defined non-financial aspects:

- Environmental protection: climate and emission protection (the main topics of CO_2 and pollutant emissions, energy, and circular economy were assigned to this point),
- Treatment of employees: occupational health and safety,
- Social responsibility,
- Respect for human rights and the prevention of corruption: these aspects were combined with competition law, which was also defined as a relevant aspect, under the topic: compliance.

The non-financial aspects mentioned above are covered in the following chapters: Employees and society (sections: Occupational health and safety and Social responsibility), Environmental responsibility (section: Climate and emission protection), and Compliance.

Within the framework of our materiality analysis, we determined that in addition to the topics already mentioned, others are gaining in importance and are viewed with increasing interest by our stakeholders, but are not yet considered relevant according to the legally defined non-financial aspects. This applies, among other things, to the topic of species protection, which we report on in the section on Biodiversity as part of the chapter on Environmental responsibility. We also report on the topic of sustainable products, which has also gained in importance, in the section on Sustainable construction, also in the chapter on Environmental responsibility. As we have not yet defined concrete targets and measures for either topic, they are not part of the non-financial statement. We plan to intensify data collection and reporting on both topics in the coming years.

HeidelbergCement's risk structure is diversified because of the decentralised composition of the Group, with over 3,000 locations in more than 50 countries, and the largely local supplier framework. In the reporting year, HeidelbergCement carried out an extended analysis of the non-financial risks and implemented control and mitigation measures. This relates in particular to climate risks in accordance with the definitions of the Task Force on Climate-related Financial Disclosures (TCFD), which are linked to the Group's own business activity, business relationships, products, or services. As part of the analysis, selected physical and transitory climate risks were classified as a general risk with a potential impact on the entire Group. Climate risks are reported separately in the Risk and opportunity report for the first time this year. Further aspects and recommendations of the TCFD on climate reporting will be covered in the Sustainability Report 2020.

HeidelbergCement has not identified any other significant risks connected with its own business activity, business relationships, products or services that are highly likely to have a serious negative impact on the above-mentioned non-financial aspects and its own business development.

Employees and society

Employee development

Employees worldwide
At the end of 2020, the number of employees at HeidelbergCement stood at 53,122 (previous year: 55,047). The decrease of around 1,900 employees essentially results from two opposing developments. On the one hand, around 2,300 jobs were cut across the Group as a result of portfolio optimisations, the realisation of synergies, efficiency increases in sales and administration, as well as location optimisations. On the other hand, around 400 new employees joined the Group, particularly as a result of first-time consolidations in Australia and at the Nordic Precast Group in Northern Europe.

Details of the headcount in the Group areas can be found in the segment reporting on ↗ **page 112 f.**

Corporate purpose and culture
In light of our "Beyond 2020" strategy and the increasingly fast pace of change in the business world, it is important to provide guidance to employees and managers. With our newly defined corporate purpose "Material to build our future", we strengthen our common identity and emphasise what we stand for and what we want to stand for as a company.

In addition, our culture principles serve as a guide in the Group for cooperation with each other and for the canon for values. For more information on our corporate purpose and culture principles, please refer to the Fundamentals of the Group chapter on ↗ **page 19 f.**

Development dialogue
Qualified, motivated, and capable employees are a prerequisite for the sustainable success of HeidelbergCement. Identifying our employees' talents, developing them, and – in competition with other companies – retaining those employees within the Group are therefore at the core of the Group-wide personnel policy. This is supported by the HeidelbergCement competence model, which defines the essential professional and personal capabilities and skills that are critical for the success of our business. We aim to achieve the following three goals:

- to internally fill key positions with top-class candidates worldwide,
- to develop top talent at HeidelbergCement in a targeted way, and
- to prepare employees for management functions in the long term through individual development planning and thereby bind them to the Group.

On-going training
Sustainable HR management means consistently investing in training, i.e. employing and training qualified talent. The outbreak of the COVID-19 pandemic and the accompanying restrictions on contact have affected our training programmes. Despite the pandemic, the number of training participants has increased while the total number of training hours has decreased compared to the previous year. The expansion of virtual formats enabled training to be offered despite the restrictions of the pandemic.

As in the previous year, a focus of our training programmes throughout the Group was on occupational safety. Owing to COVID-19, we increased training and information campaigns on the importance of hygiene measures in the workplace in 2020. Other priorities were specialist training and the training of our managers.

Furthermore, the challenges of mobile working were a point of focus this year. Training and information materials were offered on the professional use of digital programmes for virtual communication and collaboration as well as on how to deal personally with the new work and life situation and on the topics of mental health and resilience.

Management training
The motivation and skills of our managers play a crucial role in determining how well HeidelbergCement positions itself among its global competitors and how well-prepared the Group is for future challenges. In order to prepare our managers for their future tasks, we offer training programmes both for traditional topics, such as strategy, leadership, and management, or the method of capital expenditure budgeting, and for special training topics, for instance in the area of technology. Coordinated training content ensures that a common understanding of strategy, integrated management approach, and leadership is developed everywhere.

Securing and advancing future executives
In 2020, we continued our efforts to advance future executives. We offer university graduates international trainee programmes focusing on the areas of technology, sales, finance, HR, purchasing, and IT, as well as interdisciplinary trainee programmes. Moreover, we continued to work on expanding our programmes for the advancement of future executives and strengthening our recruitment of university graduates and graduates with first professional experience worldwide.

The Cement Academy of the Heidelberg Technology Center (HTC) offers seminars and training sessions around the world for the engineers and technicians at our cement plants. The Aggregates Academy of the Competence Center Materials (CCM) offers training for the employees in the aggregates business line.

Demographic development
Our Group is also confronted with the consequences of demographic change. About half of the employees are aged between 30 and 49. Just under 40% are over 50 years old and around 10% are younger than 30.

Diversity as a factor for success
In the Group-wide personnel policy, we aim for a mix of diverse nationalities, personalities, skills, and experience when putting together teams of employees. We see the diversity in our workforce in terms of cultural and ethnic origin, gender, age, mental and physical abilities, and sexual orientation and identity as an asset to our global teams. It is also reflected in our presence in international markets, our customer structure, and our business environment. We are convinced that this diversity, in harmony with an appreciative corporate culture, has a positive effect on our innovative strength and the commitment of our employees, thus increasing the overall performance of our company. We aim to achieve diversity in the following ways:

- local country management and an international management team,
- an international workforce at the Group headquarters,
- a complementary composition in our management and other teams (internationality, expertise, experience, age, gender, etc.),
- women in management positions reflecting the proportion of women in the total workforce in Germany.

With the international composition of our management team, we intend to benefit from a broad range of experience from different cultural backgrounds. This is linked to our goal of being able to respond flexibly and quickly to global challenges as well as local market needs. The proportion of local managers at the upper management level amounts to around 80 %. At the Group headquarters, we consciously aim to ensure that the workforce is composed of employees from the countries in which we operate. We benefit considerably from their local knowledge, and this also improves cooperation with the local personnel.

For us, diversity, also includes the appointment of women and men to management positions, thereby providing a true reflection of our employee structure. In accordance with legal requirements, we have set targets for the proportion of women in the first and second leadership levels below the Managing Board: by 30 June 2022, the proportion of women in Germany in the first and second leadership levels below the Managing Board is to be increased to 15 %. In addition, at least one woman is to be a member of the Managing Board by 2025.

In Germany, the share of women in 2020 was 16 % in both the first and second leadership levels below the Managing Board. We are striving to maintain the target set for 2022 and to further increase our share of women.

Share of women in Germany

	2017	2018	2019	2020
First leadership level	11 %	12 %	10 %	**16 %**
Second leadership level	11 %	13 %	14 %	**16 %**

We have worked specifically on the promotion of women in the last few years and are seeing the corresponding success. A big challenge remains the development in operational functions, such as sales and plant management, especially since the proportion of women studying technical subjects relevant for building materials production is comparatively low. Experience in these areas is a key qualification for assuming higher leading positions. We intend to develop and introduce programmes in these areas that will make it easier to access and generate interest in the processes and workings of our plants.

Work-life balance
In the race for the best employees, we adapt ourselves globally to social changes. In terms of what we offer to encourage a good work-life balance, we focus on flexible working time models and mobile forms of work.

COVID-19 measures
In response to the effects of the COVID-19 pandemic, HeidelbergCement reached an agreement with the employee representatives in April 2020 to introduce short-time work for parts of the workforce in Germany. This affected between 200 and 400 employees in all Group departments in Heidelberg, working for the Group or certain Group areas, from May to July 2020.

As early as mid-March 2020, the Managing Board had come to an agreement with the works council of the headquarters regarding the shutdown of the Group headquarters in Heidelberg until the end of April 2020. Each employee then took ten days of leave from the annual leave entitlement for 2020 within a defined period of time.

In addition, the Supervisory Board and Managing Board decided to voluntarily waive 20 % of their fixed remuneration or fixed annual salaries in the second quarter of 2020. At Group headquarters and in many German and foreign subsidiaries of HeidelbergCement, almost all managers followed this example on a voluntary basis.

Occupational health and safety (NFS)

Occupational health and safety is one of the core values of our Group and therefore a fundamental element of our work processes. Our priority is to ensure that employees return home healthy at the end of the working day.

However, there are still accidents and occupational illnesses. Accidents may include situations in which first aid is required as well as serious injuries or even fatalities. Occupational illnesses range from short-term illnesses such as back problems to permanent health problems such as noise-induced hearing loss. Besides the impact on the individual and their family, there may also be consequences for their colleagues and for the company. Apart from the mental strain, this may mean additional overtime, restrictions on holiday, or the restructuring of working groups. Depending on the severity of the incident, it may also lead to interruptions in operational processes or even downtime for parts of production, which will naturally result in financial losses for the company. Any necessary repairs, fines, or compensation payments create an additional financial burden.

Responsibility and organisation

At HeidelbergCement, all management levels are accountable for occupational health and safety. Our occupational safety organisation is subordinate to the Chairman of the Managing Board, to whom the Head of Group Human Resources, who is responsible for Group Health & Safety, reports directly. The Managing Board members responsible for the different Group areas are in turn supported by H&S advisors who report to them.

Each country also has an H&S advisor reporting directly to the country manager, who coordinates the measures within the relevant country. The line managers at regional and local management level in a country are also supported by H&S advisors.

Individual occupational health and safety measures designed to tackle any weak points are defined either by Group Health & Safety or the local units depending on their nature and impact. Occupational safety measures are part of the personal target agreements of the members of the Managing Board and operating top managers in the countries, who break down these measures to the relevant target groups at location level. Last but not least, each individual employee, contractor, and visitor is responsible for following the occupational safety regulations.

Processes

Occupational health and safety management systems, such as those in accordance with the internationally accepted OHSAS 18001 or ISO 45001 standards, have already been implemented in 89% of our locations. These systems require a structured approach from the site managers with planning, clear safe work procedures, responsibilities, and controls to ensure an ongoing improvement process and thus prevent accidents.

To support this approach, we use standardised software throughout the Group, in which all accidents are recorded, and their investigation and necessary corrective actions documented and tracked. In addition, we use the system to record and analyse other occupational safety aspects in order to derive actions from them. This data is used at all management levels for monthly reporting.

Policies

In all countries, occupational health and safety is subject to various strict legal requirements that have to be fulfilled. Furthermore, as a member of the Global Cement and Concrete Association (GCCA), HeidelbergCement complies with its requirements. These have been integrated into our internal standards.

As part of our Group policy on occupational health and safety, we have defined a set of cardinal rules that are mandatory for all employees and contractors. They relate especially to those activities that have been identified as main risk areas for accidents. They include in particular all transport activities, both at the locations and during shipping to the customer, working at height and in confined spaces, as well as working on and with running machines. These main risk areas for accidents are therefore also addressed in specific Group standards and must be translated into local regulations.

Targets and commitments

Occupational health and safety is one of the core values of our Group. We believe that injuries, occupational illnesses, and work-related health impairments are avoidable. That's why we continuously strive to minimise the risks for our employees, contractors, and third parties and to achieve our goal of zero harm, which we also confirmed in our Sustainability Commitments 2030.

Measures and progress

The crisis triggered worldwide by COVID-19 has also hit HeidelbergCement. The first travel restrictions were already imposed at the end of January, and these were adjusted and tightened as the pandemic progressed. A variety of protective measures were taken at the company's locations, according to the infection situation, to prevent the spread of the virus as much as possible. These included training staff on hygiene measures, providing disinfectants, installing physical partitions, dividing working groups into smaller teams, switching to virtual meetings, and closing canteens or entire locations, either on the orders of the authorities or on our own initiative, to pre-emptively prevent the further spread of the disease. We record all COVID-19 cases in the Group so that we can respond appropriately to each outbreak.

In addition to the training and other measures on the topic of COVID-19, we have instructed our employees in a wide range of occupational safety topics that are both legally mandated and defined internally. We want to raise their awareness for all risks related to their work in order to reduce the number of accidents, especially those with fatal consequences. We made use of conventional training held in classrooms, training centers, or on site, in addition to e-learning courses, which are only ever used to supplement face-to-face training. Owing to the COVID-19-related restrictions, face-to-face training only took place if hygiene and distancing rules could be observed. Since this was not always the case, the proportion of e-learning courses has increased. Occupational safety topics account for around 54 % of all training hours at HeidelbergCement, corresponding to an average of approximately 11.3 hours per employee across the Group.

In 2020, one hot spot of fatal accidents was again traffic accidents occurring during the transportation of our products. Many of these transportations were carried out by external forwarding companies working on our behalf. In 2020, we therefore continued to work on implementing the new safety requirements drawn up by experts in 2019. They include, for instance, the equipment of trucks with retro-reflective markings or the retrofitting of heavy mobile equipment at our production sites with rear view cameras.

Accidents due to slip, trip, and falls – another major cause of injury – accounted for the majority of lost working days, because all employees are exposed to this risk. To prevent accidents of this kind, we completed our three-year Group-wide Clean site/Safe site initiative for accident prevention, launched in 2018, with improved measures for ensuring tidiness and cleanliness.

Performance indicators
Group-wide, we were not able to further reduce the accident frequency rate in 2020. It was with great regret that in the reporting year we had to announce the death of two of our own employees, one of whom died in a road accident. Furthermore, three employees from external companies lost their lives, two of them died in traffic accidents on plant premises.

The accidents across the Group are recorded in our accident reporting system. An accident event cannot be closed in the system until the causes of the accident have been analysed and corrective or preventive actions have been defined. We share the findings across the Group in the form of safety alerts in order to prevent similar accidents at other locations. Fatal accidents are also discussed by the Managing Board.

Accident trends HeidelbergCement Group

	2016	2017	2018	2019	2020
Accident frequency rate [1]	2.5	1.9	1.7	1.5	**1.6**
Accident severity rate [2]	108	90	70	80	**86**
Fatality rate [3]	0.7	0.4	0.4	0.7	**0.4**

1) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours
2) Number of lost working days resulting from accidents suffered by Group employees per 1,000,000 working hours
3) Number of fatalities of Group employees per 10,000 Group employees

At HeidelbergCement AG, the accident frequency rate was 0.6, the accident severity rate was 132, and the fatality rate was 0 in 2020.

Social responsibility (NFS)

As a global Group with a strong regional business focus, we operate at many locations across the world. Our production and quarrying sites are generally designed for a service life of several decades. To maintain operating permits at our locations over these long periods and to renew our mining concessions at the required intervals, we are committed to the local communities in a sustainable way. The key requirement is that we meet the conditions for regulatory approval, particularly in the area of environmental protection. We also create local jobs and promote economic development with our wages, investment, purchasing, and taxes, particularly in economically weak regions. At our locations, local employees are given management responsibility wherever possible. In the reporting year, the proportion of local top and senior managers at amounted to around 80%. Our plants collaborate closely with local suppliers and service providers. We invest around 90 %[1] of our procurement volume in the areas surrounding our plants or within the relevant country.

Because of the long periods of operation, people in the communities where we operate can expect our production sites to integrate into the local community and contribute to tackling social issues. This includes regular information about our business activity and commitment to local social and economic development. In the worst-case scenario, an ongoing poor relationship with the community at our locations can result in us losing our operating permit.

Responsibility and organisation
We have made an express commitment to social responsibility in the Leadership Principles adopted by our Managing Board. Taking social responsibility and maintaining good relationships with our stakeholders – particularly at our locations – are therefore management tasks.

Each country manager is responsible for social commitment in their country. The Group departments Environmental Social Governance and Group Communication & Investor Relations support the country managers in this area with appropriate tools and implementation strategies.

Funding decisions for individual countries and locations are made by the country managers within their budgetary framework. Together with the site managers, they are also responsible for analysing local requirements and for selecting, implementing, and monitoring projects.

Processes
We involve local communities in our business activities through various dialogue formats, for example, as well as through local community engagement plans. These strategies also include long-term partnerships with non-governmental organisations. In addition, we keep the communities at our locations informed via newsletters or at open days. However,

1) Refers to around 50 % of global procurement volume

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because of the restrictions imposed in connection with the COVID-19 pandemic, many activities were limited or did not take place at all during the reporting year. The Group Handbook for Community Relationship Management and other internal guidance documents are a source of design and implementation strategies for dialogue formats, partnerships, and charitable commitments.

Policies
The Corporate Citizenship Policy defines the benchmarks and objectives related to our social commitment. This commitment is focused on areas in which we have specific expertise and can achieve the best results for society:

- Building, architecture, and infrastructure: we provide practical help in the construction of buildings and infrastructure by making products, financial means, and expertise available.
- Environment, climate, and biodiversity: we support initiatives that promote environmental protection and strengthen the diversity of nature at our locations.
- Education, training, and culture: in this area, we are guided by the specific needs of our locations.

In 2020, the Group took further steps to strengthen the processes and improve the management structure of our social commitment in the various countries. The aim is to make our social commitment more systematic and more transparent, as well as more efficient and targeted. For example, CSR aspects have been given greater consideration in the evaluation of major investments. We also provided training, as far as was possible under the difficult pandemic conditions, and continued to roll out the audit programme from Group Internal Audit for the targeted handling of donations and CSR activities. The Group also pursues a decentralised approach in this area, and the countries can contact the Environmental Social Governance department for content-related support as required.

Targets and commitments
At our locations, we strive for a constructive, trusting, and neighbourly relationship with local residents. We support the social and economic development of our neighbouring communities and want to ensure transparent communication with all stakeholders. We aim to work with local partners to create added value both for our Group and for the local communities.

Measures and progress
To support local communities and demonstrate that we are a responsible corporate citizen, we took various measures and promoted various initiatives during the reporting year. As part of the global efforts to combat the spread of the COVID-19 virus, we worked with the German Agency for International Cooperation (GIZ) to launch a project at our plant in Tabligbo, Togo, to comprehensively renovate and upgrade the local hospital. In Germany, we have been pursuing the project "Kooperation Industrie-Schule" (KIS) for many years in Heidelberg, where our headquarters are located, and in several locations of our plants. The activities include, for example – depending on the location – plant and quarry tours, special lectures at schools, and career exploration measures. By providing KiTec boxes (in cooperation with Wissensfabrik Deutschland e.V.), we want to help spark an interest in technology and nurture the next generation of engineers. We also provide supplementary teaching material on loan – e.g. on the topics of petrology or hydrology. Unfortunately, owing to the COVID-19 pandemic, it was not possible to carry out as many activities as usual.

Performance indicators
As part of the Sustainability Commitments 2030 adopted in October 2017, we defined the following concrete performance indicators that will allow us to measure the quality of our relationships with the communities at our locations:

- percentage of locations with a community engagement plan,
- total value of annual donations (monetary/material donations),
- number and type of development programmes supported by HeidelbergCement,
- hours of voluntary charitable work per year.

We are currently developing a management and reporting system for this area so that in the future we will be able to record relevant measures, progress, and performance indicators.

Environmental responsibility

HeidelbergCement's value chain includes the extraction of raw materials and their processing. The production of cement is an energy-intensive process in which carbon dioxide (CO_2) and other substances are emitted. For this reason, our primary goals include the continuous improvement of climate and emission protection, the protection and promotion of biodiversity, and the economical consumption of raw materials and water.

Climate and emission protection (NFS)

During the production of cement, the raw material, which consists primarily of limestone, is heated to around 1,450°C. This high temperature is achieved by burning fossil and alternative fuels, such as biomass, used tyres, or household waste. When the raw material's temperature exceeds 800°C during heating, the CO_2 in the limestone is released. These process-related CO_2 emissions make up around 60% of the total emissions according to the Global Cement and

Concrete Association (GCCA); the remainder results from the combustion of the fuel used. The intermediate product created during the burning process is called clinker. This is combined with gypsum and other additives and ground into cement in a subsequent step.

With around 590 kg of CO_2 per tonne of cementitious material, the specific CO_2 intensity is nowhere near as high as in the production of other building materials, such as steel or glass. In terms of concrete production, CO_2 emissions amount to around 70 kg CO_2 per tonne of concrete, assuming a clinker content of 70% in the cement used. However, because concrete – the end product created with cement – is the most used substance on the planet after water, cement production makes up a significant proportion of global CO_2 emissions, with over 4 billion tonnes of cement produced worldwide every year (of which more than 50% in China), according to GCCA. CO_2 is a greenhouse gas, and the increase in the concentration of these gases is regarded by scientists as one of the causes of global warming.

At the 2015 UN Climate Change Conference in Paris (COP 21), a climate agreement was negotiated that aims to limit global warming to below 2°C compared with pre-industrial levels. To achieve this goal, greenhouse gas emissions need to be significantly reduced over the coming years. In some regions of the world, including the EU, there are emissions trading systems for this purpose. An upper limit is placed on the total volume of specific greenhouse gas emissions, and this is reduced over time, resulting in a decrease in overall emissions. Companies are allocated a proportion of their emission certificates at no cost, according to industry-specific production benchmarks. Every company has to present enough certificates to cover its total emissions at the end of each year.

In the EU Emissions Trading System (EU ETS), if a company does not have enough emission certificates at the end of a year due to increased production, it must purchase additional certificates – or face heavy penalties. All of HeidelbergCement's production facilities in Europe are part of the EU ETS.

The production process for building materials also generates dust and noise emissions. In addition, air pollutants such as carbon monoxide (CO), sulphur oxides (SO_x), and nitrogen oxides (NO_x) as well as trace elements and hydrocarbon compounds are emitted during cement production. All countries in which we operate production facilities impose legal limits for most emissions in order to prevent any negative impact on the environment or the population. Compliance with these limits is HeidelbergCement's top priority. Failure to comply with the legal regulations could result in us losing our operating licence or jeopardise the renewal of our mining concessions.

Responsibility and organisation
Environmental protection is an integral element of HeidelbergCement's business strategy, which is defined by the Managing Board in consultation with the Supervisory Board. The member of the Managing Board who is responsible for the topic of sustainability heads various internal working groups that deal with the different areas of focus of sustainability at HeidelbergCement. These working groups include the internal experts for the various areas of focus, the directors of the Group departments ESG (Environmental Social Governance), Group Strategy & Development, and Group Communication & Investor Relations, as well as the directors of the Heidelberg Technology Center (HTC), the Competence Center Materials (CCM), and the Competence Center Readymix (CCR). The task of the working groups is to accelerate the progress of operating activities with regard to sustainability and position HeidelbergCement as a company with clearly defined sustainability goals, as formulated in the Sustainability Commitments 2030, for example. The Supervisory Board also addresses different topics connected with sustainability and environmental protection on a regular basis.

The ESG Group department, which is directly assigned to the member of the Managing Board responsible for Environment Social Governance (ESG), supports future-oriented activities in the area of sustainability at Group level in a number of ways. These include defining guidelines and goals, supporting the operating units in the practical implementation of these guidelines and goals, identifying and disseminating tried-and-tested improvement measures for achieving these goals, coordinating action plans to implement research projects, and supporting the company's representatives in international organisations.

As HeidelbergCement has a decentralised structure, the individual national organisations take responsibility for all areas of our operating activities, including compliance with all legal provisions and regulatory conditions. This also covers the correct recording and transmission of all necessary production, operating, consumption, and emissions data that HeidelbergCement is obligated to provide by law or by regulations, or has committed itself to providing voluntarily. Every site manager is essentially responsible for the environmental management and environmental performance of their plant. The internal monitoring of all relevant operating data is carried out by our competence centers: HTC for the cement business line, CCM for the aggregates business line, and CCR for concrete. This data is also spot-checked by the ESG Group department and an external certifier before being published.

Processes
The various internal sustainability working groups meet regularly at half-yearly or even quarterly intervals to share developments on the various sustainability topics. At these meetings, the progress of the operating activities with regard to sustainability is analysed, the status of research projects and cooperation arrangements is reported on, and further research measures are discussed in order to prepare decisions. In addition, the Managing Board is informed in

detail several times a year about the research results and plans for new research projects.

Decisions on major investment projects such as the investment and reorganisation programme in France (see Investments section in the Outlook chapter on ↗ **page 62**) are based on an internal CO_2 price In the reporting year, measures to reduce CO_2 emissions were defined for all clinker and cement plants that are fully included in the scope of consolidation. The same also applies to our joint ventures in Bosnia-Herzegovina, Georgia, and Hungary.

All relevant information on CO_2 and air pollutant emissions is continuously recorded and reported to the national management teams and the relevant competence centers on a monthly basis. At Group level, this information is then compiled and also reported to the Managing Board and all responsible persons within Group management on a monthly basis. In addition, it is summarised annually for the Annual Report and Sustainability Report.

We have established control mechanisms to verify that we achieve our reduction targets for CO_2 emissions, for example. The aforementioned competence centers are responsible for providing the specialist advice and monitoring required in this area. Alongside the monthly reports, the Managing Board also regularly checks the progress made on achieving our objectives during on-site visits. Because of the COVID-19 pandemic, these visits could not be conducted to the usual extent in the reporting year. The target of this close consultation is that all business areas and goals are developed in a coordinated way and that the Managing Board can incorporate all necessary background information into its decision-making at the same time.

Policies

With policies such as the Sustainability Commitments 2030, HeidelbergCement makes a commitment to observe all applicable environmental laws, standards, and other legal requirements. The company is committed to tackling environmental issues proactively and over the long term, with the aim of minimising environmental impact and continuously increasing its contribution to environmental protection. The central role of environmental protection in the sustainable development of HeidelbergCement is also fixed in the Group's Leadership Principles.

Climate protection is at the heart of our environmental policy, and this is reflected in our Sustainability Commitments 2030, published in October 2017, and the Climate Policy, published the following year, in which HeidelbergCement has set itself targets for reducing its own carbon footprint. By continuously improving the energy efficiency of our plants, steadily increasing the use of alternative fuels, and further decreasing the proportion of the energy-intensive intermediate product clinker in our cements, we are reducing the specific CO_2 emissions of our products. In doing so, we are meeting regulatory requirements, such as those of the European Emissions Trading Directive or comparable regulations in other countries, which aim to decrease CO_2 emissions by either defining strict limits or providing economic incentives. Furthermore, the actions we take are based on our firm belief that decreasing our CO_2 emissions is a significant step towards safeguarding our future.

For air pollutants, there are legal limits at country level that have to be observed by all companies. HeidelbergCement has also pledged to reduce air pollutants even further as part of its Sustainability Commitments 2030.

Targets and commitments

As a company, we accept our share of the global responsibility to limit the rise in worldwide temperature to significantly below 2° C. In practical terms, this means that HeidelbergCement's target is to reduce its specific CO_2 emissions per tonne of cementitious material by 30 % compared with the 1990 level by 2025, and to achieve specific CO_2 emissions of below 500 kg per tonne of cementitious material by 2030. A reduction of approximately 23 %[1] was achieved by the end of 2020. This target and the relevant measures defined by HeidelbergCement are in accordance with the roadmap set out by the International Energy Agency (IEA) for our industry in order to reach the limit of below 2° C for the rise in global temperature agreed at the COP21 world climate conference in Paris. Our target to reduce specific net CO_2 emissions per tonne of cementitious material by 30 % by 2025 and to below 500 kg CO_2 by 2030 refers to the base year 1990[1] and is based on calculations according to the GCCA standard. This target was reviewed in 2018 by the Science-Based Targets initiative (SBTi) using their calculation system, validated and recognised as science-based in 2019. The SBTi referred to the reduction status already achieved by 2016 and based the verification on a reduction target for the remaining 15 % by 2030, based on the 2016 reference year.

In order to achieve the above-mentioned CO_2 reduction, we will, for instance, increase the proportion of alternative fuels in the fuel mix to over 40 % by 2030. In 2020, this figure stood at 25.7%. At the same time, we plan to further intensify the use of alternative raw materials in order to decrease the clinker ratio – i.e. the proportion of clinker in cement. By using waste materials and by-products from other industries as alternative raw materials and fuels, we also promote the circular economy.

We also aim to reduce the specific SO_x and NO_x emissions per tonne of clinker generated in our cement production by 40 % in comparison with 2008[1]. The goal of reducing specific dust emissions per tonne of clinker by 80 % was already achieved in 2019. We also want to continuously reduce all other air emissions. Since 2008[1], we have already achieved 92% and 55% of the targets for reducing specific SO_x and NO_x emissions respectively.

1) The reference values to the base years 1990 and 2008 are not part of the voluntary external audit to obtain limited assurance.

Measures and progress

In accordance with our obligation to the Low Carbon Technology Partnerships initiative (LCTPi), which we joined in 2015 with 17 other cement companies, we are continuing to invest in research into innovative techniques for the capture and utilisation of CO_2. You can find details of the most important ongoing projects in the Research and technology chapter in the section Major projects for preservation of resources, recycling, and CO_2 capture.

In 2020, we also further increased the proportion of alternative fuels in the overall fuel mix. This is predominantly waste that would be uneconomical to recycle or cannot be recycled, such as household waste or biomass (e.g. dried sewage sludge or waste wood), as well as waste products from other industries. In scenarios like this, co-processing as a fuel in clinker kilns is regarded as a worthwhile option that supports a circular economy, as it not only uses the waste's energy content but also embeds its mineral components into the clinker. The waste is co-processed without any residue, and our plants comply with the same strict emission standards as waste incineration plants.

During the reporting year, we also implemented measures to increase the use of alternative fuels. For example, in our cement plant in Vác, Hungary, we realised a project to feed alternative fuels directly into the main burner. At the Matera cement plant in Italy, an increase in the use of alternative fuels was approved, which we were able to implement using the existing plant technology.

Emissions of air pollutants are monitored on an ongoing basis. We strive to reduce pollutants by using new filter technologies and innovative production processes, thus mitigating the impact of our activities on the environment and neighbouring communities.

In 2020, the electrostatic precipitators in kiln lines 5 and 8 at the Citeureup cement plant in Indonesia were replaced by modern fabric filters in order to reduce dust emissions. We also modernised small filter systems at several cement plants. In order to reduce NO_X emissions, a high-dust selective catalytic reduction (SCR) system was commissioned at the Ennigerloh plant in Germany and a selective non-catalytic reduction (SNCR) system at the Tehachapi plant in California, USA, during the reporting year. At the Guangzhou plant in China, we optimised an SNCR system to comply with the new, very strict NO_X limits.

In 2019 and 2020, we reported our key figures for water to the CDP (formerly the Carbon Disclosure Project). As in the previous year, we achieved an "A" classification in the water security category of the CDP company ranking for 2020. In the reporting year, we also conducted an internal water risk study based on data from the World Resources Institute (WRI) Aqueduct, which we will use to develop individual water management plans for the plants in regions where water is scarce.

Besides developing new technologies and improving existing facilities, HeidelbergCement has been driving forward the topics of environmental protection and sustainability for a number of years at association level, for example within the Global Cement and Concrete Association (GCCA). In addition to continuing and developing the environmental standards and associated reporting of the former CSI (Cement Sustainability Initiative), GCCA has also created a global research network, Innovandi, to organise and coordinate research into more sustainable cements and concretes. 40 research institutes worldwide and 30 industrial companies are involved in Innovandi. HeidelbergCement has played a role in shaping the network.

Performance indicators

Climate protection

As expected, the climate protection ratios improved again in 2020 in comparison with 2019. The decline in specific net CO_2 emissions results not only from the increased use of alternative fuels but also from the optimisation of kiln lines and improvement of energy efficiency. Compared with the previous year, we also reduced the clinker ratio.

The COVID-19 pandemic, on the other hand, had no significant impact on the amount of CO_2 emissions. Although there were isolated temporary plant closures in the reporting year, the production losses were largely compensated for in the following months.

Climate protection HeidelbergCement Group [1]

	2018	2019	2020
Specific net CO_2 emissions (kg CO_2/t cementitious material)	599	589	**576**
Alternative fuel rate	22.0 %	24.0 %	**25.7 %**
Clinker ratio	74.7 %	74.5 %	**74.3 %**

1) Prior years' figures can differ from the figures reported in prior years due to changed reporting scope.

In 2020, HeidelbergCement AG recorded specific net CO_2 emissions of 544 kg CO_2/t cementitious material, an alternative fuel rate of 54.7 %, and a clinker ratio of 75.1 %.

Emission control

Our continuous efforts in the area of emission control are proving successful: dust emissions in particular dropped in 2020, partly as a result of the installation of the modern fabric filters at the Citeureup plant in Indonesia. NO_X and SO_X emissions also decreased compared with the previous year.

As already stated in the Climate protection section, COVID-19 had no significant impact on emissions of air pollutants.

Emission control HeidelbergCement Group

	2018	2019	2020
Specific SO_x emissions (g/t clinker)	351	366	**321**
Specific NO_x emissions (g/t clinker)	1,263	1,273	**1,230**
Specific dust emissions (g/t clinker)	80	63	**36**

In 2020, HeidelbergCement AG recorded specific SO_x emissions of 444 g/t clinker, specific NO_x emissions of 428 g/t clinker, and specific dust emissions of 5 g/t clinker.

As described in the Targets and commitments section, we are working continuously on further improving climate protection and emission control.

Biodiversity

In 2020, we placed a thematic focus on migratory birds and the role of quarries as their resting and breeding places. The first findings on migratory waterbirds and wetland birds at some of our locations in India were already obtained in 2019. To investigate these further, we set up a partnership project with the Bombay Natural History Society (BNHS), the local partner of the BirdLife International organisation. BNHS conducted scientific surveys at four quarries in January 2020. In the process, 117 bird species were observed, of which 6 are found exclusively on the Indian subcontinent. Wetlands in quarries seem to offer favourable conditions for the birds. The results of the survey will be included into the development of biodiversity measures to further enhance the value of these quarries for nature.

During the reporting year, HeidelbergCement once again supported BirdLife International's Spring Alive project. This project aims to encourage children in Europe and Africa, as well as their families and teachers, to take an interest in migratory birds. In 2020, the focus was on the question "How do I become a birdwatcher?". The project was able to go ahead despite the COVID-19 restrictions by moving many events to a virtual environment – including the first global "bird race", which was held at HeidelbergCement and for which employees were asked to count birds, either at home or in the quarry.

Sustainable construction

As a founding member of the Concrete Sustainability Council (CSC), we played a leading role in the development of a new certification system for sustainably produced concrete, which was introduced at the beginning of 2017 and has been developed on an ongoing basis since then. In 2020, concrete plants in Germany, Italy, and the Netherlands were certified, as were cement plants in Belgium, the Netherlands, and Italy, and sand and gravel plants in Germany. The German subsidiary Heidelberger Sand und Kies GmbH was the first company worldwide to receive the highest CSC certification level ("Platinum") for 11 of its production sites. With the certification of concrete and its production chain, we anticipate greater social acceptance of the product and of the entire industry.

In the reporting year, work began on the development of a tool for evaluating the sustainability performance of our concrete products throughout their entire life cycle. In the future, we intend to use this to record revenue from sustainable products in our ready-mixed concrete operating line.

In 2020, HeidelbergCement became a partner of the Europe Regional Network (ERN) of the World Green Building Council. Through this partnership, HeidelbergCement aims to further intensify the promotion of sustainability and innovation in the construction industry.

Government affairs

In the 2020 financial year, we continued and further expanded our dialogue with politicians and our stakeholders in the public sector. Our activities in this area focused on creating the necessary political framework to successfully implement our climate neutrality strategy.

In order to better spread our proactive and supportive positioning for reaching the Paris climate goals with greater public impact, we joined the Foundation 2° as a sponsoring company in the 2020 financial year.

In addition, we started to formulate structures and policies to ensure that our positions remain consistent with those of the industry associations in which we are involved. In particular, we want to guarantee that the positions and actions of the industry associations are in line with the goals of our sustainability strategy as formulated in our Sustainability Commitments 2030.

Compliance (NFS)

Main priorities

Corruption

HeidelbergCement's business activity involves significant cash flows, particularly in sales, purchasing, financing, and investments, providing opportunities for corruption in all countries of the world. Corruption in its various forms, involving active or passive bribery of customers, suppliers, or officials, is a criminal offence in most countries – in some countries, it is punishable regardless of whether the bribery takes place in that country or elsewhere. Corruption may result in severe penalties, fines, or other disadvantages for individuals and companies. Above all, corruption causes significant economic damage by distorting competition, and it also leads to a loss of trust in authorities and companies.

Competition legislation

As HeidelbergCement's products are largely standardised, competition is heavily dictated by price. In addition, the markets in which HeidelbergCement operates have a relatively high degree of transparency and are often characterised by oligopolistic structures. All of this can, on the one hand, increase the incentive for unlawful restraints on competition and, on the other hand, also lead to mere suspicions of antitrust violations. This is in line with our experience from a number of cartel investigation proceedings. Violations of competition legislation may have a variety of negative consequences for customers and the general public. Depending on the type of violation, they may lead to inflated prices, lower product quality, and decreased choice for customers, which is detrimental to the customers and, consequently, to the whole community. However, unlawful restraints on competition also harm HeidelbergCement itself, because they decrease our incentives to offer efficient and innovative products and production processes and to continuously improve them. It is also important to note the considerable penalty and possible compensation payments imposed when such violations are exposed, as well as the significant loss of trust and reputation in the companies involved in the illegal cartel agreements.

Human rights

Companies can violate human rights in many different ways, ranging from the use of forced or child labour to violations of the rights of indigenous peoples. This also includes the supply chain. At HeidelbergCement, working with heavy machinery or in logistics poses a potential risk to safe working conditions. This is also a significant human rights risk at our suppliers and service providers. The extraction of raw materials can lead to conflicts with the rights of the population. The sanctioning of human rights violations depends on the national legislation and may take the form of imprisonment or fines for individuals and fines for companies. In addition, companies face significant risks to their reputations.

Responsibility and organisation

The compliance programme, which is firmly anchored in the Group-wide management and supervisory structures, is part of our management culture. It comprises the entire compliance organisation within the Group, the set-up of guidelines, and the verification of compliance with these guidelines. The compliance management addresses all compliance topics that HeidelbergCement has identified as relevant in the compliance risk assessment. These include, in particular, competition law, anti-corruption, and human rights.

The compliance organisation is under the authority of the Chairman of the Managing Board, to whom the Director Group Legal & Compliance reports directly. Each country has its own compliance officer with a direct reporting line to the country manager. However, responsibility for ensuring that employees' conduct complies with the law and regulations lies with all managers and, of course, with the employees themselves.

Processes

We have implemented an integrated compliance programme across the Group to achieve conduct that is compliant both with the law and with regulations. A central element of this programme is the self-commitment made by the Group management not to tolerate violations of applicable laws and to impose sanctions. The programme also includes internal guidelines and measures that express the legal provisions in concrete terms. In addition to regular communication of these guidelines, there are compliance letters to the management and the entire workforce, such as the annual letter from the Chairman of the Managing Board and ad hoc circulars on current issues, to raise awareness of the topic of compliance. We also offer the internet- and telephone-based reporting system "SpeakUp", which replaced the existing reporting system "MySafeWorkplace" on 1 January 2020, and employee training that makes use of modern media, such as electronic learning modules. The range of electronic courses, which must be completed by specified groups of employees, covers topics such as the Code of Business Conduct (e.g. discrimination and harassment at the workplace), competition legislation, and the prevention of corruption.

The entire compliance programme is reviewed on an ongoing basis for any necessary adjustments with regard to current legal and social developments, and it is improved and developed accordingly. Violations of applicable laws and internal guidelines will be sanctioned. In addition, suitable corrective and preventive measures are taken to help prevent similar incidents in the future.

Group-wide implementation of the compliance programme is monitored by regular and special audits by Group Internal Audit as well as via special half-yearly compliance reporting by the Director Group Legal & Compliance to the Managing Board and the Audit Committee of the Supervisory Board. The latter monitors the effectiveness of the compliance programme and verifies in particular whether it adequately satisfies the legal requirements and recognised compliance standards. An additional quarterly report regularly informs the Managing Board members with regional responsibility about the most important compliance incidents in their Group areas.

Every three years, we conduct a comprehensive analysis to assess and prevent corruption risks and possible conflicts of interest. A rolling approach ensures that different countries are analysed each year as part of this cycle. First, the potential risks within a country organisation are assessed. Then, the measures already in place to limit these risks are evaluated, and finally, we examine whether further measures are needed. On the basis of this assessment, an action plan is drawn up for each country, and its implementation is monitored by the Group Legal & Compliance department.

In the area of competition legislation, we have a comprehensive cartel reporting system on cartel investigation proceedings. An annual competition legislation update takes place at the level of the Managing Board and of the employees who report directly to the members of the Managing Board with responsibility for sales. Furthermore, annual qualitative assessments of the cartel risks take place in the countries. A regular external audit of the Antitrust Compliance Programme by a specialist law firm is conducted every three years.

In 2017, we launched a risk analysis for human rights. Among other issues, this explicitly examines the risk of violating the rights of indigenous peoples. By the end of 2020, we had carried out a human rights risk evaluation in almost all[1] our country organisations. This included identifying potential risks and existing measures as well as determining additional measures to be implemented. The aim is to repeat these risk assessments regularly at an interval of approximately three years. Our suppliers must subscribe to fundamental human rights relevant in the business context, such as the prohibition of child and forced labour, fair and safe work conditions, freedom of association, and a ban on discrimination. In 2020, we continued to further roll out the central supplier management system across the Group. Additional local and global measures to evaluate suppliers from a sustainability perspective were incorporated into an updated version of the global purchasing policy at the end of 2019. In 2021, we will continue to gradually introduce these measures in the various countries.

Policies

In all the countries in which we operate, we comply with and respect the applicable laws and provisions. They form the legal basis for our business activity. As a globally active Group, we are bound by global values and standards. We acknowledge the core labour standards of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises, and the United Nations Universal Declaration of Human Rights. We also expect our employees and business partners worldwide to observe these central guidelines and recommendations. Our Leadership Principles therefore include a commitment to these standards. Suppliers are obligated to comply with them via our Supplier Code of Business Conduct.

These compliance principles are additionally anchored in the Code of Business Conduct, which among other things, also addresses the handling of company property and business secrets.

The Group Anti-Corruption Guideline defines principles such as behaving with integrity towards business partners or avoiding conflicts of interest.

As regards competition legislation, the acceptable behaviour for HeidelbergCement is derived firstly from the applicable cartel laws including relevant international regulations, such as the cartel regulations in the Treaty on the Functioning of the European Union. Internally, HeidelbergCement has made an express commitment to strict compliance with cartel laws in the Competition law section of its Code of Business Conduct and with the Group Competition Law Guideline and the national cartel law guidelines that are based on them.

HeidelbergCement's position on human rights is a commitment by the Group to respect human rights. It addresses employees' working conditions, responsibility at our locations (including the rights of indigenous peoples), the selection of suppliers and customers, and the implementation and monitoring of compliance with human rights targets.

Our Group Compliance Incident Reporting & Case Management Guideline defines the principles for reporting compliance issues, for processing and investigating submitted complaints, and for protecting those reporting the incidents.

Targets and commitments

Our target is to completely prevent all violations of cartel law. All laws and internal guidelines relating to corruption and human rights must be observed. We apply a zero tolerance policy to violations.

HeidelbergCement is committed to upholding the principles of the Universal Declaration of Human Rights, the eight core labour standards of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles on Business and Human Rights. We expect our employees and business partners worldwide to comply with these central guidelines and recommendations.

1) Exceptions are countries where the scope of our economic activity is limited – e.g. where only one import terminal is operated, or where we cannot conduct the necessary surveys of employees because of a joint venture, such as in China and Turkey.

As a member of the UN Global Compact, we are committed to incorporating the ten universal principles in the areas of human rights, labour standards, environmental protection, and corruption prevention as integral elements of our strategy, corporate culture, and day-to-day business. In this context, we will increase our involvement in community projects in order to play our part in achieving the development goals of the United Nations, particularly the sustainability goals. We report to the public annually on our progress on the implementation of projects and the achievement of objectives, in accordance with the rules of the UN Global Compact.

Measures and progress

Non-compliance with our guidelines by an employee may result in disciplinary measures up to and including dismissal. Violations of corruption or competition laws, human rights, or contractual agreements by third parties may result in their exclusion from conducting business with HeidelbergCement or require them to meet certain test conditions. To reinforce our efforts to combat corruption, the country organisations are working on the implementation of individual country measures that were defined during the corruption risk assessment. The same applies to competition legislation and the protection of human rights.

In 2020, the preventive activities of the compliance officers once again placed great emphasis on compliance with the provisions of competition legislation and anti-corruption regulations. This was backed by appropriate auditing and training measures in these areas.

Owing to the health protection measures introduced in connection with COVID-19, less face-to-face training was conducted, and we were unable to compensate fully for this by means of virtual training measures. Compliance audits by Group Internal Audit could only be carried out electronically, which meant that individual audits that needed to be carried out on-site had to be postponed.

In 2020, we continued as planned to systematically assess human rights risks and compile key indicators relating to human rights in each country. The results are analysed jointly by the respective country organisation and Group Compliance. The implementation of the agreed action plans for further risk reduction is reviewed.

Performance indicators

In 2020, Group Compliance registered 136 confirmed or pending compliance cases across the Group, which corresponds to a rise of 37 % compared with 2019. This increase can be explained, on the one hand, by an increase in reports during the introductory phase of the new compliance reporting system "SpeakUp" and, on the other hand, by increased reporting figures in connection with our measures in the areas of labour organisation and hygiene to fight against the COVID-19 pandemic. As in the previous year, one confirmed compliance case was registered for HeidelbergCement AG.

In order to achieve the goal of a 100 % completion rate for all electronic compliance training, since 2020 we have required the country managers to additionally report on training attendance to the responsible member of the Managing Board. The group of persons required to attend the electronic training courses assigned to them during the financial year includes, depending on the course, all employees who have a company e-mail address or employees of specific departments and/or managers. These training courses are repeated approximately every two years. This means that in the course of a financial year, all new employees, as well as those already trained previously and for whom the relevant course is due that year, receive training.

During the reporting year, the compliance e-learning programmes given to employees across the Group, covering the Code of Business Conduct and anti-corruption issues, had completion rates of 93 % and 92 % respectively. At HeidelbergCement AG, the rates were 95 % and 94 % respectively.

Other training activities also took place in these topic areas, including classroom training and increasingly online training due to COVID-19. In addition to the areas of focus already mentioned, other compliance topics such as human rights or money laundering were covered during these training sessions.

In the reporting year, electronic training on cartel law was also assigned to employees who work in sales or purchasing, have management responsibility or otherwise have contact with competitors, customers and suppliers, achieving a completion rate of 81 %.There were also other compliance activities in the area of cartel law (seminars, lectures, and other measures). At HeidelbergCement AG, 96 % of employees have completed the electronic training relevant to them.

The country organisations are required to report performance indicators on the human rights situation. Apart from cases on health and occupational safety, only a few compliance cases on human rights issues such as discrimination were reported in 2020, which then proved to be unfounded. The commitment to human rights aspects as a central selection criterion for suppliers is consistently driven forward by our supplier management system. This requires our partners to commit to our Supplier Code, which requires, for example, compliance with the ILO's core labour standards. We also work with an external sustainability partner with whom we have begun to assess the top-selling suppliers in North America, Germany, and the United Kingdom, as well as the global suppliers in the Group. This involves analysing the suppliers in terms of the sustainability of their operations – including questions about compliance with human rights.

Procurement

In the reporting year, goods and services with a total value of €11,277 million were procured at HeidelbergCement. This corresponds to 64.1 % of total revenue.

Procurement management
Our lead buyer organisation facilitates the procurement of important commodity groups at Group level. This means that we bundle process-critical goods and services, usually with high volumes, into commodity groups in order to obtain better terms and conditions from our suppliers. The tasks of our lead buyers within the Group include conducting price negotiations, concluding framework agreements, supplier management, and observing current market and price developments.

The second component of procurement management is the local purchasing at our production sites. The local purchasing departments also obtain goods and services directly via the Group framework agreements. In this way, we combine the advantages of central and local procurement.

Procurement of energy
Overall, HeidelbergCement pursues a strategy for the procurement of fuels and electricity that is based on a combination of short-term, index-based contracts and fixed-price contracts. HeidelbergCement also continuously optimises the fuel mix according to market price fluctuations.

Outlook

The expected future development of the HeidelbergCement Group, HeidelbergCement AG, and the business environment in 2021 is described in the following. In this context, please note that this Annual Report contains forward-looking statements based on the information presently available and the current assumptions and forecasts of the Group management of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Annual Report.

Assumptions underlying our outlook

Our business is subject to a multitude of external influencing factors that are beyond our control. These include geopolitical, macroeconomic, and regulatory factors. This outlook is based on the assumption that the global political environment will not undergo any critical changes during the outlook period. This includes, in particular, an assumption that the coronavirus pandemic can be contained through progress with vaccinations and that there are no new drastic restrictions on the economy due to a resurgence and/or mutation of the virus. In addition, it assumes that ongoing tensions between the USA and China and Iran, as well as the political and religious conflicts in the Middle East, will not have a global impact on our business activity. The same applies to a substantial destabilisation of the eurozone or negative economic consequences following the United Kingdom's exit from the EU.

With regard to exchange rates, we expect an appreciation in the value of the euro against numerous currencies in 2021, including a further rise against the US dollar and Canadian dollar, the Indonesian rupiah, and the Indian rupee as well as the currencies of other emerging countries, such as the Egyptian pound or Ghanaian cedi.

We expect energy prices to increase on average over the outlook period in comparison with 2020 and remain volatile. In addition to the impact of COVID-19 on energy consumption, the OPEC oil production policy and the CO_2 price development in EU emissions trading system remain important price drivers for electricity prices in Europe. At the beginning of 2021, spot and forward products on the relevant energy markets were already showing higher prices than in 2020.

Furthermore, we have not taken account of any material changes to balance sheet positions or any associated expense or earnings positions in our outlook below that may result from changes to macroeconomic parameters, such as discount rates, interest rates, inflation rates, changes to future salary developments, or similar.

Economic environment

General economic development

Perhaps the most important factor for economic development in 2021 is the continuing evolution of the coronavirus pandemic. The International Monetary Fund (IMF) therefore emphasises that the forecasts are still subject to a relatively high degree of uncertainty. Although recent vaccine approvals had raised hopes of a turnaround in the pandemic, resurgent waves of infection and new variants of the virus have been a cause for concern. The strength of the recovery is expected to vary considerably from country to country. Several factors will determine whether national economies recover, such as access to vaccines and the effectiveness of policies against the pandemic. The impact of the United Kingdom's exit from the EU and the future political decisions of the new American administration on the global economy cannot yet be estimated at the time of publication of this Annual Report.

In its January forecast, the IMF expects global economic output to increase by 5.5 % in 2021, following the 3.5 % decline in 2020. Economic growth of 4.3 % is anticipated in the mature markets. According to IMF forecasts, the important markets for HeidelbergCement – USA, United Kingdom, Germany, France, Italy, and Canada – should develop positively again in 2021 following the pandemic-related decline in 2020. An increase of 5.1 % is anticipated for the USA, and growth of 3.6 % for Canada. The overall economic output of the eurozone is expected to rise by 4.2 %. The IMF forecasts economic growth of 3.5 % for Germany, 5.5 % for France, and 3.0 % for Italy. For the United Kingdom, an increase of 4.5 % in the gross domestic product is anticipated.

Economic output is also expected to rise again in the countries of Northern and Eastern Europe in 2021, albeit at different rates. In its October 2020 forecast, the IMF expects Sweden and Norway to grow by 3.5 % and 3.6 % respectively. Economic growth in Poland should reach 4.6 %, with 5.1 % expected for Czechia. An increase of 2.8 % is anticipated for Russia.

In Asia, China will continue to be the determining factor in economic development. The IMF (January forecast) expects significant economic growth of 8.1 %. According to the IMF's October forecast, economic output in Indonesia is predicted to rise by 6.1 %. A significant increase in economic power is also expected in India, with growth of 8.8 %. The IMF also anticipates growth of 3.0 % for Australia.

In the African countries south of the Sahara, the IMF expects economic growth of 3.1 % in 2021. In the countries where we have the greatest sales volumes – Ghana, Tanzania, and Togo – the growth rates are likely to be 4.2 %, 3.6 %, and 3.0 % respectively. In North Africa, the Egyptian economy is expected to record growth of 2.8 %. For Morocco, an increase of 4.9 % is forecast.

Development of the construction industry

The development of economic output is also reflected in the expectations for the construction industry.

In its November forecast, Euroconstruct predicts a renewed increase in construction activity in Europe in all construction sectors, following the sharp declines in the previous year. More robust growth in the construction sector as a whole is anticipated in Belgium, France, and the United Kingdom, while the sector is expected to stagnate in Germany and Sweden and shrink in the Netherlands.

According to the winter forecast of the American cement association PCA, a slight increase in construction activity is expected in the USA for 2021. Growth will be driven primarily by residential construction, which will more than compensate for the expected decline in non-residential construction.

In contrast to the mature/developed countries, the GDP growth forecasts and data on population growth are frequently used indicators for construction development in the growth markets of emerging countries in Africa and Asia.

Just as the general economic forecasts remain subject to uncertainties, so does the development of the construction industry during 2021. Although many markets should develop positively, the actual extent of growth is uncertain and depends, among other factors, on the further course of the coronavirus pandemic and the progress made with vaccinations. Crucial factors include local economic development, the amount of public investment, and the development of credit costs for property financing. In the growth markets of the emerging countries, the continuation of solid economic growth plays an important role, as does income available for private residential construction. Political and military conflicts can also influence the development.

Industry development

At the start of 2018, the European Commission approved the reorganisation of the EU Emissions Trading System for the fourth trading period from 2021 to 2030. Shortly before the end of 2020, the level of the benchmarks for the industries that receive a part of their emission allowances as free allocation due to the risk of their production being shifted abroad (carbon leakage) was also published. As was to be expected, the benchmark level for the first few years of the fourth phase is significantly below that of the third phase. The expected changes due to the EU Green Deal have not yet been fully taken into account. Consequently, we anticipate a further tightening of the allocation of CO_2 emission rights in this period. In 2020, prices for emission rights rose to over €30 per tonne of CO_2 at times, which will lead to additional costs for covering the required emission rights in the fourth trading period. For the start of the fourth phase, the entire HeidelbergCement Group has a sufficient number of emission rights, which is partly due to the free allocation policy. However, the individual countries have either a surplus or a lack of emission rights.

Anticipated earnings

Our expectations with regard to revenue, costs, result, and dividends are described below. We have not taken into account a possible renewed slowdown in economic development due to the COVID-19 pandemic.

Revenue
On the basis of the general economic and industry-specific outlook for the building materials industry and the special growth prospects for the markets in which HeidelbergCement operates, we expect a slight increase in revenue before exchange rate and consolidation effects in 2021.

Costs
HeidelbergCement expects the cost of raw materials and secondary cementitious materials to further rise in the 2021 financial year. Based on our current contract portfolio, expected price volatility, and a mix of forward market and spot purchases, we also anticipate moderately rising energy costs, particularly for electricity, diesel, and petroleum coke, on a like-for-like basis. Personnel costs are expected to increase in line with local inflation rates compared to the previous year.

Results
Given the assumptions on revenue and cost development, we expect a slight increase in the result of current operations excluding exchange rate and consolidation effects in 2021. Against this background and due to the consideration of the impairments in the calculation of invested capital during the full year, we expect a significant increase in ROIC to above 8 % compared to 2020.

Dividend
In view of the scope and extent of the corona crisis and the initially high level of uncertainty regarding the further development of the pandemic, the Managing Board and Supervisory Board of HeidelbergCement AG had decided in May 2020 to suspend the progressive dividend policy for the 2019 financial year. Following the positive business trend in 2020, HeidelbergCement is now resuming its progressive dividend policy as planned. For the 2020 financial year, the Managing Board and Supervisory Board propose to the Annual General Meeting the distribution of a dividend of €2.20 per share. This corresponds to a payout ratio of 32.0 % in relation to the Group share of adjusted profit for the financial year.

A continuation of the progressive dividend policy is planned for the 2021 financial year. In individual cases, we will adjust the dividend according to the development of the leverage ratio and the cash flow of the HeidelbergCement Group, as well as taking into account the further overall economic development.

Investments

In the 2021 financial year, HeidelbergCement will continue its disciplined investment policy based on active portfolio management. Within the framework of the new strategy "Beyond 2020", a comprehensive portfolio optimisation is planned for the next few years. The focus is on simplifying the country portfolio and prioritising the strongest market positions. This includes accelerated divestments if the expected margins cannot be achieved in the medium term. Selective acquisitions in existing markets must meet high expectations for results and returns on investment. As a general principle, the company maintains its balanced positioning in mature and growth markets. The main focus of investments is on improving our property, plant and equipment. This includes maintenance, modernisation, reduction of CO_2 emissions and improvement of environmental protection, digitalisation, as well as the construction of new production facilities and renovation of existing ones.

Net investments in property, plant and equipment (investments in and divestments of property, plant and equipment) are limited to approximately €1.2 billion per year.

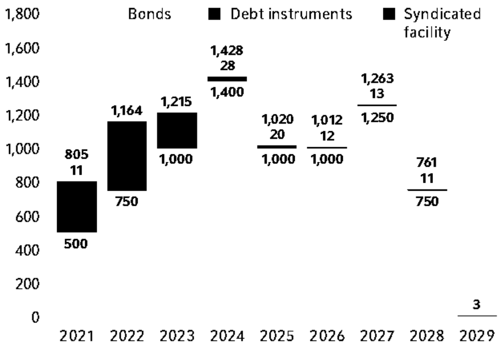
The major investment projects include the reconstruction of our Mitchell cement plant in Indiana, USA, and the acquisition of the Keystone cement plant in Bath, Pennsylvania, USA, which is set to be completed in the 2021 financial year. In addition, we will invest in the modernisation of our existing capacities as part of our Business Excellence initiative. In France, an extensive investment and reorganisation programme is planned for several cement production sites. The programme aims to further optimise the effectiveness, processes, and structures of our French production sites and is in line with HeidelbergCement's strategy to create a sustainable, low-carbon, and high-performance organisation throughout the Group.

The sale of our activities in Kuwait in January 2021 represents a first step in the comprehensive portfolio optimisation that we will continue to drive forward during the year.

Expected financing

HeidelbergCement has a long-term financing structure and a well-balanced debt maturity profile (see the following graph). For the €500 million bond maturing in October 2021, we have used the option for early repayment and will repay it as early as April 2021 using available liquidity. Furthermore, we will most likely repay the financial liabilities maturing in 2021 through free cash flow and available liquidity.

Debt maturity profile as at 31 December 2020 [1] (€m)



1) Excluding reconciliation adjustments of liabilities of €-27.4 million (accrued transaction costs, issue prices, fair value adjustments and purchase price allocation) as well as derivative liabilities of €60 million. Excluding also puttable minorities with a total amount of €76.2 million. Excluding financial lease liabilities.

As at the end of 2020, we had liquidity reserves consisting of cash, securities portfolios, and committed bank credit facilities, amounting to €5.8 billion (see Group financial management section on ↗ **page 40 f.**). With the €2 billion Euro Commercial Paper Programme and €10 billion EMTN Programme we also have framework programmes in the money and capital markets in place that allow us to issue the relevant securities within a short period of time.

Our objective is to further improve our financial ratios in the coming years in order to achieve the preconditions for a solid credit rating by the rating agencies. A lasting solid investment grade rating (Baa2 and BBB, respectively) remains our objective as – given the capital-intensive nature of our business – favourable refinancing opportunities in the banking, money, and capital markets create an important competitive advantage. In the medium term, we have set the target range for the leverage ratio, i.e. the ratio of net financial debt to the result from current operations before depreciation and amortisation, at 1.5x to 2.0x.

Employees and society

On the basis of the newly defined corporate purpose ("Material to build our future") and the cultural principles, our Group strategy "Beyond 2020", and the updated Leadership Principles, we will review and adapt our human resources strategy in 2021. As part of a central project, critical personnel processes from recruitment and development to remuneration, as well as the classic employee support topics, will be assessed. We will question, for example, to what extent they support our corporate purpose and strategy and what opportunities exist for standardisation and digitalisation in the area of human resources.

The basis of a sustainable HR strategy is an HR IT system, which we will define and gradually introduce via a global project. Another area of focus will be the topic of talent management. To this end, in 2021 we will expand and standardise measures covering the identification, development, and subsequent appointment of talented and high-potential employees. The aim is to secure a sufficient number of highly qualified and diverse future executives and managers.

The possibilities of mobile working were redefined in 2020. In 2021, we will look at the experience gained and examine to what extent and in which areas digital forms of work and mobile working models should be applied at HeidelbergCement in the future. A related project was already launched at the end of 2020.

In 2021, we will continue our measures to implement and fulfil the existing safety standards. For this purpose, specific safety topics were included in the countries' action plans. Another point of focus in 2021 will be investigating incidents that could have been fatal. We will also introduce a new Group standard to prevent health hazards caused by dust, noise, or vibrations.

"Being a good neighbour" is one of the goals we committed to in 2017 as part of our Sustainability Commitments 2030. For this reason, we will continue to support the social and economic development of the communities where we are located as well as of their neighbourhood and ensure communication with all stakeholders. In 2021, we want to review our approach and further promote Group-wide coordination.

HeidelbergCement has also made a commitment to carry out 60,000 hours of charitable work per year until 2030. In some countries, initiatives were already implemented in this area in 2020, and more will follow in 2021. We also want to improve the systematic recording of these activities.

Environmental responsibility

At present, the regulatory environment of the EU Emissions Trading System is not fully defined, as a number of important rules for the fourth trading period (2021–2030) have still not been set out by the European Commission. In particular, the industry benchmark for the allocation of free emission rights for the cement sector needs to be specified.

HeidelbergCement has already formulated a strategic roadmap for the targeted reduction of emissions in all countries in which the company operates, in order to remain competitive even under more stringent conditions.

In 2021, we will continue our activities regarding the capture, storage, and/or use of CO_2 emissions. Details of the progress of major projects can be found in following Research and technology section.

In 2021, we will continue our efforts to develop further building materials with a considerably lower ecological footprint. We pledged to do so in the Sustainability Commitments 2030, in order to play our part in limiting the global increase in temperature to significantly below 2°C and to promote circular economy.

In the cement business line, we will also focus on reducing dust, nitrogen oxide, and sulphur oxide emissions. Several projects to lower dust emissions are being planned or implemented. The electrostatic precipitator at the kiln line in the Deva cement plant in Romania will be replaced with a fabric filter and commissioned in March 2021. Likewise, on kiln line 11 at the Citeureup plant in Indonesia and on kiln line 1 at the Pukrang plant in Thailand, as well as on the clinker cooler at the Ketton plant in the United Kingdom, the electrostatic precipitators are being replaced with modern fabric filters. On kiln line 4 in Bukhtarma, Kazakhstan, a fabric filter will be installed in February 2021 to remove dust from the cooler exhaust air. In addition, we want to improve dust collection in numerous smaller filter projects.

To reduce NO_x, a selective non-catalytic reduction (SNCR) system will be commissioned at the Delta cement plant in Canada in March 2021. In addition, the calciners on the two kiln lines in the Fufeng cement plant in China are being converted to ensure reliable compliance with the new, strict NO_x limits.

In the aggregates business line, we intend to continue working on dust and noise reduction as well as the recycling of concrete and asphalt as an alternative to natural aggregates in the production of ready-mixed concrete and asphalt. Therefore, we will additionally offer certain key markets the use of recycled materials. We also aim to significantly intensify our measures in the areas of water recycling and reduction of water consumption.

In 2021, we will publish an updated version of our Sustainability Commitments 2030, supplemented by "fast-track" sustainability targets in the areas of environment, social, and governance. These goals focus primarily on further emission reductions, an improvement in our water and biodiversity management, the strengthening of our social engagement, and considerably stronger communication of the special sustainability characteristics of our products. We also intend to update our Climate Policy.

Building on a collaboration initiated by HeidelbergCement between our industrial sector and BirdLife Europe, we will publish a code of conduct on species protection in Europe in the course of 2021, supported by the European Commission. This mainly relates to the utilisation of opportunities for species protection and the creation of habitats during the active extraction phase of quarries in EU member states.

We plan to intensify our dialogue with politicians and associations in the 2021 financial year and to further expand our personnel capacities and governance structures in this area.

To increase our transparency towards all stakeholders, we will publish a separate report on our advocacy activities in the 2021 financial year.

Research and technology

In the next few years, we will continue to center our efforts on developing cement types with reduced clinker proportion and thus lower CO_2 emissions. The alternative fuels and raw materials used in the production of clinker will benefit the environment.

Significant cost savings are also expected, depending on the future price development for CO_2 emission certificates. In 2021, we will additionally drive forward measures to incorporate CO_2 into cement and concrete.

As planned, the CO_2 emissions captured as part of our CCS project at the cement plant in Brevik, Norway, will be transported to empty oil and gas fields below the North Sea from 2024 and stored there. The project also aims to optimise the CO_2 transport chain to enable CCS to be used as a solution for CO_2 disposal throughout Europe. Construction of the facility will begin in 2021.

LEILAC 2 will enter the implementation phase in our cement plant in Hanover, Germany, in 2021. The project will have a significant influence on HeidelbergCement's position in terms of the development of process-integrated technologies for the capture of CO_2 emissions.

The algae farm at our Safi cement plant in Morocco will be commercialised over the coming years. Here, captured CO_2 is used to help produce 50,000 kg of dried microalgae annually for the manufacture of fish food. Similar research projects in Sweden, Turkey, and France will be continued.

The four partner companies of the oxyfuel research corporation (catch4climate) will drive forward the construction of an oxyfuel test facility on the site of the Mergelstetten cement plant in Germany, which belongs to our research partner SCHWENK. The facility is expected to commence operation at the end of 2022.

We will also continue to investigate possibilities for capturing, storing, and/or using CO_2 outside the European Union. The focus will be on North America. At our Canadian plant in Edmonton, Alberta, work on a feasibility study will continue in order to assess the possibility of capturing the majority of the CO_2 emissions from the cement plant's flue gas flow.

In 2021, HeidelbergCement and a partner in Italy will launch the CLEANKER (CLEAN clinKER) project, which aims to demonstrate the feasibility of what is known as calcium looping. The first step involves separating CO_2 from the flue gas flow and reacting it with lime (CaO) in a calciner. The oxyfuel technique is then used to produce gaseous

CO_2, steam, and lime, which is fed back into the clinker production process.

Since 2020, the British subsidiary Hanson UK has been taking part in a British research project, which is investigating the potential to reduce carbon emissions by switching from fossil fuels to climate-neutral hydrogen and plasma technology. Initial field tests will be carried out in 2021. The research project is funded by the British Department for Business, Energy and Industrial Strategy (BEIS).

In 2021, we will launch a new, cross-business-line operational excellence programme, which will cover the whole cement, aggregates, and ready-mixed concrete-asphalt value chain. It will include extraction planning, site operation and maintenance, fleet management, sales, and distribution – and, ultimately, the subsequent use of quarrying sites. With performance management and improvement processes, the programme incorporates the highest added value generating elements of the previous continuous improvement programmes (e.g. MIP, OPEX, CIP) and adds an overarching plant operating model in order to define and disseminate best practices.

Along with the introduction of the new plant operating model as part of the operational excellence programme, reducing HeidelbergCement's carbon footprint will be another important topic in the cement business line. Through the Alternative Fuel Master Plan, we aim to further increase the proportion of alternative fuels in 2021 and set goals at country level for reducing CO_2 within the CO_2 Master Plan.

In the aggregates business line, we will continue with the integration of operation, sales, and financial data as part of our digitalisation strategy in 2021 with the completion of the introduction of the AOM (Aggregates Operations Management) system. We also aim to take further steps to automate our plants in order to optimise the production process and increase productivity.

In 2021, digitalisation will be the point of focus in the ready-mixed concrete business line. The aim is to create greater transparency across all aspects of our business by means of automatic, direct data capture and centralised analysis.

Procurement

We are making continuous efforts to improve our procurement efficiency by working on standardising, optimising, and automating our procurement processes. We want to press ahead with the bundling of commodity groups, realise synergy effects, and roll out globally the digitalisation of core processes.

Just as in the reporting year, various developments will have an impact on energy prices in 2021, including the uncertainties caused by COVID-19. In 2020, HeidelbergCement was able to benefit, in many cases, from lower prices due to COVID-19. Therefore, no further decline is expected at the current forward prices.

Based on our current contract portfolio, expected price volatility, and a mix of forward market and spot purchases, we anticipate moderately rising energy costs in 2021, particularly for electricity, diesel, and petroleum coke, on a like-for-like basis.

Risk and opportunity report

Risks and opportunities

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. HeidelbergCement is subject to various risks on account of its international business activity. The risk management process serves to identify these risks at an early stage and to assess and reduce them systematically.

Risk and opportunity management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. We consider events that may have a negative impact on the achievement of short-term and long-term operational and strategic corporate goals to be risks. Provided that these risks are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present, these risks are classified as acceptable.

We see possible achievements that go beyond our corporate objectives as opportunities. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage. Risks and opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting.

Risk management

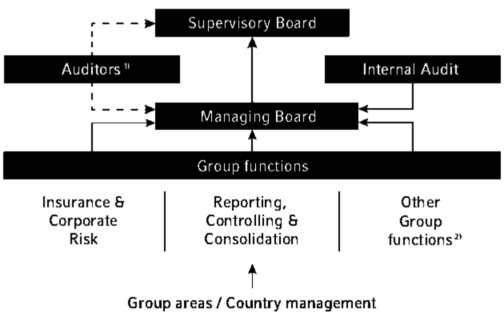
The Managing Board of HeidelbergCement AG is obliged to set up and supervise an internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The Supervisory Board and its Audit Committee also review the effectiveness of the risk management system on a regular basis.

HeidelbergCement has installed transparent regulations to govern competences and responsibilities for risk management that are based on the Group's structure.

A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. Our risk management process reflects the decentralised structure of the company and identifies risks as part of the operational plan. It comprises several components that are carefully coordinated and incorporated into the structure and workflow organisation.

The essential elements of the risk management system are:
- documentation of the general conditions for a methodical, efficient risk management in a Group guideline. In addition to this Risk Management Guideline, the Group's Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- coordination of the risk management process at Group level in the Group Insurance & Corporate Risk department,
- recording of risks and measures by managers responsible for corporate risk at country level,
- steering of local risk management processes, including risk identification and assessment by local operational management,
- direct information and open communication of identified risks between the Managing Board and country management,
- involvement of the relevant Group departments in identifying and recording strategic and long-term risks,
- standardised and regular reporting at Group and country level.

Organisation of risk management at HeidelbergCement



1) Part of the annual audit
2) Legal, Compliance, Tax, IT, Data Protection, Treasury, Corporate Finance, Human Resources, Strategy & Development, Environmental Social Governance

Risk management process

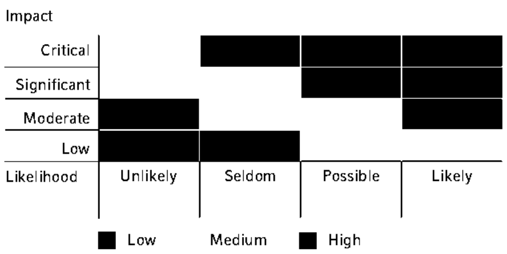
In order to optimise risk management and incorporate it into our operational plan, we use a software solution across the Group that enables the decentralised recording of risks in the respective countries and Group departments during the year. The software allows us to map the Group structure and assign local responsibilities. Supported by standardised evaluation schemes for risk assessment, risks are systematically recorded on a quarterly basis and can be tracked over time. The risk data can be consolidated in a timely manner, analysed flexibly, and presented via standardised risk reporting.

In addition to this short-term risk recording, risks with medium- or long-term risk tendencies are also taken into account. As well as strategic risks, this medium- and long-term view also concerns climate risks, which according to the definition of the Task Force on Climate-related Financial Disclosures (TCFD) include both physical risks and transition risks. These medium- to long-term risks are identified and centrally recorded with regard to their potentially critical economic impact on our company.

Identification and assessment of risks
The process of identifying risks is performed regularly on a decentralised basis by the country management and by the globally responsible Group departments. General macroeconomic data and other industry-specific risk information sources serve as auxiliary parameters for the identification process, as does the internal risk catalogue, which records the various financial and non-financial risk categories.

For regular risk reporting during the year, appropriate thresholds have been established for the individual countries, taking into account their specific circumstances. The risks are assessed for each defined risk category with reference to a minimum probability of occurrence of 10 % and according to the potential extent of damage. The operational planning cycle of 12 months is used as the base period for the probability forecast. The impacts on the following key parameters are used as a benchmark to assess damage potential: result from current operations, profit for the financial year, and cash flow. Both dimensions of risk assessment can be visualised by means of a risk map.

Dimensions of risk assessment



The underlying scaling for the short-term risks incorporated into the planning cycle is as follows:

Likelihood

Unlikely	1 % to 20 %
Seldom	21 % to 40 %
Possible	41 % to 60 %
Likely	61 % to 100 %

Impact	**Definition of impact on business activity, financial performance and results of operations, and cash flow**
Low	Negligible negative impact (≤ €20 million)
Moderate	Limited negative impact (> €20 million)
Significant	Significant negative impact (> €120 million)
Critical	Harmful negative impact (> €220 million)

As of this reporting year, medium- to long-term strategic risks are reported if the impact of the damage exceeds €220 million (gross, before any risk mitigation measures) and their likelihood exceeds 20 %. These risks are recorded by the Group Strategy and Development department. In addition, their emergence and annual development are monitored. This includes the physical and transition risks associated with climate change.

The risk statement also includes risks that do not have a direct impact on the financial situation. These non-financial risks have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly quantified, the potential extent of damage is assessed on the basis of qualitative criteria, using a risk classification from low to medium and high through to risks constituting a threat to the Group's existence.

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of serious risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets, or natural disasters.

Aggregating, reporting, monitoring, and controlling risks
The quantitative, updated risk reports for all business lines in our Group countries are presented to the Managing Board on a quarterly basis within the framework of central management reporting to ensure that risks are monitored in a structured and continuous way. Correlations between individual risks and events are considered at local level as far as possible. The regular management meetings provide a platform for the Managing Board and responsible country managers to discuss and determine appropriate risk control measures promptly. Decisions are thus made as to which risks will be intentionally borne independently and which will be transferred to other risk carriers, as well as which measures are suitable for reducing or avoiding potential risks.

The Group Insurance & Corporate Risk department is responsible for coordinating the risk management processes at Group level. It summarises all significant quantitative and qualitative risks for countries and Group functions in a central risk map at the quarterly management meetings. The Group's detailed risk report is presented to the Managing Board once a year. In addition, interim reporting to the Supervisory Board is effected in the course of the year.

Monitoring and adjustments
The Group Internal Audit department examines and assesses risk management to help increase risk awareness. In addition, the auditor carries out an examination of the risk management system as part of the final audit in accordance with legal guidelines to determine whether the monitoring system is capable of identifying at an early stage any issues that could threaten the Group's existence. The Managing Board also regularly informs the Supervisory Board and its Audit Committee about the risk situation.

The internal control and risk management system with regard to the Group accounting process

Pursuant to sections 289(4) and 315(4) of the German Commercial Code (HGB), the internal control system within the HeidelbergCement Group includes all principles, processes, and measures intended to ensure the effectiveness, cost efficiency, and accuracy of the accounting and to ensure observance of the relevant legal provisions.

The internal monitoring system within the HeidelbergCement Group consists of process-independent and process-integrated control measures. The process-integrated auditing activities include controls that are incorporated into the process (e.g. the principle of dual control). Process-independent measures are controls carried out by persons not directly involved in the accounting process (e.g. Group Internal Audit).

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Structures and processes
The organisational and management structure of Heidelberg-Cement AG and its Group companies is clearly defined. The responsibilities and functions within the accounting process (e.g. accounting of HeidelbergCement AG and its Group companies, Group Treasury, and Group Reporting, Controlling, and Consolidation) are also clearly separated and defined.

Key characteristics of the accounting processes and the consolidation
All departments involved in the accounting process have the requisite qualifications and are equipped in accordance with the requirements. In the case of accounting issues that are complex or require discretionary judgement, we also call upon the expertise of external service providers such as pension experts or recultivation obligation assessors.

The accounting guideline and uniform accounting framework, both of which are centrally administered by the Group Reporting, Controlling and Consolidation department, are mandatory for all Group companies. New laws, accounting standards, and current developments (e.g. in the Group's economic and legal environment) are analysed and taken into account with regard to their relevance and impact on the consolidated financial statements.

The central accounting guideline and uniform accounting framework guarantee uniform recognition, measurement, and presentation in the consolidated financial statements. Group-wide deadlines set out in a centrally managed financial calendar and instructions pertaining to the financial statements also help to make the accounting process structured, efficient, and uniform across the Group.

In most countries, the financial statements of the Group companies are prepared in shared service centers in order to centralise and standardise the accounting processes. Accounting systems from SAP are used in the majority of cases. To prepare the consolidated financial statements, further information is added to the individual financial statements of the Group companies and these are then consolidated using standardised software developed by SAP. All consolidation adjustments, such as the capital consolidation, the debt consolidation, the expense and income consolidation, and the at equity valuation, are carried out and documented. The various elements that make up the consolidated financial statements, including the Notes, are created entirely from this consolidation programme.

At HeidelbergCement, the accounts data is checked both at local and at central level. The decentralised checking of the local financial statements is carried out by the responsible Financial Director and country controlling. The central checking of the accounts data is carried out by the Group departments Reporting, Controlling and Consolidation, Tax, and Treasury.

HeidelbergCement's control system is also supplemented by manual checks, such as regular spot checks and plausibility checks, carried out both locally and centrally. The internal control and risk management system at HeidelbergCement is supplemented by system-side validations, which are carried out automatically by the consolidation programme.

Process-independent checks are carried out by the Audit Committee of the Supervisory Board and by Group Internal Audit. The latter checks the internal control system for the structures and processes described and monitors application of the accounting guidelines and accounting framework. The results of the check carried out by Group Internal Audit are reported to the Managing Board and Audit Committee. Additional process-independent monitoring activities are also performed by the Group auditor and other auditing bodies.

Measures for identifying, assessing, and limiting risks
In order to identify and assess risks, individual business transactions at HeidelbergCement are analysed using the criteria of risk potential, likelihood of occurrence, and impact. Suitable control measures are then established on the basis of these analyses. To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Furthermore, organisational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are performed for key accounting figures. The IT systems used for accounting are protected from unauthorised access by appropriate security measures.

The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual false assumptions, inefficient controls, and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

The statements made here apply only to the Group companies included in the consolidated financial statements of Heidelberg-Cement AG, whose financial and operational policies can be determined directly or indirectly by HeidelbergCement AG for the purpose of deriving benefit from the activity of the company.

Risk areas

Risks that may have a significant impact on our assets, financial, and earnings position in the 2021 financial year are divided into five categories based on the risk catalogue established in the Group: financial risks, strategic risks, operational risks, legal and compliance risks, and climate risks.

In the following, we assess only the risk situation of risks that are significant for us.

Financial risks

Our significant financial risks are currency risks, interest rate risks, refinancing/liquidity risks, as well as tax and pension risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Group Treasury department in accordance with internal Group guidelines, which also define the work and processes of Group Treasury. All Group companies must identify their risks and hedge them in cooperation with Group Treasury on the basis of these guidelines.

The outbreak of the COVID-19 pandemic in early 2020 had a major impact on society, the global economy, and also on capital markets, with very high volatility in exchange rates. In 2021, the pandemic will continue to be the biggest source of uncertainty for the development of the economy and the financial markets.

Currency risks

The most significant risk position with respect to financial risks is the currency risk, particularly the translation risk. Currency risks arise from our foreign currency positions and are characterised by uncertainty in relation to the future development of exchange rates. Economic, monetary, fiscal, and political factors of influence should not be underestimated in this context. Unforeseen events, such as the outbreak of COVID-19 at the start of 2020, may lead to distortions in the currency markets and thus have a negative impact on translation and transaction effects. We consider these currency risks, primarily the translation risks, to represent a high risk with a possible likelihood and a significant impact.

Currency risks arising as a result of transactions with third parties in foreign currency (transaction risks) are hedged in certain cases using derivative financial instruments. We primarily use currency swaps and forward exchange contracts for this purpose. Through our in-house banking activities, the borrowing and investment of liquidity of the subsidiaries lead to currency positions that are hedged by external currency swap transactions, which are appropriate in terms of maturities and amounts.

In general, we do not hedge currency risks arising from converting the financial statements of foreign individual companies or subgroups (translation risks). The associated effects are not cash-effective, and any influences on the consolidated balance are monitored on a continuous basis. More information on currency risks can be found in the Notes on ↗ **page 172.**

Interest rate risks

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Group's Chief Financial Officer. By using financial instruments, primarily interest rate swaps, we are able to hedge both the risk of fluctuating cash flows and the risk of value fluctuations. However, a downgrading of our credit rating by the rating agencies (see Rating section on ↗ **page 42**) could increase the interest margins in the event of a refinancing measure.

On the basis of the balanced maturity structure of financial liabilities (see graph in the Outlook chapter on ↗ **page 63**) and the expected cash inflow from operating activities, there is no significant short- or medium-term need to refinance, meaning that no negative effects on the interest result are to be expected. Therefore, we see here only a low risk with a seldom likelihood and a low impact. More information on interest rate risks can be found in the Notes on ↗ **page 171.**

Refinancing/liquidity risks

Refinancing/liquidity risks exist when a company is not able to procure the funds necessary to fulfil operational obligations or obligations entered into in connection with financial instruments.

Possible risks from fluctuating cash flows are considered as part of the Group liquidity planning. Assumptions concerning the expected economic cycle harbour particular uncertainties in liquidity planning, which is why we update them on an ongoing basis. In this way, we can – if necessary – initiate the appropriate measures, such as the issue of additional money and capital market securities or the raising of fresh funds in the bank market. To secure our payment obligations, we have access to a syndicated credit line with a volume of €3 billion. As a result, we have access to substantial amounts of cash and cash equivalents and have thus considerably reduced the refinancing risk. In total, we have €5.8 billion of free liquidity, consisting of cash and cash equivalents, securities, and free credit lines, in our portfolio across the Group (see Liquidity instruments table in the Group financial management section on ↗ **page 42**).

In addition, cash accrues from our operating activities. As an additional precautionary measure, an appropriate amount for increasing shareholders' equity was decided upon at the 2015 Annual General Meeting. We generally consider refinancing/liquidity risks to be a low risk with an unlikely likelihood and a low to significant impact, depending on the capital market situation.

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important financial key figures are the leverage ratio and the consolidated coverage ratio. Within the framework of Group planning, compliance with the covenants is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms. Depending on the volume of the relevant loan and the refinancing possibilities in the financial markets, this could lead to a refinancing risk for the Group.

The syndicated credit facility contains covenants, which were agreed at a level that takes into account the current economic environment and our forecasts. More information on liquidity risks can be found in the Notes on ↗ **page 170 f.**

Credit risks
Credit risks exist when a contractual partner in a business cannot fulfil its obligations, or at least not within the stipulated period. We minimise the risk position arising from this by diversification and ongoing assessment of the creditworthiness of the contracting parties.

Credit risks from operating activities are monitored continuously as part of our receivables management. In this context, we also pay attention to the creditworthiness of our business partners. In this way – as well as by avoiding concentrations of positions – we are able to minimise the Group's credit risks. We minimise credit risks for our financial investments by only conducting transactions with banks that are particularly creditworthy. We select banks for payment transactions and establish cash pools in exactly the same way. We consider the credit risks as a medium risk with a seldom likelihood and a moderate impact. More information on credit risks can be found in the Notes on ↗ **page 167.**

Tax risks
We are subject to the applicable tax laws in the countries where we are active. Risks can arise from changes in local taxation laws or case law and different or increasingly restrictive interpretations of existing provisions. This applies especially to the rising number of rules and regulations concerning the growing cross-border operations. These risks can impact our tax expense and income as well as our tax receivables and liabilities and also our liquidity. We rate the tax risks as a medium risk.

Pension risks
Primarily in North America, HeidelbergCement is involved in various defined contribution pension plans for unionised employees (multi-employer pension plans). The funding status of these pension plans could be affected by adverse developments in the capital markets, demographic changes, and increases in pension benefits. If one of the participating companies no longer pays contributions into the pension plan, all other parties concerned will be held liable for the obligations that have not been covered. Regarding the year 2021, we consider the pension risks as a medium risk with a seldom likelihood and moderate impact.

Strategic risks

Strategic risks are usually far-reaching in terms of both time horizon and geographical dimension. Some strategic risks are more general in nature, while others are industry and company specific. As in the Risk management process section on ↗ **page 66 f.**, as of this reporting year, medium- to long-term strategic risks are reported only if the impact exceeds €220 million (gross, before any risk mitigation measures) and their likelihood exceeds 20 %. In addition, the potential speed of onset is assessed – i.e. whether gradual or rapid onset is to be expected. Finally, the change in the estimate in comparison with the previous year is assessed.

The global economic and social environment is subject to constant transformation as a result of worldwide megatrends such as climate change, globalisation, demographic development, and new technologies. These trends present both risks and opportunities, and their impact on a company depends on its ability to adapt and manage the changes.

Risks arising from these changing megatrends may have an impact on demand, price levels, and costs in our sales markets and therefore on the company's income. In the following, we describe and assess these risks and indicate measures taken to mitigate their impact.

Economic risks
The global economy contracted sharply in 2020 as a result of the worldwide COVID-19 pandemic. From 2021, a gradual recovery is expected with growth of 5.5 % compared with 2020.

However, the situation varies considerably from one region of the world to another. While China's gross domestic product still grew by 2.3 % in 2020 according to the IMF's January forecast, economic growth in the USA and Europe is not expected to return until 2021, driven by fiscal and monetary incentives. In the USA, the loose monetary policy should continue to support growth in the coming years, while EU countries (excluding the United Kingdom) will benefit from the establishment of a €750 billion recovery plan.

Generally speaking, the economic influence of the West is declining in favour of emerging and developing countries,

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with global growth coming predominantly from Asia and Africa. The post-COVID-19 world is likely to be characterised by increasing polarisation between the USA and China.

Apart from risks connected with fluctuations in demand, growing competition can increase the pressure on sales volumes, prices, and customer relationships in the individual Group areas.

In the building materials industry, Chinese competition is expected to increase through the "One Belt One Road" initiative, which covers 78 countries from Asia to Europe and Africa. The main Chinese building materials groups are also increasingly seeking international expansion, possibly even into mature markets.

We classify the economic risks as a general risk with a possible impact on the entire Group and, where applicable, rapid onset. Compared with last year, we believe the risk outlook has not changed.

HeidelbergCement can partially mitigate this risk thanks to its diversified country portfolio, which reduces dependence on individual markets.

Political and social risks
Potential turmoil in a political, legal, and social context poses fundamental risks for all companies. HeidelbergCement operates on five continents and is therefore exposed to global and local political risks, such as nationalisation, trade conflicts, prohibition of capital transfer, terrorism, war, or unrest.

The risks include rising geopolitical tensions, particularly in the Middle East, a further deterioration in relations between the USA and its trade partners, and deepening economic and political frictions between other countries. Trade conflicts with the USA could lead to lower growth in Europe and Southeast Asia.

We classify the political and social risks as general risks with a possible impact on individual Group countries and, where applicable, rapid onset. We anticipate a higher risk compared with the previous year.

HeidelbergCement can partially mitigate this risk thanks to its diversified country portfolio, which reduces dependence on individual markets.

Natural disasters/pandemics (exceptional external incidents)
Exceptional external incidents, such as natural disasters or pandemics, could negatively impact our business performance. The COVID-19 pandemic spread across the globe in 2020 and the necessary countermeasures by governments have had a negative impact on our activities. In response, HeidelbergCement has introduced a specific action plan in each country. Furthermore, thanks to our diversified country portfolio, negative effects in individual countries can be offset.

Appropriate compensation limits of our Group-wide property insurance programme guarantee comprehensive coverage against natural disasters, including earthquakes, for our activities in heavily endangered regions of North America and Asia. However, we cannot rule out the possibility that the cover may not be sufficient in the event of extreme damage.

We classify natural disasters and pandemics as general risks with a possible impact on individual Group countries or the entire Group. Usually, they have a rapid onset. Compared with last year, we believe the risk outlook has not changed.

Raw material shortages
The scarcity of natural raw materials and the increasing difficulty in renewing mining concessions or obtaining new ones can have an impact on costs and raw material availability and thus significantly affect the earnings before interest and taxes (EBIT).

The procurement of alternative raw materials such as fly ash or blast furnace slag and, in general, the recycling of certain materials could also become critical because of developments in some industries (e.g. progressive shutdown of coal-fired power plants or decline in steel production with correspondingly lower slag availability).

We classify raw material shortages as an industry-specific risk with a possible gradual impact on the entire Group. Compared with last year, we believe the risk outlook has not changed.

HeidelbergCement mitigates this risk by constantly monitoring global raw material reserves and, at the same time, securing substitute raw materials in attractive markets (including recycling of materials).

Substitution of products
HeidelbergCement is closely monitoring the development of alternative binders and is actively exploring this area because of the risk that they will replace conventional cement types. In view of the current state of knowledge, however, it appears unlikely that such a replacement will take place on a large scale in the next few years.

If the production costs for traditional binders increase considerably, particularly in mature markets, for example as a result of further shortages of CO_2 emission certificates or the high cost of emissions reduction technologies, alternative binders could become more economically attractive and replace traditional binders provided that they fulfil the high requirements relating to processability and durability.

In the aggregates business, in which we extract and produce sand, gravel, and hard rock in our own quarries, substitution could take place through increasing use of recycled materials. This effect is strengthened by the progressively stringent requirements when renewing existing or applying for new mining concessions for natural raw materials.

In addition, there is the risk that concrete is replaced by other materials, such as steel, glass, or wood products, in the construction business. Although the use of these alternative materials is increasing to an extent in some countries, this is currently still limited.

Overall, we classify substitution of products as an industry-specific risk with a possible gradual impact on the entire Group. Compared with last year, we believe the risk outlook has not changed.

Digital change
The digital transformation will bring about fundamental changes in the business world. New digital and networked technologies such as the Internet of Things and increasing automation could challenge existing business models and enable new ones.

The digitalisation of the construction and building materials industry is facilitating gradual changes in construction methods, which could also contribute to achieving climate neutrality during the lifetime of a building. It could enable the construction of more energy-efficient and longer-lasting buildings with lower emissions, which could ultimately also have an impact on concrete and cement consumption.

Digitalisation can also increase efficiency and productivity – for example through data analysis in real time from networked systems, predictive maintenance, or better management of inventories and production processes.

Insufficient progress in digitalisation could result in a loss of efficiency and competitiveness.

We classify digital change as a general risk with a possible impact on the entire Group and gradual onset. We anticipate a higher risk compared with the previous year.

Demographic development
While the population is increasing in emerging and developing countries, it is ageing and shrinking in western countries. In these countries, this trend can result in a lack of qualified workers, lower productivity, and higher personnel expenses, ultimately leading to an increase in costs.

In the construction industry, this development could lead to a shift away from personnel-intensive construction on site towards industrial production of prefabricated components and modular construction systems.

Demographic development can therefore become an industry- and company-specific risk in countries with mature markets, which has a gradual onset. We anticipate a higher risk compared with the previous year.

HeidelbergCement mitigates this risk by developing and implementing personnel development programmes to attract and retain employees (for example, through cross-departmental or transnational career paths). The company is also exploring the possibilities of increased automation.

Other specific risks for the building materials sector

Import risks
Clinker and cement are not transported overland for long distances on account of their heavy weight in relation to the sales price. Internationally, they are traded by sea. If the difference in the price level between two countries, with connection to the sea trade, becomes too high, there is a risk of increased imports.

This risk could arise in the European countries that are subject to the emissions trading system if there are no comparable costs for CO_2 emissions in the export countries. A political debate is currently taking place on the introduction of CO_2 compensatory mechanisms to ensure equal conditions for domestic production and imports.

Risks from acquisitions, partnerships, and investments
HeidelbergCement expands its capacities through acquisitions, partnerships, and investments in order to improve its market positions and strengthen its vertical integration.

Possible risks in the case of acquisitions can arise from the integration of employees, processes, technologies, and products. These also include cultural and language barriers as well as an increased level of personnel turnover, which leads to an outflow of knowledge. We counteract these risks by targeted personnel development and an integrative corporate culture, including the creation of local management structures.

Investments can affect the net debt-to-equity ratio and financing structure. Unforeseen negative business trends can also lead to financial charges from impairments of goodwill.

The success of acquisitions, partnerships, and investments can be hindered by political restrictions. HeidelbergCement therefore evaluates the political risk and stability of the region when making investments. In order to minimise

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financial burdens and risks and better exploit opportunities, HeidelbergCement can also cooperate with suitable partners, particularly in politically unstable regions.

Investment projects can span several years from the planning phase to completion. In this process, there are particular risks when it comes to obtaining the necessary permission for extracting raw materials, developing infrastructure – including connecting to energy and road networks – and concerning the requirements for subsequent use plans for quarrying sites.

Operational risks

Operational risks particularly include risks related to the cost development and availability of energy and raw materials. We also take into account regulatory risks associated with environmental constraints, as well as production, quality, and IT risks. Operational risks have remained stable compared with the previous year.

Volatility of energy and raw material prices

For an energy-intensive company such as HeidelbergCement, price trends in raw materials and energy markets represent a risk. There is a risk that the costs for individual energy sources and raw materials will increase and thus total costs will be higher in the future than planned. We consider this risk as a medium risk with a possible likelihood and a moderate impact.

We minimise the price risks for energy and raw materials by bundling and structuring procurement processes across the Group and securing mining concessions over the long term. We also make increased use of alternative fuels and raw materials in order to minimise price risks, while reducing CO_2 emissions.

With the help of our various Group-wide programmes for increasing efficiency and continuous improvement, we are decreasing and optimising our consumption of electricity, fuels, and raw materials, which reduces our energy costs in a targeted way.

In the process of setting prices for our products, we aim to pass on increases in the costs of energy and raw materials to our customers. As most of our products are standardised bulk goods whose price is essentially determined by supply and demand, there is a risk that price increases cannot be passed on or will cause a decline in sales volumes, particularly in markets with excess capacities.

Availability of raw materials and additives

HeidelbergCement requires a considerable amount of raw materials for cement and aggregates production, which should be ensured mainly by own deposits. There is potential for certain risks in particular locations with regard to obtaining mining concessions. Necessary permissions may be refused in the short term or disputes may arise regarding mining fees.

Availability and prices of cementitious materials used in cement manufacturing, such as ground granulated blast furnace slag, which is a by-product of steel manufacturing, are subject to economic fluctuations and therefore entail a cost risk. As global demand for these cementitious materials is increasing, this could lead to shortages.

Ecological factors and environmental regulations for access to raw material deposits also create a degree of uncertainty. In some regions of the world, for example in West Africa south of the Sahara, raw materials for cement production are so scarce that cement or clinker needs to be imported by sea. Rising transportation costs and capacity constraints in the port facilities can lead to an increase in product costs.

In 2016, HeidelbergCement adopted the definitions of reserves and resources as set out in the Pan-European Standard for Reporting of Exploration Results, Mineral Resources, and Reserves (PERC Reporting Standard).

The implementation of this reporting standard at HeidelbergCement improves management knowledge and decision-making through a harmonised definition of raw material reserves and resources across the Group and a broader consideration of development constraints that influence the availability of raw materials. Following this, a Group policy on reserve and resource management, combined with rigorous local processes, should reduce the risk associated with the availability of raw materials. We also aim to mitigate possible supply shortages and price fluctuations in the future by securing long-term supply agreements and developing other sources of supply.

From an operational point of view, we classify the risk of lack of availability of raw materials and additives overall as a low and unlikely risk with a low impact.

Production-related risks

The cement industry is a facility-intensive industry with complex technology for storing and processing raw materials, additives, and fuels. Because of accident and operating risks, personal injury and material or environmental damage may occur and operations may be interrupted.

HeidelbergCement's risk transfer strategy sets deductibles for the main insurance programmes that have been adjusted to the size of the Group and are based on many years of failure analyses. Nevertheless, there is still a risk that the insured amounts in the event of damage will be insufficient, particularly in the case of very uncommon and serious types of damage, such as natural disasters. We consider this to be a low risk.

In order to avoid the potential occurrence of damage and the resulting consequences, we rely on various surveillance and security systems in our plants as well as integrated management systems, including high safety standards, and regular checks, maintenance, and servicing. To identify the threat of potential dangers, we provide all employees with appropriate training to raise their risk awareness.

As demand for building materials is heavily dependent on weather conditions, there is also a risk that capacity utilisation may fluctuate and production downtimes may occur. We minimise this risk by establishing locations in different regions, demand-oriented production control, and flexible working time models. In addition, we make use of production downtimes, where possible, to carry out any necessary maintenance work.

Overall, we consider the production-related risks as a low and unlikely risk with a moderate impact.

Quality risks

Building materials are subject to a strict standardisation. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging our customer relationships. HeidelbergCement ensures compliance with the standards at the Group's own laboratories by means of fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place.

Overall, we consider the quality risks as a low and unlikely risk with a low impact.

Regulatory risks

Changes to the regulatory environment can affect the business activities of HeidelbergCement. This concerns mainly legal regulations for environmental protection. Tighter environmental regulations could lead to increasing costs, higher demand for investments, or even the closure of production sites.

Around 40 % of HeidelbergCement's worldwide clinker production is affected by financial CO_2 regulations such as emissions trading systems and CO_2 taxes.

Since 2005, the EU Emissions Trading System (EU ETS) has been the primary political instrument, acting as a cap-and-trade system for monitoring and reducing greenhouse gas emissions in European industry with ambitious targets for climate protection. Besides the energy sector and refineries, this also affects all energy-intensive industries, which generate around 45 % of all European emissions.

The cement industry, like other CO_2-intensive industries featured on the carbon leakage list, has not been affected by the requirement since 2013 to purchase all emission rights by auction. It receives a portion of the emission rights free of charge on the basis of ambitious product-specific benchmarks, but their quantity has been reduced significantly until 2020 compared with 2005. Consequently, the prices for emission certificates have increased more than sixfold from 2017 to 2020. It should be assumed that a corresponding price increase will continue in the fourth phase of the EU Emissions Trading System from 2021, as the EU's ambitious climate targets (Green Deal) are expected to lead to a tightening of the reduction target in the EU ETS, which will be reflected in increased demand for CO_2 certificates on the market.

HeidelbergCement is also affected by CO_2 regulations in North America. While the EU ETS assesses emissions from clinker production, the emissions trading systems in North America are based on cement production. The US state of California has had a cap-and-trade programme for emission rights since 2012. Our subsidiary Lehigh Hanson has not taken part in the auctions until now because the state of California allocated sufficient emission rights free of charge to the cement industry. On the basis of current production planning, Lehigh Hanson will continue to monitor the cap-and-trade programme closely to assess possible future requirements. In Canada, a nationwide commitment to financial CO_2 regulations has been in place since the adoption of the Greenhouse Gas Pollution Pricing Act in 2018. Lehigh Hanson is affected by emissions trading schemes in Alberta, Ontario, and Quebec, and by CO_2 taxes in British Columbia. Lehigh Hanson has drawn up action plans as part of the Group-wide CO_2 roadmap in order to maintain the CO_2 output below the declining upper limit for free emission rights. This will be achieved, for example, by improving kiln efficiency, using biomass as an alternative fuel, and reducing the clinker ratio.

HeidelbergCement is currently affected by a cap-and-trade pilot project in the Chinese province of Guangdong. In 2020, a new national emissions trading system was introduced in China, which will be extended to cover the entire cement industry, as well as other energy-intensive industries such as steel production, at a later date. The full extent of the impact on our cement plants in this country cannot be conclusively assessed at this point; however, it can be assumed that the Chinese emissions trading system will also assess cement production.

Other Group countries such as Indonesia, Thailand, and Turkey announced in 2020 that they will also introduce CO_2 regulations in the future to reduce national emissions and achieve the Paris climate targets.

For HeidelbergCement locations that are subject to CO_2 regulations and easily accessible for imports, rising production costs could lead to the risk of a competitive disadvantage resulting from cement imports from countries without CO_2 regulations.

The implementation of the European Industrial Emissions Directive 2010/75 into national law in 2013 led to more stringent environmental requirements for the European cement industry. In Germany, in particular, the limits for dust and ammonia emissions from 2016 and for nitrogen oxide emissions from 2019 were significantly tightened, considerably exceeding EU requirements. To comply with these stricter environmental regulations, substantial investments have been and are still being made in facilities to reduce emissions. Measures concerning climate protection and emission control are outlined in the Environmental responsibility chapter on ↗ **page 52 f.** and the Research and technology section on ↗ **page 23 f.**

We classify the regulatory risks related to CO_2 and other emissions as a high and probable risk with a significant impact.

IT risks
IT systems support our global business processes, communication, sales, logistics, and production. Risks could primarily arise from the unavailability of IT systems and the loss or manipulation of information. To minimise these risks, our Group uses back-up procedures as well as standardised IT infrastructures and processes. In addition, the critical IT systems in Europe, Asia, and North America are housed in computer centers operated by HeidelbergCement. In North America and Asia-Pacific, infrastructure as a service offerings on the cloud are also used for disasters and emergencies. In the course of 2021, HeidelbergCement will also introduce the use of these services in Europe.

A central operations team keeps all business IT systems up to date and protects them using security mechanisms. As part of the HProduce digitalisation initiative, IT standards for applications and infrastructure for the cement plants are being developed, rolled out worldwide, and handed over to the central operations team.

Internet security is an integral part of the Group-wide IT security strategy. We prepare, implement, and revise measures to protect data, systems, and networks. The IT security process is structured and divided into guidelines, standards, and recommendations, which help raise our employees' awareness. Through continuous security checks based on a structured risk assessment, we ensure that there is no increased risk to our systems and networks. We also take measures to counteract the ageing process of equipment and systems technology.

The increasing convergence of information technology and operational technology not only opens up opportunities, but also the risk of security breaches due to the integration of areas that were previously kept separate. We are addressing this challenge through measures carried out jointly by IT and the operational departments. In the case of existing applications, we are particularly concerned with business-critical resources (e.g. ERP and logistics applications, network infrastructure), which are consolidated and updated. We consider the risk of system or application outages as a low risk with moderate impact and unlikely likelihood.

Legal and compliance risks

Our principal legal and compliance risks include risks from ongoing proceedings and investigations, as well as risks arising from changes in the regulatory environment and the non-observance of compliance requirements. The ongoing proceedings are being monitored from a legal perspective. In addition, financial provision has been made in accordance with the legislative requirements for possible disadvantages arising from these proceedings.

The legal risks have risen moderately in comparison with the previous year.

Hanson asbestos-related claims and environmental damage
Some of our Hanson participations in the USA are exposed to particular legal risks and disputes relating to former activities. The most significant of these are asbestos-related claims, which, amongst other things, allege bodily injury and involve several American subsidiaries. Products containing asbestos were manufactured before these companies belonged to the Hanson Group and to HeidelbergCement. In the USA, these damage claims are being handled and intensively managed by a team of in-house lawyers in collaboration with insurers and external consultants. The dispute is likely to continue for a few more years because of the complexity of the cases and the peculiarities of the American legal system. Adequate provisions have been formed on the basis of an extrapolation of the claims and reliable estimates of the development of costs over the next 15 years. The damage claims are mostly covered by liability insurances. Therefore, provisions in the Group balance sheet are offset by corresponding claims against insurers.

Furthermore, there is a considerable number of environmental and product liability claims against former and existing Hanson participations in the USA, which relate back to business activities discontinued a long time ago. There is partly insufficient insurance cover for lawsuits and liability loss claims relating to toxic substances such as coal by-products, wood preservatives, or soil contamination. Our subsidiaries may also be charged further fines set by the court in addition to the clean-up costs and the compensation; there is, however, a possibility to settle authorised claims for compensation outside of court. Overall, we consider the risks related to environmental damages in North America as a medium risk.

Cartel proceedings
Over the past few years and again in 2020, HeidelbergCement has gained experience from a series of cartel proceedings. These include the now completed investigative proceedings against Italcementi S.p.A. for antitrust violations from the period before HeidelbergCement took over control, in which currently a number of private claims for damages are being pursued. These experiences motivate us to continuously review and develop intensive internal precautions, particularly regular training initiatives – using electronic training programmes, among others – in order to avoid cartel law violations. At present, we consider the risks from cartel proceedings as a low risk.

Privatisation and compensation disputes in Egypt
Claims for compensation amounting to US$17 million (plus default interest claims exceeding this amount many times over) from unfulfilled commission claims have been brought against our Egyptian subsidiary Helwan Cement Company S.A.E. (Helwan) before courts in Egypt and California. Helwan is defending itself against these claims. The alleged claims for compensation are said to arise from an exclusive distribution agreement regarding cement exports with The Globe Corporation, California, and its legal successor Tahaya Misr Investment Inc. The claim has been conclusively dismissed in California. In addition, Tahaya Misr Investment Inc. filed a claim with the Egyptian courts against Suez Cement Company S.A.E. (Suez Cement), the majority shareholder of Helwan, for the same content in 2018. For the legal proceedings in Egypt, we anticipate the same positive outcome for Helwan and Suez Cement as in California.

There are currently suspended lawsuits involving Helwan and our Egyptian subsidiary Tourah Portland Cement Company with regard to the effectiveness of their past privatisations, which took place prior to the acquisition of these companies by the Italcementi Group. The plaintiffs' entitlement to these claims is currently being verified as part of a constitutional court review of a law that allows such claims to be made only by persons directly involved in the privatisation, which does not include the plaintiffs.

We assign a low risk to each of these cases and in total a medium risk.

Sustainability and compliance risks
As part of its sustainable corporate governance, HeidelbergCement makes a special commitment to protect the environment and climate, preserve resources, conserve biodiversity, and act in a socially responsible way. Compliance with applicable law and Group regulations is a part of our corporate culture and therefore a task and an obligation for every employee. Violations of our self-commitments or of laws and Group guidelines pose direct sanction risks in addition to strategic and operational risks, and also entail a risk to our reputation.

We have implemented a compliance programme across the Group to ensure conduct that is compliant both with the law and with Group guidelines.

Our compliance programme comprises, amongst other things, compliance letters, a compliance hotline, and employee training measures, which cover, for example, the risk areas of cartel and competition law as well as anti-corruption regulations. Violations of applicable laws and internal guidelines will be sanctioned. In addition, corresponding corrective and preventive measures will be taken to help prevent similar incidents from arising in the future.

Moreover, we have implemented a Group-wide system for the evaluation and reduction of corruption risks and potential conflicts of interest. A comparable system to assess human rights risks has also been implemented within the Group. To ensure that we comply with the relevant sanctions regulations in the countries in which we are active, in particular those of the European Union and the USA, we carry out systematic verification procedures against international sanctions lists.

The results of our compliance risk assessments show a rather moderate compliance risk for HeidelbergCement, and the confirmed compliance incidents recorded in the reporting year indicate a low financial risk from compliance violations for the Group.

See ↗ **page 52 f.** for more information on environmental responsibility, and ↗ **page 57 f.** for more on compliance.

Climate risks

According to the definition issued by the Task Force on Climate-related Financial Disclosures (TCFD), climate risks include physical risks and transition risks, which we present below.

Physical risks

Physical climate risks are divided into acute and chronic risks. The potential impact of climate change depends heavily on global developments such as demographic change, economic growth, and efforts to rapidly reduce the CO_2 concentration in the atmosphere. In its analysis of these physical climate risks, HeidelbergCement has therefore considered both the current risk potentials and, for the period to 2050, the recognised Representative Concentration Pathways (RCP) scenarios 2.6 (optimistic), RCP 4.5 (stabilisation), and RCP 8.5 (pessimistic) of the Intergovernmental Panel on Climate Change (IPCC).

The effects of climate change are already being felt in our business lines. As a result of extreme weather scenarios (e.g. floods, low water), there may be interruptions in the supply to our customers as well as adverse effects on the supply of upstream products to our operating units. In recent years, this has happened both in Central Europe and in Africa, with clearly visible effects on the earnings before interest and taxes (EBIT) of the affected operating units.

Another example of an industry-specific risk is the dependence of construction activities on weather conditions. Harsh winters with extremely low temperatures or high precipitation throughout the year could have a negative effect on construction activity, with direct consequences for our revenue and operating performance.

According to our analysis this year, the main climate risk at present is heat. Other significant risks for us are meteorological developments that can lead to high precipitation and the flooding of rivers. Weather conditions that can cause fires to spread quickly and widely also pose a danger. A geographical divide is evident here, with countries in drier climates more exposed to heat- and drought-related climate risks. HeidelbergCement counters these risks, for example, by choosing water-saving production techniques or making additional investments in drainage systems.

Looking at the time frame to 2050, the risk severity increases with the projected absolute greenhouse gas concentration in the atmosphere of the scenarios examined. Here, too, we see that heat poses a threat to our production sites, especially in the southern hemisphere. In addition, we see significant exposure to precipitation. In terms of acute risk, river flooding is a major concern for our business. We are closely monitoring these long-term effects and are stepping up measures to mitigate risks and adapt to climate change.

Transition risks

We have identified the following risks as the most important for HeidelbergCement during the global structural transition to a low-carbon economy. These risks correspond to the breakdown proposed by the TCFD.

Policy and legal risks

In the medium to long term, we see the main risk as being additional climate-related regulations or changes to the design (especially prices) of existing regulatory systems. Cap-and-trade systems carry the risk of high operating costs for the purchase of emission certificates if there are no rules ensuring a level playing field for all market participants in an industrial sector. This leads to a clear competitive disadvantage compared with manufacturers from non-regulated countries or from other competing building materials sectors. In 2020, almost 40 % of our activities were in countries with a cap-and-trade system with limited financial impact due to partial offsetting. For the EU area, the situation is expected to change after the adoption of the EU ETS regulation for the fourth phase from 2021. Increasing costs connected with the purchase of emission certificates are anticipated for HeidelbergCement, and the risk of increasing carbon leakage will disadvantage our industrial sector in the EU. To counter these threats, companies and industry associations are in intensive discussions with the European Commission to establish a compensation mechanism for cement and clinker imports to ensure a level playing field.

In recent years there has also been a push to regulate other emissions such as SO_x, NO_x, and particulate matter. The European Union requires these emissions to be within or below the limits achieved by the best available technology. As countries outside the EU also require their emissions to be within the limits set by the EU, we need to adapt our production facilities worldwide.

In general, as a multinational cement manufacturer, HeidelbergCement can supply all key markets with products at competitive conditions.

Technology risks

One of the main technological risks is the substitution of existing products with lower-emission ones that will be developed in the future. This relates in particular to new alternative binder concepts, which in turn could trigger a shift in customer preferences (see below Market and reputational risks). We are actively involved in the research and development of potential new product solutions in this area.

Another technology risk in the transition to a low-carbon economy is investing in technologies that do not succeed in the market. This risk exists particularly with new processes such as carbon capture and storage (CCS), which may not prove as efficient in the future, while investment decisions are already required today. Some of the most important carbon capture technologies envisaged for the future, such as LEILAC or oxyfuel technology, are described in the Research and technology chapter on ↗ **page 23 f.**

HeidelbergCement is pursuing a gradual investment approach based on research cooperation with other partners and, wherever possible, also supported by public funding, in order to gain experience with all major carbon capture technologies. On the one hand, this minimises the risk of failed/uneconomic investments and, on the other hand, ensures that HeidelbergCement gains experience with all important technologies that could be successful in the market in the future. Technology risks also include the costs required to introduce the new technology. Current estimates have wide ranges and depend on several factors, such as economies of scale, which influence the final, currently unknown costs of each technology.

Market and reputational risks
One of the main market risks results from a possible change in consumer preferences that may occur during the transition to a low-carbon economy. Such a change could lead to increased substitution of concrete by other building materials perceived as having a lower carbon footprint, such as wood or steel.

Another market risk arises from rising commodity costs, which could be caused at least in part by the transition to a low-carbon economy. We are seeing an increase in electricity costs, while at the same time the demand for renewable energy is rising. As alternative fuels and raw materials are becoming increasingly difficult to procure, owing to rising demand on the one hand and declining availability on the other, we expect a cost increase closely linked to rising CO_2 costs. We are working to secure the necessary quantities of alternative fuels and raw materials for our future production, while also exploring opportunities for a long-term supply of renewable energy generated on site at our plants or from Power Purchase Agreements (PPAs) with strategic partners.

Overall, we classify climate risks as a general risk with a possible gradual impact on the entire Group. In our opinion, the risk outlook has remained stable compared with the previous year.

Opportunity areas

Business opportunities are recognised at Group level and at operational level in the individual countries and taken into account as part of the strategy and planning processes. In the opportunities outlined below, we refer to possible future developments or events that can lead to a positive deviation from our forecast. Usually, we do not assess opportunities as their probability of occurrence is difficult to estimate.

Financial opportunities
Exchange rate and interest risks described under financial risks are also offset by opportunities that can turn the identified factors of influence to our advantage. Fluctuations in the exchange rates of foreign currencies against the euro present both risks and opportunities. On the one hand, for example, depreciation of the US dollar against the euro leads to a decrease in revenue and result from current operations; on the other hand, the US dollar-based proportion of purchasing costs measured in euro also decreases. This primarily affects raw materials, which are traded in US dollar on the global market. We see opportunities for the development of results if the euro exchange rate against the other currencies weakens for the remainder of 2021.

Strategic opportunities
In the medium and long term, we particularly see opportunities for an increase in demand for building materials in residential, commercial, and public construction as a result of rising population numbers, growing prosperity, and the ongoing trend of urbanisation, especially in the growth markets of emerging countries.

Increasing demand for low-carbon and carbon-neutral products can benefit the companies that adapt best to these new customer demands. In addition, rising costs for CO_2 emissions, such as in the European countries, will lead to further rationalisation measures with regard to existing capacities, with the oldest and least efficient plants being shut down. This could bring about a reduction in excess capacities.

We see further opportunities through innovations and the development of new products or product applications for the construction in the future.

In addition, increasing digitalisation will improve efficiency within the Group and thus open up new opportunities to better compete in the area of customer relations and production costs.

Operational opportunities
Risks from the increase in prices for energy, raw materials, and additives are offset by opportunities that can turn the identified factors of influence to our advantage. Overall, the development of the energy price could be more advantageous if the supply of coal, shale gas, and oil exceeds demand.

The consistent and ongoing implementation of measures to increase efficiency, reduce costs, and improve margins in production, logistics, and distribution is an integral part of our business strategy. The opportunity exists for all projects to produce higher than anticipated results and margin improvements that exceed previous expectations.

Assessment of the overall risk and opportunity situation by Group management

The assessment of the Group's overall risk situation is the result of a consolidated examination of all major compound and individual risks. Compared with the previous year, the risks have remained roughly stable overall.

Overall, the Managing Board is not aware of any risks that could threaten the existence of the Group either independently or in combination with other risks. There has been no notable change in the Group's risk situation between the reporting date of 31 December 2020 and the preparation of the 2020 consolidated financial statements.

The company has a solid financial base, and its liquidity situation is comfortable.

HeidelbergCement is aware that the opportunities and risks for its business activity as presented in this chapter are based on current assessments that may prove incorrect in the future. The measures described above play a significant role in allowing HeidelbergCement to make use of the opportunities to further develop the Group without losing sight of the risks.

With its integrated product portfolio, its positions in growth markets, and its cost structure, HeidelbergCement considers itself well-equipped to overcome any risks that may materialise and benefit from opportunities presented.

3 Corporate Governance

Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

Corporate Governance statement[1)]

Declaration of compliance pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG)

On 12 February 2021, the Managing Board and on 22 February 2021, the Supervisory Board resolved to submit the following declaration of compliance pursuant to section 161(1) of the AktG:

1. Since making its last declaration of compliance dated February 2020, HeidelbergCement AG has complied with all recommendations of the German Corporate Governance Code in the version of 7 February 2017 published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger).

2. HeidelbergCement AG complies with all recommendations of the German Corporate Governance Code in the version of 16 December 2019 ("Code") published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette, which entered into force upon publication in the Federal Gazette on 20 March 2020, with the following exceptions:

– The recommendation in B.3 is not complied with. According to this recommendation, the first-time appointment of members of the Managing Board shall be for a period of not more than three years. The initial appointments of the members of the Managing Board Ernest Jelito and Chris Ward in September 2018 and February 2019 were for more than three years.

– The recommendation in C.4 is not complied with. According to this recommendation, a member of the Supervisory Board who is not a member of any Managing Board of a listed company shall not accept more than five Supervisory Board mandates at non-Group listed companies or comparable functions, with an appointment as chair of the Supervisory Board being counted twice. The member of the Supervisory Board Fritz-Jürgen Heckmann exceeds this number. However, this has at no time impaired the fulfilment of his duties as a member of the Supervisory Board of HeidelbergCement AG.

– The recommendation in G.1 is not fully complied with. According to this recommendation, the remuneration system for the Managing Board shall define, inter alia, when and in what form Managing Board members have access to variable remuneration components, which they have been granted. The current Managing Board remuneration system of HeidelbergCement AG does not explicitly regulate this.

– The recommendation in G.10 is not fully complied with. According to this recommendation, Managing Board members' variable remuneration shall be granted predominantly as share-based remuneration; furthermore, granted long-term variable remuneration components shall be accessible to Managing Board members only after a period of four years. The Managing Board remuneration system of HeidelbergCement AG provides that only the capital market component of the long-term variable remuneration is share-based. The management component of the long-term variable remuneration is already paid out after three years.

– The recommendation in G.13 is not fully complied with. According to this recommendation, the severance payments shall be taken into account in the calculation of any compensation payments if post-contractual non-compete clauses apply. This is not the case at HeidelbergCement AG.

Information on Corporate Governance practices

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

The shareholders make decisions at the Annual General Meeting, which is held at least once a year. In particular, the Annual General Meeting passes resolutions on the profit distribution, approval of the actions of the members of the Supervisory Board and Managing Board, the conclusion of inter-company agreements, and changes to the Articles of Association, and elects the shareholder representatives to the Supervisory Board as well as the auditor. Shareholders are entitled to file motions and have a comprehensive right to speak and ask questions at the Annual General Meeting.

In accordance with the AktG, the company is managed via a two-tier system: The Managing Board is responsible for independently managing the Group and is monitored and advised by the Supervisory Board. The Supervisory Board appoints the members of the Managing Board for a maximum period of five years, extends their appointment if necessary, and can remove them from office at any time for good cause.

Corporate Governance practices that extend beyond the legal requirements
A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules have been expressed in legal regulations or not. In particular, the Code of Business Conduct calls for:
– integrity and professional behaviour towards customers, suppliers, authorities, and business partners,
– consistent avoidance of conflicts of interest,
– careful and responsible handling of the Group's property and assets,

1) Pursuant to sections 289f and 315d of the German Commercial Code (HGB)

- careful and responsible handling of company and business secrets as well as personal data,
- fair, non-discriminatory employment conditions and fair dialogue with the employee representatives,
- the provision of healthy and safe jobs, and
- considerate handling of natural resources.

Working methods of Managing Board and Supervisory Board, and composition and working methods of their committees

As a German stock corporation, HeidelbergCement is required by law to have a two-tier board system. The Managing Board is responsible for independently managing the Group; its members are jointly accountable for the management of the Group; the Chairman of the Managing Board coordinates the work of the members of the Managing Board. The Supervisory Board appoints, monitors, and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group; the Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

The Code of Business Conduct, which is published on our website 💻 **www.heidelbergcement.com under Company/ Corporate Governance/Declaration of Corporate Governance**, is part of the comprehensive compliance programme and its observance is monitored by control mechanisms included in the programme.

Management by the Managing Board

In managing the Group, the Managing Board is obliged to act in the Group's best interests. It takes into account the interests of shareholders, its employees, and other stakeholders with the aim of creating sustainable added value. The Managing Board develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. It makes sure that all provisions of law and the Group's internal guidelines are adhered to and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group.

The Managing Board Rules of Procedure issued by the Managing and Supervisory Boards govern, in connection with the schedule of responsibilities approved by the Supervisory Board, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs his management department independently, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting documents. The results of the meetings are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees.

Composition of the Managing Board

At present, there are seven members on the Managing Board of HeidelbergCement AG: the Chairman of the Managing Board, the Chief Financial Officer, and five members of the Managing Board each in charge of the business in one Group area. Further information on the composition of the Managing Board and on the areas of responsibility and mandates of the individual members can be found in the chapter Supervisory Board and Managing Board on ↗ **page 100 f.** Some personal details can be found in the Managing Board chapter on ↗ **page 14 f.**

Target figures for the proportion of women; diversity concept for the composition of the Managing Board

The law requires HeidelbergCement AG to define target figures for the proportion of women in the Managing Board and in the two management levels below the Managing Board.

On 18 March 2020, after extensive consideration, the Supervisory Board resolved to set the target figure for the proportion of women in the Managing Board of HeidelbergCement AG to at least one woman for the period from 1 July 2020 to 30 June 2025. In order to achieve this goal, the Supervisory Board will further intensify its efforts to identify suitable women within the company who fulfil the requirements for filling a position on the Managing Board of our company. Independently of this, the Supervisory Board continues to strive to take diversity into account when making personnel decisions.

The requirements for filling a Managing Board position include, among others, long-time international experience in a leading position at HeidelbergCement in the operational area at plant or country level or in the finance sector. With the targeted use of programmes for the advancement of future executives, HeidelbergCement is working at creating a pool of qualified female candidates. Subject to the achievement of the above-mentioned target figure, the Supervisory Board makes no distinction on the basis of gender, origin, or any other characteristics when filling Managing Board positions. It makes its decisions regarding appointments to leadership positions within the company solely on the basis of objective criteria such as professional qualifications (international leadership experience, industry knowledge) and the personal suitability of the relevant person for the actual task. In particular, the Supervisory Board strives to achieve a Managing Board composition that is internationally balanced and complementary. The diversity concept mentioned above is taken into account in the composition of the Managing Board.

When filling management positions within the Group, the Managing Board also considers diversity, and in doing so, strives to give due consideration to women. The Managing Board therefore resolved to achieve a target figure of 15 % by 30 June 2022 for the proportion of women in leadership positions at the first two levels below the Managing Board at HeidelbergCement AG. As at 31 December 2020, the proportion of women at the first and the second level was

16.0 % each. This means that the Managing Board's target has been achieved ahead of schedule. For further information, refer to the chapter Employees and society on ↗ **page 48 f.**

The standard retirement age for members of the Managing Board is 65 years.

Long-term successor planning for the Managing Board
With the support of the Managing Board, the Supervisory Board ensures a long-term successor planning for the Managing Board. In addition to the requirements of the German Stock Corporation Act and the Code, the target set by the Supervisory Board for the proportion of women in the Managing Board and the criteria in accordance with the diversity concept adopted by the Supervisory Board for the composition of the Managing Board are taken into account. This allows candidates to be identified for the Managing Board at an early stage and prepared for their tasks in a targeted way. Structured discussions are held with these candidates, involving the Supervisory Board's Personnel Committee and, if necessary, supported by external advisors. A recommendation for resolution is then presented to the Supervisory Board.

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

The Managing Board informs the Supervisory Board regularly, in a timely manner, and comprehensively, of all issues of importance to the Group with regard to strategy, planning, business development, risk situation, risk management, and compliance. The Managing Board explains deviations of the actual business development from previously formulated plans and goals, indicating the reasons for this. The Supervisory Board has specified the information and reporting duties of the Managing Board in the Managing Board Rules of Procedure. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements, and the auditors' report, are sent to the members of the Supervisory Board in due time before the meeting. The cooperation between the Managing Board and the Supervisory Board is shaped by mutual trust and a culture of open debate while fully protecting confidentiality.

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

Working methods of the Supervisory Board
The Supervisory Board advises and supervises the Managing Board in the management of the Group. The Managing Board involves the Supervisory Board in all decisions of fundamental importance to the Group.

The rules of procedure issued by the Supervisory Board for the Managing Board and the Supervisory Board govern the organisation and work of the Supervisory Board, in particular the required majority for resolutions, the legal transactions and measures requiring their consent, the standard retirement age for Managing and Supervisory Board members, the regular limit of length of membership of the Supervisory Board, and the tasks of established committees.

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

Composition of the Supervisory Board
At present, the Supervisory Board of HeidelbergCement AG consists of twelve members. Information on the composition of the Supervisory Board can be found in the chapter Supervisory Board and Managing Board on ↗ **page 100 f.**

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

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

The Audit Committee is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements, as well as the assessment of the non-financial statement. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance programme, the audit, and the quality of the audit. When dealing with the audit, it is responsible in particular for the preparation of the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, as part of the selection and proposal procedure provided by law if applicable, for issuing the audit assignment, establishing points of focus for the audit, verifying additional services provided by the auditor in accordance with the guideline adopted by the Audit Committee on 8 November 2016, concluding the fee agreement with the auditor, verifying the auditor's independence including obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. Furthermore, the Audit Committee discusses the half-yearly report and quarterly statements with the Managing Board before they are published.

The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control processes. In addition to the Chairman, the Audit Committee includes at least one independent member with expertise in either accounting or auditing. The Audit Committee comprises Mr Luka Mucic (Chairman), Mr Ludwig Merckle (Deputy Chairman), Ms Barbara Breuninger, Messrs Fritz-Jürgen Heckmann, Peter Riedel, Heinz Schmitt, and Werner Schraeder, as well as Ms Margret Suckale.

The Nomination Committee is responsible for putting suitable candidates forward to the Supervisory Board for its proposals for election to be made to the Annual General Meeting. It comprises Mr Ludwig Merckle (Chairman), Ms Margret Suckale, and Ms Prof. Dr. Marion Weissenberger-Eibl as shareholder representatives.

The Arbitration Committee, formed pursuant to sections 27(3) and 31(3) of the German Codetermination Law (Mitbestimmungsgesetz), is responsible for making a proposal to the Supervisory Board for the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved. It comprises Ms Prof. Dr. Marion Weissenberger-Eibl (Chairman), Mr Fritz-Jürgen Heckmann, Mr Heinz Schmitt, and Ms Dr. Ines Ploss.

Target figures for the proportion of women in the Supervisory Board

By law, at least 30 % of the members of the Supervisory Board of HeidelbergCement AG must be men and at least 30 % women. The current composition of the Supervisory Board of HeidelbergCement AG fulfils these requirements.

Competence profile, diversity concept, and targets for the composition of the Supervisory Board

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

Competence profile

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

- competence in industry, leadership, and committees (in particular, familiarity with the building materials industry or closely related industries, leadership activities within companies, membership and leadership of boards/committees),
- personnel competence (in particular, putting together managing bodies, processes for identifying candidates for suitable positions, contractual arrangements with managers),
- regulatory competence (in particular, in the areas of compliance structures and concepts, legal frameworks, corporate governance), and
- accounting competence (in particular, financial reporting and auditing).

Diversity concept

In the Supervisory Board, the competences listed above should be represented as broadly and in as balanced a way as possible. In addition, the in-depth competences in individual fields held by the individual members of the Supervisory Board should ideally be complemented by the members' personal, national, and/or international backgrounds. It is also important to consider the combination of competences from a diversity perspective, as well as the availability of the Supervisory Board members. The composition of the Supervisory Board shall be an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials manufacturer. At least 30% of the Supervisory Board's members are women and at least 30% men.

Independence

It is the goal of the Supervisory Board that it includes at least four shareholder representatives who are independent within the meaning of recommendation C.6 of the Code.

Age limit and length of membership

The standard retirement age for members of the Supervisory Board is 75 years; this age also marks the end of the regular limit of length of membership of the Supervisory Board.

Status of implementation

The Supervisory Board considers that its constitution corresponds to its specified goals and the competence profile. In addition, the Supervisory Board ascertained with respect to its composition and the composition of its Audit Committee that all of its members are familiar with the sector in which the company operates.

According to the Supervisory Board's own assessment, the objectives of the diversity concept have been fulfilled. The composition of the Supervisory Board is an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials manufacturer. At present, there are five women in the Supervisory Board, of whom two represent the shareholders and three represent the employees. The proportion of women in the Supervisory Board is thus around 42%. The minimum proportion of at least 30% each of women and men in the Supervisory Board, as specified in section 96(2) of the AktG, has therefore been fulfilled.

According to the Supervisory Board's assessment, all its current shareholder representatives are independent in the sense of the Code. In its assessment, the Supervisory Board took into account the fact that Mr Luka Mucic, as a member of the Executive Board of SAP SE, holds a position of responsibility at an external company with which HeidelbergCement AG has a business relationship. However, as the business success of HeidelbergCement AG is not significantly influenced by its business relationship with SAP SE and no other dependency on SAP SE exists, the Supervisory Board considers Mr Mucic to be independent. The Supervisory Board also took into account the fact that Messrs Fritz-Jürgen Heckmann, Ludwig Merckle, and Tobias Merckle have each been members of the Supervisory Board for more than 12 years. In the opinion of the Supervisory Board, this length of membership does not lead to a concern of a conflict of interest for any of the three members, as their work in the past years has shown that this length of membership does not give cause for this. The standard retirement age and the regular limit of length of membership of the Supervisory Board have been taken into account.

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

Every two years, the Supervisory Board carries out the regular self-assessment of the effectiveness of the work of the Supervisory Board and its committees, as required by the Code. The last such self-assessment took place in November 2019. The self-assessment was performed by means of a detailed questionnaire, which the members of the Supervisory Board completed anonymously, and a subsequent discussion within the Supervisory Board.

Shareholdings of members of the Managing Board and Supervisory Board

The direct or indirect ownership of shares or share-based financial instruments, especially derivatives, by members of the Managing Board has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares.

According to the notifications available to the company, Supervisory Board member Ludwig Merckle holds via Spohn Cement Beteiligungen GmbH, a company under his control, 27.71 % of the issued shares. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares, according to the available reports.

Relationships with shareholders

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting.

The ordinary Annual General Meeting is normally held in the first five months of the financial year. In 2020, however, the ordinary Annual General Meeting had to be postponed because of the restrictions imposed by the coronavirus pandemic and was not held in virtual form until June. All important documents for exercising shareholder rights as well as the resolution issues and documentation are duly and easily available on our website for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, including by way of proxy or postal vote. A company proxy bound by instructions is also available to shareholders to exercise their voting rights at the Annual General Meeting. After the end of the Annual General Meeting, the attendance and voting results for the individual agenda items will be published on our website.

As part of our investor relations work, we inform shareholders and other investors comprehensively and regularly on a quarterly basis about the business development as well as the financial and earnings situation, but also through notifications pursuant to the German Securities Trading Act, analyst presentations, press releases, and the annual financial calendar. Details on our investor relations work can be found on ↗ **page 17.**

Remuneration report

The remuneration report contains two parts. The first part presents the Managing Board remuneration system and the remuneration of members of the Managing Board for the 2020 financial year, both according to the applicable accounting standards and according to the German Corporate Governance Code valid in the version of 7 February 2017 and in parts already valid in the version of 16 December 2019, as well as the German Act Implementing the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II) of 12 December 2019. The second part shows the remuneration for the Supervisory Board paid for the 2020 financial year.

Current Managing Board remuneration system 2020

The current Managing Board remuneration system has been applied to all newly and reappointed members of the Managing Board since financial year 2019. It constitutes a further development to the system that was in force from 2014. The main differences concern the following points:

1. Introduction of a clause for the reduction, withdrawal, and clawback of variable remuneration in case of breaches of essential duties of diligence (clawback/malus clause).
2. Reduction of discretionary adjustment of the annual and long-term bonus by the Supervisory Board.
3. Increase in individual investment (share ownership) of the members of the Managing Board.
4. Introduction of a defined contribution pension promise.

The current Managing Board remuneration system was approved by the Annual General Meeting on 9 May 2019 with a majority of 93.4 % of the votes cast, pursuant to section 120(4) of the AktG (in the version applicable at that time).

Principles

The following principles apply to Managing Board remuneration:

1. Remuneration and performance are closely linked: The variable performance-related remuneration component should account for a major share of total remuneration.
2. Variable remuneration focuses on sustainable performance and relates to the interests of the shareholders: The majority of variable remuneration should be linked to the long-term development of the company and paid out after an appropriate period of several years. The absolute development of HeidelbergCement's share price and the direct comparison with relevant benchmark indices should play a major role in this context. The long-term nature of the variable remuneration components is further supported by the fact that even the termination of a Managing Board contract has no influence on the target setting, valuation, and maturity.
3. Key performance indicators are in accordance with the Group strategy: The key performance indicators used to determine variable remuneration should be in line with HeidelbergCement's business strategy.

The system and amount of the Managing Board remuneration are determined by the Supervisory Board following a recommendation by the Personnel Committee. The external adequacy check is based on the size and international activity of the Group, its economic and financial situation, and its future prospects. In addition, the target and maximum remuneration of the members of the Managing Board are oriented towards the companies in the German DAX index as an external peer group as well as the tasks and performance of the relevant member of the Managing Board and of the entire Managing Board.

The internal comparison takes into account the remuneration of the top and senior management (upper management) and the total workforce of HeidelbergCement AG, both overall and in terms of development over time from 2016 to 2020. The following overview shows the development of the target cash compensation in the internal comparison. The target entitlements in the employment contracts were taken as a basis in accordance with the German Corporate Governance Code in relation to the fixed remuneration and the annual bonus and – provided that the corresponding employee groups are eligible – also to the long-term bonus.

In 2020, the ratio of the average Managing Board remuneration (including the Chairman of the Managing Board) to the average remuneration of the top and senior management was 1:12 (previous year: 1:13), and the ratio to the total workforce of HeidelbergCement AG was 1:45 (previous year: 1:46).

The remuneration is calculated in such a way that it is competitive on the market for highly qualified senior managers

Development of the average target remuneration[1] of the Managing Board and total workforce of HeidelbergCement AG

€ '000s rounded off	2016	Change	2017	Change	2018	Change	2019	Change	2020
Managing Board[2]	**2,558.7**	5.7 %	**2,705.5**	12.2 %	**3,036.0**	-5.6 %	**2,866.8**	0.1 %	**2,868.7**
Top and senior management[3]	**186.7**	5.8 %	**197.6**	5.2 %	**207.7**	4.6 %	**217.2**	5.9 %	**230.0**
Total workforce of HeidelbergCement AG[4]	**58.2**	3.6 %	**60.2**	1.9 %	**61.4**	2.0 %	**62.6**	1.2 %	**63.4**

1) Fixed annual salary (incl. 13th monthly salary, vacation pay), annual bonus (target: 100 %) and long-term bonus (target; 100 %) extrapolated to full-time employment

2) The increase of 12.2 % in the average target remuneration of the Managing Board from 2017 to 2018 is mainly due to contractually agreed salary adjustments of several Managing Board members. The decrease of 5.6 % from 2018 to 2019 results from the change of Managing Board members.

3) Top and senior management of HeidelbergCement AG, excluding Managing Board

4) Including top and senior management, excluding Managing Board; the 1.2 % increase from 2019 to 2020 is due to a disproportionately high number of new hires.

and provides an incentive for successful work in a business culture with a clear focus on performance and results.

Remuneration elements
The remuneration system applicable since 1 January 2014 and further developed in 2019 comprises:

1. a fixed annual salary,
2. a variable annual bonus,
3. a variable long-term bonus with long-term incentive,
4. fringe benefits, as well as
5. pension promises.

The graph below shows the individual components of the target remuneration and the main parameters.

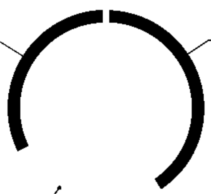
1. Fixed annual salary
The fixed annual salary is a set cash payment relating to the financial year, which is based on each Managing Board member's area of responsibility and is paid on a monthly basis over the year. It amounts to around 29 % of the target remuneration for the Chairman of the Managing Board and 33 % for members of the Managing Board, when 100 % of the target is met.

2. Annual bonus
The annual bonus is a variable remuneration element, which relates to the financial year and is 100 % of the fixed annual salary for the Chairman of the Managing Board and 80 % for members of the Managing Board, when 100 % of the target is met. It amounts to around 29 % of the target remuneration for the Chairman of the Managing Board and 26 % for members of the Managing Board. The Group share of profit, adjusted for one-off items, is used as the key performance indicator. In addition, individual targets will be agreed with the Chairman of the Managing Board and the Managing Board members. Through the introduction of a clawback clause in all Managing Board agreements since 2019, reduction, withdrawal, and clawback of the annual bonus are possible in case of breaches of essential duties of diligence. The annual bonus is paid out in cash after the Annual General Meeting in the following year. The table on ↗ **page 88** gives an overview of the main characteristics of the annual bonus.

At the start of the financial year, the Supervisory Board ensures that the performance targets are demanding and ambitious, and it determines the degree of target achievement after the end of the financial year.

- Target value (value when 100 % of the target is met)
  100 % of the fixed annual salary for the Chairman of the Managing Board, 80 % of the fixed annual salary for the Managing Board members
- Key performance indicators and weighting (value when 100 % of the target is met)
  2/3 Group share of profit
  1/3 individual targets
- Target achievement range
  0-200 % (The maximum value of the annual bonus is limited to 200 % of the fixed annual salary for the Chairman of the Managing Board and 160 % for the Managing Board members. Total loss of the entire annual bonus is possible. The determination of the range refers to each individual key performance indicator.)

Components of the target remuneration



Fixed annual salary

Relation
– Chairman of the Managing Board: 29%
– Members of the Managing Board: 33%

Fringe benefits (based on their benefit in kind) and **pension expenses** are shown separately.

Annual bonus (cash plan)

Relation at 100% target achievement
– Charirman of the Managing Board: 29% (100% of fixed annual salary)
– Members of the Managing Board: 26% (80% of fixed annual salary)

Key performance indicators
– 2/3 Group share of profit
– 1/3 individual targets (company, resort, sustainability targets, personal targets)

Target achievement
– 0–200% per key performance indicators

Long-term bonus (cash plan with PSUs[1])

Relation at 100% target achievement
– Chairman of the Managing Board: 42% (150% of fixed annual salary)
– Members of the Managing Board: 41% (125% of fixed annual salary)

Key performance indicators
– 1/2 Management component
  50% Earnings before interest and taxes (EBIT)
  50% Return on invested capital (ROIC)
– 1/2 Capital market component
  Total Shareholder Return vs DAX and MSCI[2]

Target achievement
– 0–200%

Fixed annual salary   Annual bonus   Long-term bonus

1) PSU = Performance Share Unit | 2) MSCI World Construction Materials Index

The following table shows a sample calculation for the determination of the annual bonus of the Chairman of the Managing Board with a fixed annual salary of €1,450,000.

Sample calculation annual bonus of the Chairman of the Managing Board[1]

Target	€1,450,000 (100 % of fixed annual salary of €1,450,000)	
Performance period	1 year	
Key performance indicators	2/3 Group share of profit (€966,667) 1/3 individual targets (€483,333)	
Range	0-200 %	
Target achievement (example)	Group share of profit 140 % (€1,353,334) individual targets 100 % (€483,333)	
Example result	Group share of profit + individual targets	€1,353,334 € 483,333
	= Cash payout	€1,836,667

1) The degrees of target achievement are fictitious and serve only as illustration.

3. Long-term bonus

The long-term bonus is a variable remuneration element based on the long term, which is to be granted in annual tranches starting in 2011. It amounts to 150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % for members of the Managing Board, when 100 % of the target is met. The long-term bonus amounts to approximately 42 % of the target remuneration for the Chairman of the Managing Board and 41 % for members of the Managing Board. Through the introduction of a clawback clause in all Managing Board agreements since 2019, reduction, withdrawal, and clawback of the long-term bonus are possible in case of breaches of essential duties of diligence. The main characteristics of the long-term bonus are shown in the table below.

The long-term bonus comprises two equally weighted components. The first component (management component with a term of three years) considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash payment. The bonus will be paid after the Annual General Meeting in the year following the three-year performance period. The second component (capital market component with a term of four years) considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in the capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

At the start of every tranche, the Supervisory Board determines the performance targets for the two key performance indicators of the management component. After expiry of the respective performance period, the Supervisory Board will ascertain the extent to which the target has been reached for the management component; for the capital market component it will be ascertained by way of calculation.

The target for the management component is based on the Group's relevant three-year operational plan. The share-based capital market component is measured over a four-year period, on the basis of section 193(2)(4) of the AktG.

For the capital market component, the number of performance share units (PSUs) initially granted is ascertained in the first instance: the number of PSUs is calculated from 50 % of the target value of the long-term bonus divided by the reference

Main characteristics of the annual and long-term bonus

Key performance indicators	Performance period and performance evaluation	Target achievement	Maximum value (% of the individual target value)	Allocated amount
Variable remuneration – annual bonus Chairman of the Managing Board: 29 %; Members of the Managing Board: 26 %				
2/3 Group share of profit and 1/3 Individual targets	Annual basis	0-200 %	225 % (200 % plus ± 25 % discretionary adjustment)	Depending on target achievement
Variable remuneration – long-term bonus Chairman of the Managing Board: 42 %; Members of the Managing Board: 41 %				
1/2 Management component:				
– Earnings before interest and taxes – EBIT (50 %)	Average of 3-year performance period	0-200 %	225 % (200 % plus ± 25 % discretionary adjustment)	Depending on target achievement
– Return on invested capital – ROIC (50 %)	End of 3-year performance period	0-200 %		
1/2 Capital market component: total shareholder return (TSR) of HC share	Development of TSR based on a four-year reference period before beginning of the plan (1 January) vs the next four years from the beginning of the plan	0-200 %	425 % (400 % plus ± 25 % discretionary adjustment) The capital market component is limited to the amount that the entire plan does not exceed 200 % of the target amount (plus ± 25 % discretionary adjustment of the target value)	Depending on: – Development of TSR of HC share vs DAX/MSCI – Absolute development of HC share price

price[3] of the HeidelbergCement share as at the date of grant. After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the achievement of the target and paid in cash at the reference price of the HeidelbergCement share valid at that time – adjusted for the reinvested dividend payments and for changes in the capital.

- Target value (value when 100 % of the target is met)
  150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % of the fixed annual salary for the Managing Board members (of which 50 % is the management component and 50 % is the capital market component).

- Key performance indicators and weighting (value when 100 % of the target is met)
  Management component (three-year performance period): 1/2 average of EBITs attained during the performance period and 1/2 target ROIC at the end of the performance period.
  Capital market component (four-year performance period): 1/2 peer TSR – calculation of TSR compared with DAX Index and 1/2 peer TSR – calculation of TSR compared with MSCI World Construction Materials Index.

- Target achievement range
  Management component: target achievement ranges from 0-200 %, i.e. the maximum value of the management component of the long-term bonus is limited to 150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % for the Managing Board members and total loss of the management component is possible. The range applies separately for each key performance indicator EBIT and ROIC.
  Capital market component: target achievement ranges from 0-200 %, i.e. depending on the target achievement, the number of virtual shares (PSUs) can at most double or reduce to zero (total loss).

- Cap of performance of the HeidelbergCement share before payout
  Maximum of 2.5 times the reference price, which was determined at the start of the performance period.

- Payment under the respective long-term bonus plan is limited to twice the target value, where the amount of the capital market component can offset the management component.

The following table shows a sample calculation for the determination of the long-term bonus of the Chairman of the Managing Board with a fixed annual salary of €1,450,000.

Sample calculation long-term bonus of the Chairman of the Managing Board [1]

Target	€2,175,000 (150 % of fixed annual salary of €1,450,000)	
Basis	Management component: 50 % of €2,175,000 = €1,087,500 Capital market component: 50 % (€1,087,500) will be converted into virtual shares; Ø share price of the last 3 months before the beginning of the plan: €65.84 €1,087,500 / €65.84 = 16,517 virtual shares	
Performance period	3 years (from 2020 to 2022) for the management component and 4 years (from 2020 to 2023) for the capital market component	
Key performance indicators	Management component: €1,087,500 1/2 EBIT (€543,750) 1/2 ROIC (€543,750)	Capital market component: €1,087,500 (16,517 virtual shares) Peer TSR: 1/2 DAX Index (8,259 virtual shares) 1/2 MSCI World Construction Materials Index (8,259 virtual shares)
Range	0-200 %	
Target achievement (example)	EBIT 130% (€706,875) ROIC 120% (€652,500)	Relative TSR: DAX Index 100% (8,259 virtual shares) MSCI World Construction Materials Index 140% (11,563 virtual shares)
Example result	Management component: €706,875 + €652,500 = €1,359,375 Capital market component: 8,259 + 11,563 = 19,822 virtual shares (Ø share price over the last 3 months before the end of the 4th year e.g.: €80; Maximum value is 250 % x €65.84 = €164.60) = 19,822 virtual shares x €80 = €1,585,760 Management component €1,359,375 + capital market component €1,585,760 = €2,945,135 [2]	

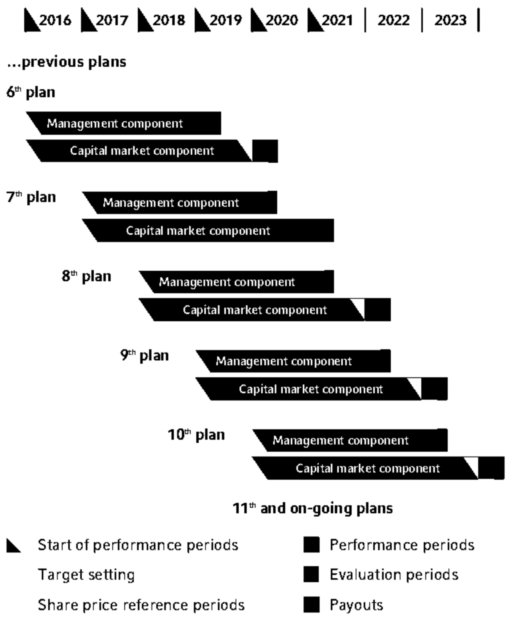
1) The degrees of target achievement and share prices are fictitious and serve only as illustration.
2) The arithmetical payment amount is less than twice the target value (€4,350,000) and therefore a payment without cap is possible.

3) The reference price is respectively the average of the daily closing prices of the HeidelbergCement share on the Frankfurt Stock Exchange Xetra trading system for three months retrospectively from the start/expiration of the performance period.

Payment system for the long-term bonus

The long-term bonus plan 2020 - 2022/23, which was granted in 2020, provides for cash payment of both the management component after the Annual General Meeting 2023, i.e. in the year following the three-year performance period, and the capital market component after the Annual General Meeting 2024, i.e. in the year following the four-year performance period.

Payment system for the long-term bonus



4. Fringe benefits

The taxable fringe benefits of the members of the Managing Board consist especially of the provision of company cars, mobile phone, and communication resources, the reimbursement of expenses, as well as insurance benefits, exchange rate hedging agreed on an individual basis[1], and assignment-related benefits, such as coverage of costs for flights home.

5. Pension promises

The retirement agreements of the members of the Managing Board appointed prior to 2016 contain the promise of an annual retirement pension, in the form of either an absolute amount or a percentage of the pensionable income. The maximum percentage rate is 4 % for each year of service started and may not exceed 60 % of the pensionable income. For retirement agreements since 2016, the maximum percentage rate is also 4 % for each year of service started; however, the maximum amount is 40 % of the pensionable income. The pensionable income is equivalent to a contractually agreed percentage of the fixed annual salary of the Managing Board member. When the Managing Board member's agreement is terminated and they start receiving the pension benefit, they receive a transitional allowance for six months, equal to the monthly instalments of the fixed annual salary.

In 2019, a defined contribution pension promise was introduced for the newly and reappointed members of the Managing Board. The design and expected pension benefits are based on the customary characteristics of such schemes, and existing contractual obligations are taken into account. When Dr. Dominik von Achten was reappointed in 2020, he received a value-based benefit commitment for the defined benefit obligations he had already earned, in addition to the defined contribution pension promise.

The pension is paid monthly either:

- after leaving the company upon reaching retirement age (pension benefit paid on individual basis between the 62nd and 63rd year of age), or
- in the case of early termination of the agreement for reasons not attributable to the Managing Board member, provided the member has reached 60 years of age at the time the agreement is terminated, or
- due to permanent invalidity as a result of illness.

The retirement agreements include a survivor pension benefit. If a member of the Managing Board dies during the term of his employment contract, or after effectuating the pension benefit, the member's widow and dependent children receive a widow's/orphan's pension. In the case of defined benefit pension promises, the widow's pension is 60 % and the orphan's pension 10 % of the deceased's pension benefit as long as a widow's pension is being paid at the same time. If a widow's pension is not being paid at the same time, the orphan's pension is 20 % of the deceased's pension benefit. In the case of defined contribution pension promises, the entitlement to the pension credit shall pass to the widow and surviving children.

In the case of contract extensions, the existing defined benefit pension promises are continued with the value of the pension benefit at the changeover date. If the Supervisory Board agrees additional retirement benefit commitments, these are covered by the defined contribution pension promise. The Supervisory Board reserves the right to decide on an adjustment of the retirement benefit, also in the existing system, in the case of contract extensions close to retirement.

Adjustment of remuneration

The Supervisory Board has the option of discretionary adjustment (administrative discretion) of the annual and the long-term bonus in order to account for the personal performance of the individual members of the Managing Board and/or for exceptional circumstances. In the case of new appointments or reappointments as of 2019, the discretionary adjustment amounts to ± 15 % of the target value of these variable remuneration elements; for existing contracts ± 25 %.

1) The amounts of the exchange rate hedging agreed on individual basis is not shown as fringe benefit but included in the total amounts of the respective remuneration elements.

Supervisory Board criteria for application of the discretionary adjustment:

- Extraordinary individual management performance: this includes outstanding sustainable personal performance in the business line for which a Managing Board member is responsible, as well as their contribution to the overall success of the company, taking into account specific market circumstances, such as unexpected short-term business developments.
- Extraordinary collective management performance: this includes outstanding economic development of the company – including in direct comparison with competitors – as well as continuous and sustainable development of the company (strategy, customers, products, processes, as well as environmental and employee aspects).

The current economic situation of the company and its short- and long-term prospects form the basic conditions for a potential discretionary adjustment.

Maximum remuneration

The maximum remuneration (excluding fringe benefits and annual pension expenses) results from the fixed annual salary plus the sum of the individual variable remuneration components (annual bonus and long-term bonus), which are limited to twice the target value plus discretionary adjustments. The maximum remuneration corresponds to up to 184 % of the target remuneration (if 100 % of the target is met). For the current Chairman of the Managing Board, the maximum remuneration is limited to 158 % by individual contractual regulations.

Pursuant to section 87(2) of the AktG, the Supervisory Board's right and obligation to reduce the Managing Board remuneration to an appropriate amount remains unaffected, if the position of the Group worsens after the fixing to such an extent that it would be unfair for the Group if remuneration of the Managing Board continued to be granted unchanged.

Individual investment (share ownership)

To support the sustainable development of the Group, the Supervisory Board has decided upon a set of guidelines for the shareholdings of members of the Managing Board. Members of the Managing Board are obliged to invest part of their personal wealth to purchase a fixed number of HeidelbergCement shares and to hold these shares for the term of their membership on the Managing Board. In 2019, for new appointments and reappointments, the number of shares to be held by the Chairman of the Managing Board was set at 30,000 HeidelbergCement shares, at 20,000 HeidelbergCement shares for the Deputy Chairman of the Managing Board, and at 15,000 HeidelbergCement shares for the other members of the Managing Board. Under still existing contracts, ordinary members of the Managing Board are obliged to hold 10,000 HeidelbergCement shares. In order to comply with the guidelines, half of the amount paid for the long-term bonus, which was earned for Managing Board activities, is to be used to buy shares of the company until the full individual investment is generated. The accumulation of the individual investment can therefore take several years. HeidelbergCement shares that are already held by Managing Board members are taken into account in the individual investment. The Supervisory Board has received confirmation that the individual investment has already been made or accumulated in accordance with the contract.

D&O liability insurance

The members of the Managing Board are covered in the Group's existing D&O liability insurance. The agreed deductible corresponds to the minimum deductible pursuant to section 93(2) sentence 3 of the AktG in the respective version.

Commitments in the event of early termination of Managing Board service

The following guidelines on the redundancy pay cap and change of control clause are part of all Managing Board agreements.

Redundancy pay cap

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured that payments to a member of the Managing Board – in the event of the early termination of a Managing Board membership without serious cause – do not exceed the value of two annual remunerations (including fringe benefits) and do not amount to more than the remaining term of the agreement. The redundancy pay cap is calculated based on the amount of the total remuneration for the past financial year and, if necessary, also on the amount of the anticipated total remuneration for the current financial year.

Change of control clause

The current Managing Board agreements were drawn up before the publication of the new version of the German Corporate Governance Code of 16 December 2019 and are based on the version of 7 February 2017, according to which it must be ensured – in the event of the early termination of a Managing Board membership – that benefits promised as a result of a change of control do not exceed 150 % of the redundancy pay cap.

Managing Board remuneration in 2020

The disclosure of the Managing Board remuneration from a Group perspective for the 2020 financial year is governed by two different bodies of rules and regulations: firstly, by the applicable German Accounting Standards (DRS 17), and secondly, by recommendations from the German Corporate Governance Code in the version of 16 December 2019.

Managing Board remuneration 2020 according to DRS 17

Amount of fixed and variable remuneration

The fixed remuneration of the Managing Board fell in comparison with the previous year due to the change in the Chairman of the Managing Board to €6.2 million (previous year: 7.1). In 2020, the Managing Board voluntarily waived 20 % of their fixed salary in the months of April to June – a personal contribution to addressing the negative impact of the COVID-19 pandemic expected at that time.

Managing Board remuneration for the 2020 financial year pursuant to section 314(1)(6a) HGB in connection with DRS 17

€ '000s rounded off (previous year in brackets)	Dr. Bernd Scheifele[1]	Dr. Dominik von Achten	Dr. Lorenz Näger	Kevin Gluskie	Hakan Gurdal	Ernest Jelito[2]	Jon Morrish	Dr. Albert Scheuer[3]	Chris Ward[4]	Total
Non-performance related compensation										
Fixed annual salary	135 (1,625)	1,348 (1,100)	1,024 (850)	803 (870)	665 (700)	665 (350)	817 (860)	 (446)	699 (250)	**6,157** **(7,051)**
Fringe benefits	56 (138)	11 (11)	90 (142)	452 (481)	71 (71)	24 (31)	174 (265)	 (19)	59 (123)	**938** **(1,281)**
Cash allowance									371 (126)	**371** **(126)**
Performance related compensation										
Annual bonus	271 (2,757)	2,655 (1,393)	1,646 (1,097)	1,188 (1,118)	1,008 (866)	1,047 (428)	1,287 (1,032)	 (617)	1,022 (280)	**10,125** **(9,589)**
Deduction of fringe benefits from the annual bonus	-50 (-60)	0 ()	-55 (-60)	0 ()	0 ()	0 ()	0 ()	 ()	0 ()	**-105** **(-121)**
Total cash compensation including fringe benefits	412 (4,460)	4,015 (2,504)	2,705 (2,029)	2,444 (2,468)	1,744 (1,637)	1,736 (809)	2,278 (2,157)	 (1,082)	2,152 (780)	**17,485** **(17,927)**
Compensation with long-term incentive										
Management component 2018-2020 (2017-2019)	1,828 (731)	1,031 (434)	797 (315)	790 (293)	654 (244)	0 ()	799 (244)	703 (301)	0 ()	**6,603** **(2,561)**
Capital market component 2020-2023 (2019-2022)	60 (618)	587 (348)	372 (269)	325 (273)	259 (222)	259 (194)	319 (272)	 (158)	278 (193)	**2,460** **(2,548)**
Total compensation	2,301 (5,809)	5,633 (3,287)	3,875 (2,613)	3,559 (3,034)	2,657 (2,103)	1,996 (1,004)	3,396 (2,673)	703 (1,541)	2,429 (973)	**26,548** **(23,036)**

1) Until 31 January 2020 | 2) Since 1 July 2019 | 3) Until 5 August 2019 | 4) Since 1 September 2019

The sum of variable remuneration changed to €12.6 million (previous year: 12.2). It comprised a one-year bonus in 2020, and the payment of the capital market component of the long-term bonus plan 2017-2019/20. Further and individualised information on the remuneration of the Managing Board members for the financial year 2020 according to DRS 17 is shown in the table above.

Long-term bonus plan 2020-2022/23

The members of the Managing Board are participating in the long-term bonus plan 2020 - 2022/23, granted in 2020. The target values for the plan, rounded to the nearest € '000, for the following Managing Board members are: €1,978,000 for Dr. Dominik von Achten, €1,256,000 for Dr. Lorenz Näger, €1,096,000 for Kevin Gluskie, €875,000 for Hakan Gurdal, €875,000 for Ernest Jelito, €1,075,000 for Jon Morrish, and €936,000 for Chris Ward. For the retired Chairman of the Managing Board, Dr. Bernd Scheifele, the target value was reduced as per the agreement and amounts to €203,000. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component, rounded to the nearest € '000, for the following Managing Board members amounts to: €102,000 for Dr. Bernd Scheifele, €548,000 for Kevin Gluskie, €438,000 for Hakan Gurdal, €438,000 for Ernest Jelito, €538,000 for Jon Morrish, and €468,000 for Chris Ward. A target value of €988,000 for the management component and €990,000 for the capital market component resulted from the proportional calculation for Dr. Dominik von Achten and of €627,000 for the management component and €628,000 for the capital market component for Dr. Lorenz Näger.

The reference price for the capital market component amounts to €65.84. This equates to the following performance share units (PSUs) for: Dr. Bernd Scheifele 1,543 PSUs, Dr. Dominik von Achten 15,041 PSUs, Dr. Lorenz Näger 9,540 PSUs,

Long-term bonus plan	2020–2022/23	Management component	Capital market component		
€ '000s rounded off	Target value	Target value	Target value	Number of PSUs	Fair value at grant date
Dr. Bernd Scheifele[1]	**203**	102	102	1,543	60
Dr. Dominik von Achten[2]	**1,978**	988	990	15,041	587
Dr. Lorenz Näger[2]	**1,256**	627	628	9,540	372
Kevin Gluskie	**1,096**	548	548	8,321	325
Hakan Gurdal	**875**	438	438	6,645	259
Ernest Jelito	**875**	438	438	6,645	259
Jon Morrish	**1,075**	538	538	8,164	319
Chris Ward	**936**	468	468	7,111	278
Total	**8,294**	4,146	4,149	63,010	2,460

1) Calculation basis: pro-rata calculation to the month; reduction to 1/12 of the target value due to retirement on 31 January 2020
2) Calculation basis: pro-rata calculation to the day from 1 February 2020 for Dr. Dominik von Achten and Dr. Lorenz Näger over the term of 3 and 4 years respectively

Kevin Gluskie 8,321 PSUs, Hakan Gurdal 6,645 PSUs, Ernest Jelito 6,645 PSUs, Jon Morrish 8,164 PSUs, and Chris Ward 7,111 PSUs. Pursuant to section 314(1)(6a) sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market component. For Dr. Bernd Scheifele this amounts to €60,000, for Dr. Dominik von Achten to €587,000, for Dr. Lorenz Näger to €372,000, for Kevin Gluskie to €325,000, for Hakan Gurdal to €259,000, for Ernest Jelito to €259,000, for Jon Morrish to €319,000, and for Chris Ward to €278,000. The fair value was determined in accordance with a recognised actuarial method (Monte Carlo simulation). The table on ↗ **page 92** shows the long-term bonus plan 2020-2022/23.

Amount of fringe benefits (rounded to € '000s)
The taxable fringe benefits amounted to €0.9 million (previous year: 1.3). For posts and offices held with Group companies, Dr. Bernd Scheifele received a pro rata amount of €50,000 (previous year: 60,000) and Dr. Lorenz Näger €55,000 (previous year: 60,000). These amounts are to be offset fully against total remuneration. Furthermore, Dr. Bernd Scheifele and Dr. Lorenz Näger received compensation of €8,000 (Dr. Bernd Scheifele pro rata for 2020: €4,000; Dr. Lorenz Näger pro rata for 2020: €4,000) for expenses relating to their service on supervisory boards within the HeidelbergCement Group. Fringe benefits also amount to €2,000 (previous year: 27,000) for Dr. Bernd Scheifele, €11,000 (previous year: 11,000) for Dr. Dominik von Achten, €32,000 (previous year: 32,000) for Dr. Lorenz Näger, €452,000 (previous year: 481,000) for Kevin Gluskie, €71,000 (previous year: 71,000) for Hakan Gurdal, €24,000 (previous year: 31,000) for Ernest Jelito, €174,000 (previous year: 265,000) for Jon Morrish, and €59,000 (previous year: 123,000) for Chris Ward.

Amount of total remuneration 2020 according to DRS 17
When applying Accounting Standard DRS 17, the total remuneration of the Managing Board amounted to €26.5 million (previous year: 23.0) in 2020.

Pension promises
In 2020, allocations to provisions for pensions (service cost) for members of the Managing Board amounted to €3.8 million (previous year: 4.6). The present values of the defined benefit obligation amounted to €36.8 million (previous year: 63.4). The figures according to the International Financial Reporting Standards (IFRS) are shown in the following table. Chris Ward was granted a cash allowance in the context of the defined contribution pension promise which is shown as part of the non-performance related remuneration. Pension payments to former members of the Managing Board and their surviving dependants amounted to €3.7 million (previous year: 3.1) in 2020. Provisions for pension obligations to former members of the Managing Board amounted to €69.3 million (previous year: 35.1).

Loans to members of the Managing Board
No loans were granted to members of the Managing Board of HeidelbergCement AG in 2020.

Managing Board remuneration 2020 according to the German Corporate Governance Code

As the new version of the German Corporate Governance Code dated 16 December 2019 does not include reference tables for the granted benefits and the allocations, this information for the 2020 reporting year is displayed in the form of the proposed reference tables of the German Corporate Governance Code in the version dated 7 February 2017.

Granted benefits
When compared with DRS 17, the granted benefits presented in the table on ↗ **page 94 f.** depict the target value of the annual bonus as well as the target value of the management component and the fair value of the capital market component for the long-term bonus plan 2020-2022/23, as shown on ↗ **page 92.** In addition, the minimum and maximum values that can be achieved are also stated. Furthermore, the pension expenses are taken into account in the total remuneration as shown in the table below in the form of service cost.

The total Managing Board remuneration granted according to the German Corporate Governance Code amounted to €23.3 million (previous year: 26.5) for the 2020 financial year.

Allocations
For the members of the Managing Board, the allocations to be disclosed for the 2020 financial year are shown in the table on ↗ **page 94 f.**

Pension promises	Service cost		Defined benefit obligation	
€ '000s rounded off	2019	2020	2019	2020
Dr. Bernd Scheifele[1]	1,514	-	26,533	-
Dr. Dominik von Achten	568	**676**	8,872	**13,612**
Dr. Lorenz Näger	576	**608**	10,749	**11,464**
Kevin Gluskie	686	**840**	3,504	**4,411**
Hakan Gurdal	533	**648**	2,708	**3,477**
Ernest Jelito[2]	0	**449**	230	**704**
Jon Morrish	483	**612**	2,558	**3,145**
Dr. Albert Scheuer[3]	242	-	8,286	-
Total	4,602	**3,833**	63,440	**36,813**

1) Until 31 January 2020 | 2) Since 1 July 2019 | 3) Until 5 August 2019

Granted benefits according to GCGC[1]	Dr. Bernd Scheifele Chairman of the Managing Board (until 31 January 2020)				Dr. Dominik von Achten Chairman of the Managing Board (since 1 February 2020)			
€ '000s rounded off	2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020
Non-performance related compensation								
Fixed annual salary	1,625	**135**	**135**	**135**	1,100	**1,348**	**1,348**	**1,348**
Fringe benefits	138	**56**	**56**	**56**	11	**11**	**11**	**11**
Contribution to private pension (cash allowance)								
Total	1,763	**191**	**191**	**191**	1,111	**1,359**	**1,359**	**1,359**
Performance related compensation								
Annual bonus[2]	1,625	**135**	**0**	**305**	880	**1,380**	**0**	**2,966**
Deduction of fringe benefits from the annual bonus	-60	**-50**	**0**	**-50**	0	**0**	**0**	**0**
Total one-year variable compensation[3]	1,565	**85**	**0**	**255**	880	**1,380**	**0**	**2,966**
Long-term bonus plan 2019–2021/22								
Management component (2019–2021)	1,219				688			
Capital market component (2019–2022)	618				348			
Long-term bonus plan 2020–2022/23								
Management component (2020–2022)[2]		**102**	**0**	**457**		**988**	**0**	**4,254**
Capital market component (2020–2023)[2]		**60**				**587**		
Total multi-year variable compensation	1,836	**162**	**0**	**457**	1,036	**1,575**	**0**	**4,254**
Total	5,164	**439**	**191**	**903**	3,027	**4,314**	**1,359**	**8,011**
Service cost	1,514	**-**	**-**	**-**	568	**676**	**676**	**676**
Total compensation	6,678	**439**	**191**	**903**	3,595	**4,990**	**2,035**	**8,687**

Allocations according to GCGC[1]	Dr. Bernd Scheifele Chairman of the Managing Board (until 31 January 2020)		Dr. Dominik von Achten Chairman of the Managing Board (since 1 February 2020)	
€ '000s rounded off	2019	2020	2019	2020
Non-performance related compensation				
Fixed annual salary	1,625	**135**	1,100	**1,348**
Fringe benefits	138	**56**	11	**11**
Contribution to private pension (cash allowance)				
Total	1,763	**191**	1,111	**1,359**
Performance related compensation				
Annual bonus	2,757	**271**	1,393	**2,655**
Deduction of fringe benefits from the annual bonus	-60	**-50**	0	**0**
Total one-year variable compensation[3]	2,697	**221**	1,393	**2,655**
Long-term bonus plan 2016–2018/19				
Capital market component (2016–2019)	1,241		672	
Long-term bonus plan 2017–2019/20				
Management component (2017–2019)	731		434	
Capital market component (2017–2020)		**97**		**58**
Long-term bonus plan 2018–2020/21				
Management component (2018–2020)		**1,828**		**1,031**
Long-term bonus plan 2020–2022/23				
Prepayment[4]		**102**		
Total multi-year variable compensation	1,972	**2,027**	1,107	**1,090**
Total	6,433	**2,439**	3,611	**5,104**
Service cost	1,514	**-**	568	**676**
Total compensation	7,947	**2,439**	4,179	**5,780**

1) German Corporate Governance Code dated 7 February 2017
2) The maximum amount includes the Supervisory Board's option of discretionary adjustment of the payout by +25 %/15 % of the target value.
3) One-year variable compensation including the Supervisory Board's discretionary adjustment and the deduction of fringe benefits.
4) Contractually agreed prepayment for the long-term bonus plan 2020-2022/23 in case of retirement during the year.

Dr. Lorenz Näger Deputy Chairman of the Managing Board (since 1 February 2020)				**Kevin Gluskie** Member of the Managing Board				**Hakan Gurdal** Member of the Managing Board			
2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020
850	**1,024**	**1,024**	**1,024**	870	**803**	**803**	**803**	700	**665**	**665**	**665**
142	**90**	**90**	**90**	481	**452**	**452**	**452**	71	**71**	**71**	**71**
992	**1,114**	**1,114**	**1,114**	1,351	**1,255**	**1,255**	**1,255**	771	**736**	**736**	**736**
680	**863**	**0**	**1,762**	696	**676**	**0**	**1,522**	560	**560**	**0**	**1,197**
-60	**-55**	**0**	**-55**	0	**0**	**0**	**0**	0	**0**	**0**	**0**
620	**808**	**0**	**1,707**	696	**676**	**0**	**1,522**	560	**560**	**0**	**1,197**
531				538				438			
269				273				222			
	627	0	2,699		**548**	**0**	**2,465**		**438**	**0**	**1,969**
	372				**325**				**259**		
800	**1,000**	**0**	**2,699**	810	**873**	**0**	**2,465**	659	**697**	**0**	**1,969**
2,412	**2,922**	**1,114**	**5,520**	2,857	**2,805**	**1,255**	**5,243**	1,990	**1,993**	**736**	**3,902**
576	**608**	**608**	**608**	686	**840**	**840**	**840**	533	**648**	**648**	**648**
2,989	**3,530**	**1,722**	**6,128**	3,543	**3,645**	**2,095**	**6,083**	2,523	**2,641**	**1,384**	**4,550**

Dr. Lorenz Näger Deputy Chairman of the Managing Board (since 1 February 2020)		**Kevin Gluskie** Member of the Managing Board		**Hakan Gurdal** Member of the Managing Board	
2019	2020	2019	2020	2019	2020
850	**1,024**	870	**803**	700	**665**
142	**90**	481	**452**	71	**71**
992	**1,114**	1,351	**1,255**	771	**736**
1,097	**1,646**	1,118	**1,188**	866	**1,008**
-60	**-55**	0	**0**	0	**0**
1,037	**1,591**	1,118	**1,188**	866	**1,008**
534		526		405	
315		293		244	
	42		**43**		**32**
	797		**790**		**654**
849	**839**	818	**833**	649	**686**
2,878	**3,544**	3,287	**3,277**	2,286	**2,430**
576	**608**	686	**840**	533	**648**
3,455	**4,152**	3,973	**4,117**	2,819	**3,078**

Granted benefits according to GCGC[1]	Ernest Jelito Member of the Managing Board (since 1 July 2019)				Jon Morrish Member of the Managing Board			
€ '000s rounded off	2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020
Non-performance related compensation								
Fixed annual salary	350	**665**	**665**	**665**	860	**817**	**817**	**817**
Fringe benefits	31	**24**	**24**	**24**	265	**174**	**174**	**174**
Contribution to private pension (cash allowance)								
Total	381	**689**	**689**	**689**	1,125	**991**	**991**	**991**
Performance related compensation								
Annual bonus[2]	280	**560**	**0**	**1,144**	688	**688**	**0**	**1,405**
Deduction of fringe benefits from the annual bonus		**0**	**0**	**0**	0	**0**	**0**	**0**
Total one-year variable compensation[3]	280	**560**	**0**	**1,144**	688	**688**	**0**	**1,405**
Long-term bonus plan 2019–2021/22								
Management component (2019–2021)	365				538			
Capital market component (2019–2022)	194				272			
Long-term bonus plan 2020–2022/23								
Management component (2020–2022)[2]		**438**	**0**	**1,881**		**538**	0	2,311
Capital market component (2020–2023)[2]		**259**				**319**		
Total multi-year variable compensation	560	**697**	**0**	**1,881**	810	**856**	**0**	**2,311**
Total	1,221	**1,946**	**689**	**3,714**	2,623	**2,535**	**991**	**4,707**
Service cost	0	**449**	**449**	**449**	483	**612**	**612**	**612**
Total compensation	1,221	**2,395**	**1,138**	**4,163**	3,106	**3,147**	**1,603**	**5,319**

Allocations according to GCGC[1]	Ernest Jelito Member of the Managing Board (since 1 July 2019)		Jon Morrish Member of the Managing Board	
€ '000s rounded off	2019	2020	2019	2020
Non-performance related compensation				
Fixed annual salary	350	**665**	860	**817**
Fringe benefits	31	**24**	265	**174**
Contribution to private pension (cash allowance)				
Total	381	**689**	1,125	**991**
Performance related compensation				
Annual bonus	428	**1,047**	1,032	**1,287**
Deduction of fringe benefits from the annual bonus		**0**	0	**0**
Total one-year variable compensation[3]	428	**1,047**	1,032	**1,287**
Long-term bonus plan 2016–2018/19				
Capital market component (2016–2019)	0		405	
Long-term bonus plan 2017–2019/20				
Management component (2017–2019)	0		244	
Capital market component (2017–2020)		**0**		**32**
Long-term bonus plan 2018–2020/21				
Management component (2018–2020)		**0**		**799**
Long-term bonus plan 2020–2022/23				
Prepayment[4]				
Total multi-year variable compensation	0	**0**	649	**832**
Total	809	**1,736**	2,806	**3,109**
Service cost	0	**449**	483	**612**
Total compensation	809	**2,185**	3,289	**3,721**

1) German Corporate Governance Code dated 7 February 2017
2) The maximum amount includes the Supervisory Board's option of discretionary adjustment of the payout by +25 %/+15 % of the target value.
3) One-year variable compensation including the Supervisory Board's discretionary adjustment and the deduction of fringe benefits.
4) Contractually agreed prepayment for the long-term bonus plan 2020-2022/23 in case of retirement during the year.

Dr. Albert Scheuer Member of the Managing Board (until 5 August 2019)				Chris Ward Member of the Managing Board (since 1 September 2019)				Total			
2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020	2019	2020	Min. 2020	Max. 2020
446				250	**699**	**699**	**699**	7,051	**6,157**	**6,157**	**6,157**
19				123	**59**	**59**	**59**	1,281	**938**	**938**	**938**
				126	**371**	**371**	**371**	126	**371**	**371**	**371**
465				499	**1,129**	**1,129**	**1,129**	8,458	**7,467**	**7,467**	**7,467**
400				200	**589**	**0**	**1,202**	6,009	**5,451**	**0**	**11,503**
0					**0**	**0**	**0**	-121	**-105**	**0**	**-105**
400				200	**589**	**0**	**1,202**	5,888	**5,347**	**0**	**11,398**
313				356				4,984			
158				193				2,548			
					468	0	2,013		**4,146**	0	18,050
					278				**2,460**		
471				550	**746**	**0**	**2,013**	7,533	**6,605**	**0**	**18,050**
1,336				1,249	**2,464**	**1,129**	**4,345**	21,879	**19,419**	**7,467**	**36,345**
242				0	**0**	**0**	**0**	4,602	**3,833**	**3,833**	**3,833**
1,578				1,249	**2,464**	**1,129**	**4,345**	26,481	**23,252**	**11,300**	**40,178**

Dr. Albert Scheuer Member of the Managing Board (until 5 August 2019)		Chris Ward Member of the Managing Board (since 1 September 2019)		Total	
2019	2020	2019	2020	2019	2020
446	**0**	250	**699**	7,051	**6,157**
19	**0**	123	**59**	1,281	**937**
		126	**371**	126	**371**
465	**0**	499	**1,129**	8,458	**7,466**
617	**0**	280	**1,022**	9,589	**10,125**
0	**0**		**0**	-121	**-105**
617	**0**	280	**1,022**	9,469	**10,020**
483		0		4,266	
301		0		2,561	
	40		**0**		**346**
	703		**0**		**6,603**
313				313	**102**
1,096	**743**	0	**0**	7,140	**7,050**
2,179	**743**	780	**2,152**	25,067	**24,536**
242	**0**	0	**0**	4,602	**3,833**
2,421	**743**	780	**2,152**	29,669	**28,369**

The table shows the allocations for the 2020 financial year regarding the non-performance related remuneration and the one-year variable compensation. Pursuant to the German Corporate Governance Code dated 16 December 2019, allocations for multi-year variable compensation, where the plan term ended in the 2020 financial year, and prepayments for the long-term bonus plan starting in the 2020 financial year for the retired member of the Managing Board are disclosed. The allocations from the capital market component of the long-term bonus plan 2017 - 2019/20, the management component of the long-term bonus plan 2018 - 2020/21, and the prepayment for the long-term bonus plan 2020 - 2022/23 are therefore disclosed.

The accrued total remuneration of the Managing Board according to the German Corporate Governance Code amounted to €28.4 million (previous year: 29.7) for the 2020 financial year.

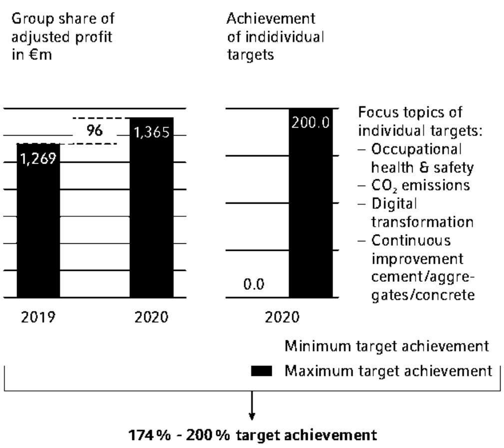
The allocations from the annual bonus increased in 2020 compared with the previous year. The Group share of the adjusted profit for the financial year rose in comparison with the previous year to €1,365 million (previous year: 1,269). See following graph. In order to determine target achievement, the Group share of profit for the financial year is adjusted for one-time business transactions that were not foreseen in the planning and the target for the respective financial year. These adjustments are presented to the auditor and approved by the Supervisory Board.

In 2020, the individual targets of the Managing Board members focused on occupational health & safety, CO_2 emissions, digital transformation, and the continuous improvement of operational performance in the cement, aggregates, and ready-mixed concrete business lines. The individual targets were set by the Supervisory Board, taking into account the relevant area of responsibility, and the achievement of these targets was assessed. The degree of achievement of the individual targets ranges from 0 % to 200 %. The overall target achievement for the annual bonus for the members of the Managing Board varies from 174 % to 200 %[1] compared with 140 % to 170 %[1] in the previous year.

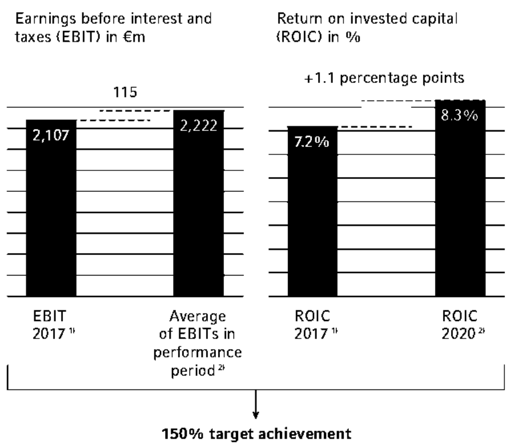
The allocations from the components of the long-term bonus plans increased in 2020 compared with the previous year. The values for EBIT and ROIC were adjusted for one-time business transactions that were not foreseen in the planning and the target for the respective long-term bonus plans. These adjustments are applied throughout the planning period of the remaining term to keep consistency; they are presented to the auditor and approved by the Supervisory Board. The hereby calculated average EBIT of €2,222 million and ROIC of 8.3 % for the target achievement include, among others, adjustments for reorganisations.

Furthermore, the weaker performance of the HeidelbergCement share in comparison with the reference indices DAX and MSCI World Construction Materials Index during the four-year performance period resulted in a target achievement of 12 % for the capital market component. With the decrease in the price of the HeidelbergCement share, adjusted for dividend payments and changes to the capital, in the four-year performance period from €85.89 to €62.01, the calculated target achievement amounts to 9 %. The target achievement for the management component of the long-term bonus plan 2018 - 2020/21 and the capital market component of the long-term bonus plan 2017 - 2019/20 is shown in the following graphs.

Annual bonus 2020



Management component (Long-term bonus plan 2018-2020/21)



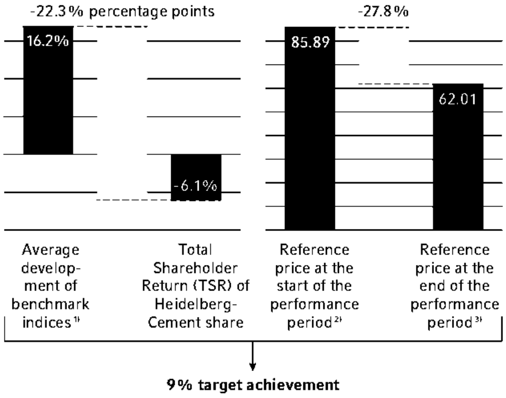
1) Amount as stated in the Annual Report 2017
2) Amounts adjusted among others for reorganisations

1) Without discretionary adjustment by the Supervisory Board.

Capital market component (Long-term bonus plan 2017-2019/20)

Development of benchmark indices and Total Shareholder Return (TSR) of Heidelberg-Cement share 2017-2020 in %

Development of Heidelberg-Cement share price 2017-2020 in €



1) Benchmark indices: DAX and MSCI World Construction Materials Index
2) Reference price is the average of the daily closing prices from 1 October to 31 December 2016.
3) Reference price is the average of the daily closing prices from 1 October to 31 December 2020 amounting to €57.00, adjusted for reinvested dividend payments and changes in the capital.

Continuous development of the Managing Board remuneration system

Sustainable management is an essential part of Heidelberg-Cement and will continue to be a main topic of our corporate strategy in the future. The focus is on climate protection: As an energy-intensive company, we want to make our contribution to the declared goal of the Paris climate agreement to keep the global temperature increase significantly below 2°C. Reducing our carbon footprint and increasing energy efficiency are key tasks for HeidelbergCement's management teams at all levels. For this reason, a CO_2 component will be introduced in the annual bonus from 2021, which links the reduction of CO_2 emissions to the annual bonus.

In order to reflect the balance between economic indicators and sustainability goals, the Group's share of profit for the financial year (adjusted for non-recurrent effects) is multiplied by the factor of target achievement of the CO_2 reduction target. The result makes up 2/3 of the annual bonus if 100 % of the target is met. The individual targets (1/3 of the annual bonus if 100 % of the target is met) and their weighting remain in place. The maximum target achievement of the total annual bonus is 200 % as before plus discretionary adjustment.

Remuneration of the Supervisory Board for 2020

Supervisory Board remuneration is set out in section 12 of the Articles of Association of HeidelbergCement AG. The remuneration consists of fixed amounts and attendance fees. Each member receives a fixed amount of €80,000, with the Chairman receiving two-and-a-half times this amount and the Deputy Chairman one-and-a-half times. The members of the Audit Committee additionally receive fixed remuneration of €25,000 and the members of the Personnel Committee €20,000. The Chairmen of the committees receive twice these respective amounts.

In addition, an attendance fee of €2,000 is paid for each meeting of the Supervisory Board and its committees that is personally attended. Should several such meetings be held on the same or on consecutive days, the attendance fee will be paid only once.

Like the members of the Managing Board and other top managers, the members of the Supervisory Board have voluntarily waived 5 % of their fixed remuneration (corresponding to 20 % of the pro rata fixed remuneration for the months of April, May, and June 2020) because of the effects of the corona pandemic.

Total Supervisory Board remuneration (excluding value added tax) in the 2020 financial year amounted to €1,651,000 (previous year: 1,634,699). The Supervisory Board remuneration for the 2020 financial year is divided as shown in the following table.

Supervisory Board remuneration paid for the 2020 financial year

€	Fixed remuneration[2]	Remuneration for committee membership	Attendance fees	Total
Fritz-Jürgen Heckmann (Chairman)	190,000	45,000	16,000	**251,000**
Heinz Schmitt (Deputy Chairman)	114,000	45,000	16,000	**175,000**
Barbara Breuninger	76,000	25,000	16,000	**117,000**
Birgit Jochens	76,000	20,000	16,000	**112,000**
Ludwig Merckle	76,000	65,000	16,000	**157,000**
Tobias Merckle[1]	76,000		14,000	**90,000**
Luka Mucic	76,000	70,000	14,000	**160,000**
Dr. Ines Ploss	76,000	20,000	16,000	**112,000**
Peter Riedel	76,000	25,000	16,000	**117,000**
Werner Schraeder	76,000	45,000	16,000	**137,000**
Margret Suckale	76,000	45,000	14,000	**135,000**
Prof. Dr. Marion Weissenberger-Eibl[1]	76,000		12,000	**88,000**
Total	1,064,000	405,000	182,000	**1,651,000**

1) No committee activity
2) Voluntary waiver already considered

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Supervisory Board and Managing Board

Supervisory Board

According to the Articles of Association, the Supervisory Board of HeidelbergCement AG consists of twelve members. Half of the members shall be elected by the Annual General Meeting according to the provisions of the German Stock Company Act and half by the employees according to the provisions of the German Codetermination Law. The term of office for the Supervisory Board started with the conclusion of the Annual General Meeting of 9 May 2019 and ends according to schedule with the conclusion of the ordinary Annual General Meeting in 2024.

Fritz-Jürgen Heckmann
Chairman of the Supervisory Board
Stuttgart; Lawyer at the law firm Kees Hehl Heckmann and member of supervisory boards
Member since 8 May 2003, Chairman since 1 February 2005; member of the Personnel, Audit, and Arbitration Committees

External mandates:
HERMA Holding GmbH + Co. KG [2], Filderstadt (Chairman)
Neue Pressegesellschaft mbH & Co. KG [2], Ulm
Paul Hartmann AG [1) 3)], Heidenheim (Chairman)
Süddeutscher Verlag GmbH [2], Munich (Chairman)
Südwestdeutsche Medien Holding GmbH [2], Stuttgart (Chairman)
Wieland-Werke AG [1], Ulm (Chairman)

Heinz Schmitt
Deputy Chairman
Heidelberg; Controller; Chairman of the Council of Employees at the headquarters of HeidelbergCement AG and Chairman of the Group Council of Employees
Member since 6 May 2004, Deputy Chairman since 7 May 2009; member of the Personnel, Audit, and Arbitration Committees

Barbara Breuninger
Frankfurt; Specialist in Strategic Management Personnel Recruiting, Management Programmes and Coaching at IG Bauen-Agrar-Umwelt as well as independent Management Consultant
Member since 5 April 2018 ; member of the Audit Committee

Birgit Jochens
Mainz; Industrial Clerk and State Certified Business Economist; Chairwoman of the Council of Employees at the Mainz plant, HeidelbergCement AG
Member since 9 May 2019; member of the Personnel Committee

Ludwig Merckle
Ulm; Managing Director of Merckle Service GmbH [4]
Member since 2 June 1999; Chairman of the Personnel and Nomination Committees and Deputy Chairman of the Audit Committee

External mandates:
Kässbohrer Geländefahrzeug AG [1) 4)], Laupheim (Chairman)
PHOENIX Pharma SE [1) 4)], Mannheim (Deputy Chairman)
PHOENIX Pharmahandel GmbH & Co KG [2) 4)], Mannheim

Tobias Merckle
Leonberg; Managing Director of Seehaus e.V.
Member since 23 May 2006

Luka Mucic
Walldorf; Chief Financial Officer of SAP SE
Member since 9 May 2019; Chairman of the Audit Committee and member of the Personnel Committee

Dr. Ines Ploss
Heidelberg; Director Group Purchasing of HeidelbergCement AG
Member since 9 May 2019; member of the Personnel and Arbitration Committees

Peter Riedel
Frankfurt; Department Head - building materials industry at the Federal Executive Committee of IG Bauen-Agrar-Umwelt
Member since 9 May 2019; member of the Audit Committee

External mandates:
Zusatzversorgungskasse der Steine- und Erden-Industrie und des Betonsteinhandwerks VVaG – Die Bayerische Pensionskasse (ZVK) [2], Munich

Werner Schraeder
Ennigerloh; Building Fitter; Chairman of the General Council of Employees of HeidelbergCement AG and Chairman of the Council of Employees at the Ennigerloh plant of HeidelbergCement AG
Member since 7 May 2009; member of the Audit and Personnel Committees

External mandates:
Berufsgenossenschaft Rohstoffe und chemische Industrie [2], Heidelberg

Margret Suckale
Hamburg; member of supervisory boards
Member since 25 August 2017; member of the Personnel, Audit and Nomination Committees

External mandates:
Deutsche Telekom AG [1) 3)], Bonn
DWS Group GmbH & Co. KGaA [1) 3)], Frankfurt
Infineon Technologies AG [1) 3)], Neubiberg

4) Non-listed companies controlled by Mr. Ludwig Merckle

Univ.-Prof. Dr. Marion Weissenberger-Eibl
Karlsruhe; Head of the Fraunhofer Institute for Systems and Innovation Research ISI in Karlsruhe and holder of the Chair of Innovation and TechnologyManagement (iTM) at the Karlsruhe Institute of Technology (KIT)
Member since 3 July 2012 ; Chairwoman of the Arbitration Committee and member of the Nomination Committee

External mandates:
MTU Aero Engines AG [1) 3)], Munich
Rheinmetall AG [1) 3)], Düsseldorf

The above mentioned indications refer to 31 December 2020 and have the following meaning:
1) Membership in other legally required supervisory boards of German companies
2) Membership in comparable German and foreign supervisory committees of commercial enterprises
3) Publicly listed company

Supervisory Board Committees

Personnel Committee
Ludwig Merckle (Chairman),
Fritz-Jürgen Heckmann,
Birgit Jochens,
Luka Mucic,
Dr. Ines Ploss,
Heinz Schmitt,
Werner Schraeder,
Margret Suckale

Audit Committee
Luka Mucic (Chairman),
Ludwig Merckle (Deputy Chairman),
Barbara Breuninger,
Fritz-Jürgen Heckmann,
Peter Riedel,
Heinz Schmitt,
Werner Schraeder,
Margret Suckale

Nomination Committee
Ludwig Merckle (Chairman),
Margret Suckale,
Univ.-Prof. Dr. Marion Weissenberger-Eibl

Arbitration Committee, according to section 27 (3) of the German Codetermination Law
Univ.-Prof. Dr. Marion Weissenberger-Eibl (Chairwoman),
Fritz-Jürgen Heckmann,
Dr. Ines Ploss,
Heinz Schmitt

Managing Board

At present, there are seven members on the Managing Board of HeidelbergCement AG: the Chairman of the Managing Board, the Chief Financial Officer, who is also Deputy Chairman of the Managing Board, and five members of the Managing Board with regional responsibilities.

The Managing Board organisation is characterised by dual management responsibility: The operating units in the Group areas fall under the line responsibility of individual members of the Managing Board. In addition, they have each cross-area responsibility for one corporate function with great strategic importance for the Group.

Dr. Bernd Scheifele
Chairman of the Managing Board until 31 January 2020

Area of responsibility:
Strategy and Development, Communication & Investor Relations, Human Resources, Legal, Compliance, Internal Audit

Chairman of the Managing Board from 2005 until January 2020

External mandates:
PHOENIX Pharma SE[1)], Mannheim (Chairman)
PHOENIX Pharmahandel GmbH & Co KG[2)], Mannheim (Chairman)
Verlagsgruppe Georg von Holtzbrinck GmbH[1)], Stuttgart (Deputy Chairman)
Springer Nature AG & Co. KGaA[1)], Berlin

Group mandates:
Castle Cement Limited[2)], UK (until 31 January 2020)
ENCI Holding N.V.[2)], Netherlands (until 13 May 2020)
Hanson Limited[2)], UK (until 31 January 2020)
Hanson Pioneer España, S.L.U.[2)], Spain (until 14 February 2020)
PT Indocement Tunggal Prakarsa Tbk.[2) 3)], Indonesia

Dr. Dominik von Achten
Chairman of the Managing Board since 1 February 2020

Area of responsibility:
Strategy and Development, Communication & Investor Relations, Human Resources, H Digital, Digital Venture Office, Legal, Compliance, Internal Audit

Member of the Managing Board since 2007; appointed until January 2025

External mandates:
Kunststoffwerk Philippine GmbH & Co. KG[2)], Lahnstein, and Saarpor Klaus Eckhardt GmbH Neunkirchen Kunststoffe KG[2)], Neunkirchen[4)]
Verlag Lensing-Wolff GmbH & Co. KG ("Lensing Media")[2)], Dortmund

4) Jointly meeting advisory council of Unternehmensgruppe Philippine Saarpor (Philippine Saarpor group)

Dr. Lorenz Näger
Deputy Chairman of the Managing Board since 1 February 2020 and Chief Financial Officer

Area of responsibility:
Finance, Group Accounting, Controlling, Taxes, Treasury, Insurance & Corporate Risk Management, Data Governance, Shared Service Center, Purchasing

Member of the Managing Board since 2004; appointed until May 2022

External mandates:
MVV Energie AG[1,3], Mannheim
PHOENIX Pharma SE[1], Mannheim
PHOENIX Pharmahandel GmbH & Co KG[2], Mannheim

Group mandates:
Cimenteries CBR S.A.[2], Belgium
ENCI Holding N.V.[2], Netherlands
Hanson Pioneer España, S.L.U.[2], Spain
HeidelbergCement Canada Holding Limited[2], UK
HeidelbergCement Holding S.à.r.l.[2], Luxembourg
HeidelbergCement UK Holding Limited[2], UK
HeidelbergCement UK Holding II Limited[2], UK
Italcementi S.p.A[2], Italy (Deputy Chairman)
Lehigh B.V.[2], Netherlands (Chairman)
Lehigh Hanson, Inc.[2], USA
Lehigh Hanson Materials Limited[2], Canada
PT Indocement Tunggal Prakarsa Tbk.[2,3], Indonesia

Kevin Gluskie
Area of responsibility:
Asia-Pacific, Competence Center Readymix

Member of the Managing Board since 2016; appointed until January 2024

External mandates:
Alliance Construction Materials Limited[2], Hong Kong
Cement Australia Holdings Pty Ltd[2], Australia
Cement Australia Pty Limited[2], Australia
Cement Australia Partnership[2], Australia
China Century Cement Ltd.[2], Bermuda
Easy Point Industrial Ltd.[2], Hong Kong
Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd.[2], China
Jidong Heidelberg (Fufeng) Cement Company Limited[2], China
Jidong Heidelberg (Jingyang) Cement Company Limited[2], China
Squareal Cement Ltd[2], Hong Kong

Group mandates:
Asia Cement Public Company Limited[2], Thailand
Butra HeidelbergCement Sdn. Bhd.[2], Brunei (Chairman)
Gulbarga Cement Limited[2], India
Hanson Building Materials (S) Pte Ltd[2], Singapore
Hanson Investment Holdings Pte Ltd[2], Singapore
Hanson Pacific (S) Pte Limited[2], Singapore
HeidelbergCement Asia Pte Ltd[2], Singapore (Chairman)
HeidelbergCement Bangladesh Limited[2,3], Bangladesh (Chairman)
HeidelbergCement Holding HK Limited[2], Hong Kong
HeidelbergCement India Limited[2,3], India
HeidelbergCement Myanmar Company Limited[2], Myanmar
Jalaprathan Cement Public Company Limited[2], Thailand
PT Indocement Tunggal Prakarsa Tbk.[2,3], Indonesia (Chairman)
Zuari Cement Limited[2], India (Chairman)

Hakan Gurdal
Area of responsibility:
Africa-Eastern Mediterranean Basin, HC Trading

Member of the Managing Board since 2016; appointed until January 2024

External mandates:
Akçansa Çimento Sanayi ve Ticaret A.S.[2,3], Turkey (Deputy Chairman)
CEMZA (PTY) LTD[2], South Africa

Group mandates:
Austral Cimentos Sofala SA[2], Mozambique
CimBurkina S.A.[2], Burkina Faso (Chairman)
Ciments du Maroc S.A.[2,3], Morocco
Ciments du Togo SA[2], Togo
Ghacem Ltd.[2], Ghana (Chairman)
Hanson Israel Limited[2], Israel
HC Trading FZE[2], Dubai
Helwan Cement Company[2], Egypt (Chairman)
La Cimenterie de Lukala S.A.R.L.[2], Democratic Republic of the Congo
La Societe GRANUTOGO SA[2], Togo (Chairman)
Scancem Holding AS[2], Norway (Chairman)
Scancem International DA[2], Norway (Chairman)
Scantogo Mines SA[2], Togo (Chairman)
Suez Cement Company S.A.E.[2,3], Egypt
Tourah Portland Cement Company[2,3], Egypt
TPCPLC Tanzania Portland Cement Public Limited Company[2,3], Tanzania (Chairman)
Vassiliko Cement Works SA[2], Cyprus

Ernest Jelito
Area of responsibility:
Northern and Eastern Europe-Central Asia, Technology Cement

Member of the Managing Board since July 2019; appointed until June 2023

External mandates:
Optima Medycyna S.A.[2], Poland (Chairman)

Group mandates:
CaucasusCement Holding B.V.[2], Netherlands (Chairman)
Ceskomoravský cement, a.s.[2], Czechia (Chairman)
Devnya Cement AD[2], Bulgaria (Chairman)
Duna-Dráva Cement Kft.[2], Hungary

Górazdze Cement S.A.[2)], Poland (Chairman)
Halyps Building Materials S.A.[2)], Greece (Chairman)
HeidelbergCement Central Europe East Holding B.V.[2)], Netherlands (Chairman)
HeidelbergCement Northern Europe AB[2)], Sweden (Chairman)
HeidelbergCement Romania SA[2)], Romania
JSC "Cesla"[2)], Russia
ShymkentCement JSC[2)], Kazakhstan (Chairman)
Tvornica Cementa Kakanj d.d.[2)], Bosnia-Herzegovina
Vulkan Cement AD[2)], Bulgaria (Chairman)

Jon Morrish
Area of responsibility:
Western and Southern Europe, Environment Social Governance (ESG)

Member of the Managing Board since 2016; appointed until January 2024

Group mandates:
Castle Cement Limited[2)], UK
Cimenteries CBR S.A.[2)], Belgium
ENCI Holding N.V.[2)], Netherlands
Hanson Pioneer España, S.L.U.[2)], Spain
Hanson Quarry Products Europe Limited[2)], UK
HeidelbergCement Holding S.à.r.l.[2)], Luxembourg
Italcementi S.p.A[2)], Italy (Deputy Chairman)

Chris Ward
Area of responsibility:
North America, Competence Center Materials

Member of the Managing Board since September 2019; appointed until August 2023

Group mandates:
Cadman (Black Diamond), Inc.[2)], USA
Cadman (Rock), Inc.[2)], USA
Cadman (Seattle), Inc.[2)], USA
Cadman Materials, Inc.[2)], USA
Cadman, Inc.[2)], USA (Chairman)
Calaveras Materials Inc.[2)], USA (Chairman)
Calaveras-Standard Materials, Inc.[2)], USA (Chairman)
Campbell Concrete & Materials LLC[2)], USA (Chairman)
Campbell Transportation Services LLC[2)], USA (Chairman)
Commercial Aggregates Transportation and Sales LLC[2)], USA (Chairman)
Constar LLC[2)], USA
Essroc Holdings LLC[2)], USA
Fairburn Ready-Mix, Inc.[2)], USA (Chairman)
Ferndale Ready Mix & Gravel, Inc.[2)], USA
Górazdze Cement S.A.[2)], Poland
Greyrock, LLC[2)], USA
Gulf Coast Stabilized Materials LLC[2)], USA (Chairman)
Hampshire Properties LLC[2)], USA
Hanson Aggregates LLC[2)], USA (Chairman)
Hanson Aggregates BMC[2)], Inc., USA (Chairman)
Hanson Aggregates Davon LLC[2)], USA (Chairman)
Hanson Aggregates Mid-Pacific, Inc.[2)], USA (Chairman)
Hanson Aggregates Midwest LLC[2)], USA (Chairman)
Hanson Aggregates New York LLC[2)], USA (Chairman)
Hanson Aggregates Pacific Southwest LLC[2)], USA (Chairman)
Hanson Aggregates Pennsylvania LLC[2)], USA (Chairman)
Hanson Aggregates Southeast LLC[2)], USA (Chairman)
Hanson Aggregates WRP, Inc.[2)], USA (Chairman)
Hanson Building Materials America LLC[2)], USA
Hanson Marine Finance, Inc.[2)], USA (Chairman)
Hanson Marine Operations, Inc.[2)], USA (Chairman)
Hanson Micronesia Cement, Inc.[2)], USA (Chairman)
Hanson Permanente Cement of Guam, Inc.[2)], USA (Chairman)
Hanson Ready Mix, Inc.[2)], USA
Harrell Aggregate Hauling, Inc.[2)], USA (Chairman)
HBMA Holdings LLC[2)], USA
HeidelbergCement Canada Holding Limited[2)], UK
HeidelbergCement UK Holding II Limited[2)], UK
HNA Investments[2)], USA
Jack Cewe Construction Ltd.[2)], Canada (Chairman)
KH 1 Inc.[2)], USA
Lehigh Cement Company LLC[2)], USA
Lehigh Hanson Cement South LLC[2)], USA (Chairman)
Lehigh Hanson Materials Limited[2)], Canada (Chairman)
Lehigh Hanson Materials South LLC[2)], USA (Chairman)
Lehigh Hanson Receivables LLC[2)], USA
Lehigh Hanson Services LLC[2)], USA
Lehigh Hanson, Inc.[2)], USA
Lehigh Northwest Cement Company[2)], USA
Lehigh Northwest Marine, LLC[2)], USA (Chairman)
Lehigh Southwest Cement Company[2)], USA (Chairman)
LHI Duomo Holdings LLC[2)], USA
Materials Service Corporation[2)], USA (Chairman)
Mission Valley Rock Co.[2)], USA (Chairman)
PCAz Leasing, Inc.[2)], USA (Chairman)
Sherman Industries LLC[2)], USA (Chairman)
South Valley Materials, Inc.[2)], USA (Chairman)
Standard Concrete Products, Inc.[2)], USA (Chairman)

The above mentioned indications refer to 31 December 2020 – or in case of an earlier retirement from the Managing Board of HeidelbergCement AG to the date of retirement – and have the following meaning:
1) Membership in legally required supervisory boards of German companies
2) Membership in comparable German and foreign supervisory committees of commercial enterprises
3) Publicly listed company

4 Consolidated financial statements

Consolidated income statement

€m	Notes	2019	2020
Revenue	7.1	18,851.3	**17,605.9**
Change in finished goods and work in progress		67.0	**-55.6**
Own work capitalised		21.0	**14.4**
Operating revenue		18,939.3	**17,564.7**
Other operating income	7.2	431.3	**379.5**
Material costs	7.3	-7,586.1	**-6,482.9**
Employee and personnel costs	7.4	-3,187.4	**-3,025.4**
Other operating expenses	7.5	-5,306.6	**-5,007.5**
Result from equity accounted investments (REI)	7.6	289.6	**278.5**
Result from current operations before depreciation and amortisation (RCOBD)		3,580.2	**3,707.1**
Depreciation and amortisation	7.7	-1,394.0	**-1,343.9**
Result from current operations		2,186.3	**2,363.2**
Additional ordinary income	7.8	164.7	**27.4**
Additional ordinary expenses	7.8	-342.9	**-3,705.5**
Additional ordinary result		-178.2	**-3,678.1**
Earnings before interest and taxes (EBIT)		2,008.1	**-1,314.9**
Interest income		52.0	**40.1**
Interest expenses	7.9	-316.9	**-233.0**
Foreign exchange gains and losses		-6.8	**-11.7**
Result from other participations		-15.2	**16.9**
Other financial result	7.10	-88.2	**-99.9**
Financial result		-375.1	**-287.5**
Profit/loss before tax from continuing operations		1,633.0	**-1,602.4**
Income taxes	7.11	-358.4	**-334.5**
Net income/loss from continuing operations		1,274.6	**-1,937.0**
Net loss from discontinued operations	7.12	-32.4	**-72.3**
Profit/loss for the financial year		1,242.2	**-2,009.2**
Thereof non-controlling interests		151.3	**130.0**
Thereof Group share of profit/loss		1,090.9	**-2,139.2**
Earnings per share in € (IAS 33)	7.13		
Earnings/loss per share attributable to the parent entity		5.50	**-10.78**
Earnings/loss per share – continuing operations		5.66	**-10.42**
Loss per share – discontinued operations		-0.16	**-0.36**

Consolidated statement of comprehensive income

€m	2019	2020
Profit/loss for the financial year	1,242.2	**-2,009.2**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	-70.9	**-108.5**
Income taxes	11.8	**34.3**
Defined benefit plans	-59.1	**-74.2**
Investments in equity instruments – change in fair value	-35.6	**-131.0**
Net gains/losses arising from equity method investments	0.4	**5.0**
Total	-94.4	**-200.2**
Items that maybe be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	-4.0	**-6.5**
Reclassification adjustments for gains/losses included in profit or loss	1.0	**14.0**
Income taxes	0.6	**-2.1**
Cash flow hedges	-2.4	**5.4**
Currency translation	764.3	**-1,339.9**
Reclassification adjustments for gains/losses included in profit or loss	138.8	**-1.4**
Income taxes	-0.9	**12.3**
Currency translation	902.2	**-1,329.0**
Net gains/losses arising from equity method investments	3.1	**-40.8**
Total	902.9	**-1,364.4**
Other comprehensive income	808.5	**-1,564.6**
Total comprehensive income	2,050.7	**-3,573.9**
Thereof non-controlling interests	228.1	**17.9**
Thereof Group share	1,822.6	**-3,591.7**

Consolidated statement of cash flows

€m	Notes	2019[1]	2020
Net income from continuing operations		1,274.6	**-1,937.0**
Income taxes		358.4	**334.5**
Interest income/expenses		264.9	**192.8**
Dividends received	8.1	216.9	**223.3**
Interest received	8.2	132.6	**102.3**
Interest paid	8.2	-485.2	**-367.6**
Income taxes paid	8.3	-294.1	**-340.9**
Depreciation, amortisation, and impairment		1,468.1	**4,832.8**
Other eliminations	8.4	-33.1	**98.7**
Cash flow		2,903.1	**3,139.0**
Changes in operating assets	8.5	118.6	**125.1**
Changes in operating liabilities	8.5	-45.2	**110.5**
Changes in working capital		73.4	**235.5**
Decrease in provisions through cash payments		-300.3	**-328.2**
Cash flow from operating activities – continuing operations		2,676.2	**3,046.4**
Cash flow from operating activities – discontinued operations		-12.7	**-19.5**
Cash flow from operating activities		2,663.6	**3,026.8**
Intangible assets		-47.8	**-47.4**
Property, plant and equipment		-1,135.0	**-921.9**
Subsidiaries and other business units		-89.6	**-76.3**
Other financial assets, associates, and joint ventures		-41.4	**-21.8**
Investments (cash outflow)	8.6	-1,313.9	**-1,067.4**
Intangible assets		3.1	**0.3**
Property, plant and equipment		173.1	**67.1**
Subsidiaries and other business units		159.2	**1.9**
Other financial assets, associates, and joint ventures		71.8	**48.9**
Divestments (cash inflow)	8.7	407.2	**118.2**
Cash flow from investing activities – continuing operations		-906.7	**-949.3**
Cash flow from investing activities – discontinued operations		0.9	
Cash flow from investing activities		-905.8	**-949.3**
Capital decrease – non-controlling interests		-0.2	**-10.2**
Dividend payments – HeidelbergCement AG		-416.7	**-119.1**
Dividend payments – non-controlling interests		-169.4	**-203.8**
Decrease in ownership interests in subsidiaries	8.8	209.2	**1.8**
Increase in ownership interests in subsidiaries	8.8	-92.2	**-21.8**
Proceeds from bond issuance and loans	8.9	860.5	**659.1**
Repayment of bonds, loans and lease liabilities	8.10	-1,324.7	**-2,893.4**
Changes in short-term interest-bearing liabilities	8.11	60.1	**-53.8**
Cash flow from financing activities		-873.4	**-2,641.2**
Net change in cash and cash equivalents – continuing operations		896.2	**-544.1**
Net change in cash and cash equivalents – discontinued operations		-11.8	**-19.5**
Net change in cash and cash equivalents		884.4	**-563.6**
Effect of exchange rate changes		73.5	**-108.1**
Cash and cash equivalents at 1 January		2,588.1	**3,546.0**
Cash and cash equivalents at 31 December	8.13	3,546.0	**2,874.3**
Reclassification of cash and cash equivalents according to IFRS 5		-4.5	**-17.1**
Cash and cash equivalents presented in the balance sheet at 31 December	8.13	3,541.5	**2,857.2**

1) Amounts were adjusted (see Note 3.3 Other changes, page 124 f.).

Consolidated balance sheet

Assets

€m	Notes	31 Dec. 2019 [1]	31 Dec. 2020
Non-current assets			
Intangible assets	9.1		
Goodwill		11,782.6	**8,588.8**
Other intangible assets		372.5	**361.2**
		12,155.1	**8,950.0**
Property, plant and equipment	9.2		
Land and buildings		7,137.1	**6,500.7**
Plant and machinery		5,296.9	**4,616.3**
Other operating equipment		959.0	**860.9**
Prepayments and assets under construction		1,136.1	**835.2**
		14,529.2	**12,813.1**
Financial assets			
Investments in joint ventures	7.6	1,223.7	**1,230.8**
Investments in associates	7.6	537.1	**540.5**
Financial investments	9.3	213.5	**78.2**
Loans		122.8	**103.3**
Derivative financial instruments	9.7	31.1	**39.6**
		2,128.2	**1,992.4**
Fixed assets		28,812.5	**23,755.6**
Deferred taxes	7.11	313.3	**343.2**
Other non-current receivables and assets	9.4	1,044.8	**898.9**
Non-current income tax assets		61.9	**25.6**
Total non-current assets		30,232.5	**25,023.2**
Current assets			
Inventories	9.5		
Raw materials and consumables		970.9	**882.5**
Work in progress		346.3	**295.1**
Finished goods and goods for resale		861.7	**784.5**
Prepayments		20.0	**9.3**
		2,199.0	**1,971.3**
Receivables and other assets	9.6		
Current interest-bearing receivables		107.6	**85.9**
Trade receivables		1,746.1	**1,562.4**
Other current operating receivables and assets		629.3	**597.8**
Current income tax assets		71.6	**80.6**
		2,554.6	**2,326.6**
Current financial investments		10.0	
Current derivative financial instruments	9.7	34.8	**114.4**
Cash and cash equivalents	8.13	3,541.5	**2,857.2**
Total current assets		8,339.9	**7,269.6**
Assets held for sale	7.12	16.3	**42.5**
Balance sheet total		38,588.7	**32,335.3**

1) Amounts were adjusted (see Note 3.3 Other changes, page 124 f.).

Equity and liabilities

€m	Notes	31 Dec. 2019	31 Dec. 2020
Shareholders' equity and non-controlling interests			
Subscribed share capital	9.8	595.2	**595.2**
Share premium	9.9	6,225.4	**6,225.4**
Retained earnings	9.10	10,988.3	**8,527.8**
Other components of equity	9.11	-821.8	**-2,077.7**
Equity attributable to shareholders		16,987.2	**13,270.8**
Non-controlling interests	9.12	1,517.2	**1,277.6**
Total equity		18,504.4	**14,548.4**
Non-current liabilities	9.15		
Bonds payable		7,706.5	**7,131.5**
Bank loans		705.9	**660.2**
Other non-current interest-bearing liabilities		1,064.7	**924.0**
Non-controlling interests with put options		25.0	**25.8**
		9,502.0	**8,741.5**
Pension provisions	9.13	1,141.7	**1,027.4**
Deferred taxes	7.11	726.3	**584.6**
Other non-current provisions	9.14	1,034.7	**1,152.0**
Other non-current operating liabilities		233.4	**221.4**
Non-current income tax liabilities		54.6	**181.9**
		3,190.6	**3,167.2**
Total non-current liabilities		12,692.6	**11,908.7**
Current liabilities	9.15		
Bonds payable (current portion)		1,930.2	**577.0**
Bank loans (current portion)		173.7	**181.9**
Other current interest-bearing liabilities		383.1	**353.3**
Non-controlling interests with put options		38.7	**50.3**
		2,525.7	**1,162.5**
Pension provisions (current portion)	9.13	96.7	**92.2**
Other current provisions	9.14	273.3	**226.9**
Trade payables		2,690.0	**2,611.0**
Other current operating liabilities		1,533.1	**1,527.9**
Current income tax liabilities		271.5	**240.5**
		4,864.6	**4,698.5**
Total current liabilities		7,390.3	**5,861.0**
Liabilities associated with assets held for sale	7.12	1.4	**17.1**
Total liabilities		20,084.3	**17,786.8**
Balance sheet total		38,588.7	**32,335.3**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings
1 January 2019	595.2	6,225.4	10,256.6
Profit for the financial year			1,090.9
Other comprehensive income			-95.8
Total comprehensive income			995.1
Change in consolidation scope			
Change in ownership interests in subsidiaries			150.5
Change in non-controlling interests with put options			1.1
Transfer asset revaluation reserve			1.6
Other changes			0.1
Capital increase from corporate funds			
Repayment of capital			
Dividends			-416.7
31 December 2019	595.2	6,225.4	10,988.3
1 January 2020	595.2	6,225.4	10,988.3
Loss for the financial year			-2,139.2
Other comprehensive income			-198.2
Total comprehensive income			-2,337.4
Change in consolidation scope			
Change in ownership interests in subsidiaries			-14.6
Change in non-controlling interests with put options			8.8
Transfer asset revaluation reserve			1.6
Other changes			0.1
Capital increase from corporate funds			
Repayment of capital			
Dividends			-119.1
31 December 2020	595.2	6,225.4	8,527.8

1) The accumulated currency translation differences included in non-controlling interests changed in 2020 by €-98.0 million (previous year: 84.7) to €-281.1 million (previous year: -183.1). The total currency translation differences recognised in equity thus amounts to €-2,386.7 million (previous year: -1,029.2).

Other components of equity						
Cash flow hedge reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
3.4	26.5	-1,677.5	-1,647.7	15,429.7	1,392.0	**16,821.7**
				1,090.9	151.3	**1,242.2**
-3.9		831.4	827.5	731.7	76.8	**808.5**
-3.9		831.4	827.5	1,822.6	228.1	**2,050.7**
					0.1	**0.1**
				150.5	45.8	**196.3**
				1.1	18.6	**19.7**
	-1.6		-1.6			
				0.1	1.8	**1.9**
					0.4	**0.4**
					-0.2	**-0.2**
				-416.7	-169.4	**-586.0**
-0.5	24.8	-846.1	-821.8	16,987.2	1,517.2	**18,504.4**
-0.5	24.8	-846.1	-821.8	16,987.2	1,517.2	**18,504.4**
				-2,139.2	130.0	**-2,009.2**
5.2		-1,259.5	-1,254.3	-1,452.5	-112.1	**-1,564.6**
5.2		-1,259.5	-1,254.3	-3,591.7	17.9	**-3,573.9**
					-15.5	**-15.5**
				-14.6	-6.2	**-20.8**
				8.8	-21.3	**-12.5**
	-1.6		-1.6			
0.1			0.1	0.2	-0.2	**-0.1**
					1.5	**1.5**
					-11.7	**-11.7**
				-119.1	-204.0	**-323.1**
4.7	23.2	-2,105.6	-2,077.7	13,270.8	1,277.6	**14,548.4**

Segment reporting / Notes to the consolidated financial statements

Group areas	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2019[1]	2020	2019[1]	2020	2019[1]	2020
External revenue	5,063	**4,910**	2,843	**2,830**	4,778	**4,617**
Inter-Group areas revenue	49	**50**	45	**23**		
Revenue	5,112	**4,960**	2,888	**2,854**	4,778	**4,617**
Change to previous year in %		**-3.0 %**		**-1.2 %**		**-3.4 %**
Result from equity accounted investments (REI)	26	**29**	42	**28**	49	**53**
Result from current operations before depreciation and amortisation (RCOBD)	779	**859**	677	**718**	1,042	**1,019**
as % of revenue (operating margin)	15.2 %	**17.3 %**	23.5 %	**25.2 %**	21.8 %	**22.1 %**
Depreciation and amortisation	-417	**-396**	-204	**-192**	-378	**-366**
Result from current operations	363	**463**	474	**526**	664	**653**
as % of revenue	7.1 %	**9.3 %**	16.4 %	**18.4 %**	13.9 %	**14.1 %**
Additional ordinary result						
Earnings before interest and taxes (EBIT)						
Capital expenditures [3]	440	**296**	154	**160**	338	**281**
Segment assets [4]	8,219	**5,183**	2,787	**2,631**	9,534	**8,431**
RCOBD as % of segment assets	9.5 %	**16.6 %**	24.3 %	**27.3 %**	10.9 %	**12.1 %**
Number of employees as at 31 December	15,608	**15,250**	11,251	**11,097**	9,047	**8,585**
Average number of employees	15,791	**15,128**	11,785	**11,199**	9,548	**9,069**

1) Amounts were adjusted (see Note 3.3 Other changes, page 124 f.).
2) Reconciliation includes:
   a) intra-Group revenues = eliminations of intra-Group relationships between the segments
   b) results from current operations before depreciation and amortisation / depreciation from corporate functions
   c) additional ordinary result and earnings before interest and taxes
3) Capital expenditures = in the segment columns: cash effective investments in property, plant and equipment as well as intangible assets; in the reconciliation column: cash effective investments in non-current financial assets and other business units
4) Segment assets = property, plant and equipment as well as intangible assets

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [2]		Continuing operations	
2019	**2020**	2019	**2020**	2019	**2020**	2019 [1]	**2020**	2019 [1]	**2020**
3,356	**2,978**	1,663	**1,735**	1,149	**535**			18,851	**17,606**
16	**20**	24	**30**	462	**475**	-595	**-599**		
3,372	**2,998**	1,686	**1,765**	1,611	**1,010**	-595	**-599**	18,851	**17,606**
	-11.1 %		**4.7 %**		**-37.3 %**				**-6.6 %**
152	**147**	17	**16**	5	**4**			290	**279**
746	**694**	392	**451**	18	**24**	-75	**-57**	3,580	**3,707**
22.1 %	**23.1 %**	23.2 %	**25.5 %**	1.1 %	**2.3 %**			19.0 %	**21.1 %**
-253	**-248**	-110	**-109**	-5	**-4**	-28	**-29**	-1,394	**-1,344**
493	**446**	282	**342**	14	**20**	-103	**-86**	2,186	**2,363**
14.6 %	**14.9 %**	16.7 %	**19.4 %**	0.9 %	**1.9 %**			11.6 %	**13.4 %**
						-178	**-3,678**	-178	**-3,678**
						2,008	**-1,315**	2,008	**-1,315**
183	**133**	68	**95**	0	**4**	131	**98**	1,314	**1,067**
4,511	**3,984**	1,586	**1,532**	47	**1**			26,684	**21,763**
16.5 %	**17.4 %**	24.7 %	**29.4 %**	39.1 %	**> 100.0 %**			13.4 %	**17.0 %**
13,190	**12,629**	5,498	**5,174**	454	**388**			55,047	**53,122**
13,634	**12,866**	5,694	**5,236**	460	**421**			56,913	**53,920**

Notes to the 2020 consolidated financial statements

1 General information

HeidelbergCement AG is a public limited company based in Germany. The company has its registered office in Heidelberg, Germany. Its address is: HeidelbergCement AG, Berliner Straße 6, 69120 Heidelberg. The company is registered at the Mannheim Local Court (HRB 330082).

The core activities of HeidelbergCement include the production and distribution of cement, aggregates, ready-mixed concrete, and asphalt. Further details are given in the Management Report.

2 Accounting and valuation principles

2.1 Accounting principles

The consolidated financial statements of HeidelbergCement AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German Commercial Law pursuant to section 315e(1) of the German Commercial Code (Handelsgesetzbuch – HGB). All binding IFRSs for the 2020 financial year adopted into European law by the European Commission, including the interpretations of the IFRS Interpretations Committee (IFRS IC), were applied.

The previous year's figures were determined according to the same principles. The consolidated financial statements are prepared in euro. The financial statements show a true and fair view of the financial position and performance of the HeidelbergCement Group.

In accordance with IAS 1 (Presentation of Financial Statements), the consolidated financial statements contain a balance sheet as at the reporting date, an income statement, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows in accordance with the principles of IAS 7 (Statement of Cash Flows). The segment reporting is prepared in accordance with the regulations of IFRS 8 (Operating Segments).

For reasons of clarity, some individual items have been combined in the income statement and in the balance sheet. Explanations of these items are contained in the Notes. The income statement classifies expenses according to their nature. To improve the level of information, the additional ordinary result is shown separately in the income statement. This item shows income and expenses that, although occurring in the course of ordinary business activities, are not reported in result from current operations. This includes, in particular, impairment of goodwill, other intangible fixed assets and property, plant and equipment, gains and losses from the disposal of subsidiaries and other business units, expenses from additions to or income from the reversal of provisions for litigation risks, restructuring expenses, and transaction costs for business combinations.

2.2 Scope of consolidation

In addition to HeidelbergCement AG, the consolidated financial statements include subsidiaries, joint arrangements, and associates.

Subsidiaries are characterised by the fact that HeidelbergCement can exercise control over these companies. Control exists when HeidelbergCement has decision-making powers, is exposed to variable returns, and is able to influence the level of the variable returns as a result of the decision-making powers. Normally, this is the case when more than 50 % of the shares are owned. If contractual or legal regulations stipulate that a company can be controlled despite a shareholding of less than 50 %, this company is included in the consolidated financial statements as a subsidiary. If a company cannot be controlled with a shareholding of more than 50 % as a result of contractual or legal regulations, this company is not included in the consolidated financial statements as a subsidiary.

In joint arrangements, HeidelbergCement exercises joint control over a company with one or more parties through contractual agreements. Joint control exists if decisions about the relevant activities of the company must be made unanimously. Depending on the rights and obligations of the parties, joint arrangements may be joint operations or joint ventures. In joint operations, however, the controlling parties have direct rights to the assets and obligations for the liabilities of the jointly controlled operation. Joint ventures are characterised by the fact that the parties that have joint control participate in the net assets of the company by virtue of their position as shareholders.

In associates, HeidelbergCement has a significant influence on the operating and financial policies of the company. This is normally the case if HeidelbergCement holds between 20 % and 50 % of the voting rights in a company.

2.3 Consolidation principles

The capital consolidation of subsidiaries is performed using the acquisition method in accordance with IFRS 3 (Business Combinations). In this process, the acquirer measures the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date. The acquiring entity's investment, measured at the fair value of the consideration transferred, is eliminated against the revalued equity of the newly consolidated subsidiary at acquisition date. The residual positive difference between the fair value of the consideration transferred and the fair value of acquired assets and liabilities is shown as goodwill. A residual negative difference is recognised in profit or loss after further review. Non-controlling interests can be recognised either at their proportionate share of the acquiree's net assets or at fair value. This option can be applied separately for every business combination. Transaction costs relating to business combinations are recorded as additional ordinary expenses.

Income and expenses as well as receivables and payables between consolidated companies are eliminated. Profits and losses from intra-Group sales of assets are eliminated. The consequences of consolidation on income tax are taken into account by recognising deferred taxes.

The share of equity and the share of profit or loss for the financial year attributable to non-controlling interests are shown separately. In the case of put options held by non-controlling interests (including non-controlling interests in German partnerships), the proportionate share of the total comprehensive income attributable to the non-controlling interests as well as the dividend payments to non-controlling interests are shown over the course of the year as changes in equity. At the reporting date, non-controlling interests with a put option were reclassified as financial liabilities. The financial liability is measured at the present value of the redemption amount. Differences between the carrying amount of the non-controlling interests and the present value of the redemption amount are recognised directly in equity. In the statement of changes in equity, this is reported in the line Change in non-controlling interests with put options.

In the event of business combinations achieved in stages, HeidelbergCement achieves control of a company in which it held a non-controlling equity interest immediately before the acquisition date. In this scenario, differences between the carrying amount and the fair value of previously held shares are recognised in profit or loss. Changes in the ownership interest in a subsidiary that do not lead to a loss of control are recognised outside profit or loss as equity transactions. In the case of transactions that lead to a loss of control, any residual interests are revalued at fair value in profit or loss.

In joint operations, the assets, liabilities, income and expenses, as well as cash flows are included pro rata in the consolidated financial statements in accordance with the rights and obligations of HeidelbergCement.

Joint ventures and associates are accounted for using the equity method. Initially, the acquired investments are recognised at cost. In subsequent years, the carrying amount of the investment is increased or decreased according to the share of HeidelbergCement in the comprehensive income of the investee. Dividend payments received from investees reduce the carrying amount. When the share of losses attributable to HeidelbergCement in the company in which a participating interest is held equals or exceeds the carrying amount of the investment, no further shares of losses are recognised. If the investee subsequently reports profits, the investor resumes recognising its share of these profits only after the share in profit equals the share of losses not yet recognised.

Subsidiaries, joint operations, joint ventures, and associates that do not have a material impact on the financial position and performance of the Group, either individually or collectively, are accounted for at cost less impairment and shown as financial investments.

2.4 Currency translation

The separate financial statements of the Group's foreign subsidiaries are translated into euro according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the concept of functional currency. In general, for operating companies, the functional currency is the local currency of the country in which the subsidiary is based, since all foreign subsidiaries are financially, economically, and organisationally independent in the conduct of their business. Assets and liabilities are translated using the middle rates at the reporting date, with equity, in contrast, using the historical exchange rates. The translation differences resulting from this are recognised outside profit or loss in other components of equity through other comprehensive income until the subsidiary is disposed of. The proportionate equity of the foreign joint ventures and associates is translated in accordance with the procedure described for subsidiaries. Income and expenses are translated using average annual exchange rates.

Foreign currency transactions in the companies' separate financial statements are recorded at the spot exchange rate at the date of the transaction. Exchange gains or losses from the measurement of monetary items in foreign currency at the closing rate up to the reporting date are recognised in profit or loss. Exchange differences arising from foreign currency borrowings, to the extent that they are part of a net investment in a foreign operation, form an exception to recognition in profit or loss. They are part of a net investment in a foreign operation if settlement is neither planned nor likely to occur in the foreseeable future. These translation differences are recognised directly in equity via other comprehensive income and only reclassified to profit or loss on disposal of the business. Non-monetary items in foreign currency are recorded at historical exchange rates.

The following table shows the key exchange rates used in the translation of the separate financial statements denominated in foreign currencies into euro.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2019	31 Dec. 2020	2019	2020
USD	USA	1.1213	**1.2216**	1.1194	**1.1416**
AUD	Australia	1.5971	**1.5876**	1.6100	**1.6556**
CAD	Canada	1.4567	**1.5545**	1.4850	**1.5297**
GBP	Great Britain	0.8459	**0.8937**	0.8770	**0.8895**
INR	India	80.0858	**89.7598**	78.8250	**84.5736**
IDR	Indonesia	15,587	**17,231**	15,818	**16,696**
MAD	Morocco	10.7287	**10.8848**	10.7666	**10.8254**

2.5 Recognition and measurement principles

The consolidated financial statements are generally prepared using the historical cost principle. Exceptions to this are derivative financial instruments and certain non-derivative financial assets, which are measured at fair value. Furthermore, the carrying amounts of the assets and liabilities recognised in the balance sheet, which represent the hedged items in fair value hedges and are otherwise accounted at cost, are adjusted as a result of changes in the fair values assigned to the hedged risks. The fundamental recognition and measurement principles are outlined below.

Intangible assets are initially measured at cost. In subsequent periods, intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment, and intangible assets with an indefinite useful life are measured at cost less accumulated impairment. Intangible assets with a definite useful life are amortised using the straight-line method.

Emission rights are shown as inventories. Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment. Provisions for the obligation to return emission rights are recognised if the actual CO_2 emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

In accordance with IFRS 3 (Business Combinations), **goodwill** arising from business combinations is not amortised. Instead, goodwill is tested for impairment according to IAS 36 (Impairment of Assets) at least once a year in the fourth quarter after completion of the current operational plan or upon the occurrence of significant events or changes in circumstances that indicate an impairment requirement. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On the basis of the sales and management structure, a group of CGUs is defined generally as a country or Group area; exceptions are the cross-border Nordic Precast Group and the Mibau Group. As soon as the carrying amount of a group of CGUs to which goodwill is allocated exceeds its recoverable amount, an impairment loss of the allocated goodwill is recognised in profit or loss. The recoverable amount is the higher of fair value less costs of disposal and the value in use of a group of CGUs. The fair value is the amount obtainable from the sale in an arm's length transaction. The value in use is calculated by discounting estimated future cash flows after taxes with a post-tax risk-adjusted discount rate (weighted average cost of capital – WACC).

Property, plant and equipment are accounted for according to IAS 16 (Property, Plant and Equipment) at cost less accumulated depreciation and impairment. Cost includes all costs that can be attributed to the manufacturing process and appropriate amounts of production overheads. Costs for repair and maintenance of property, plant and equipment are generally expensed as incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset. Property, plant and equipment are depreciated on a straight-line basis unless there is another depreciation method more appropriate for the pattern of use. Mining rights acquired as part of business combinations are depreciated using the unit of production method. Borrowing costs that can be allocated directly or indirectly to the construction of large facilities with a creation period of more than 12 months (qualifying assets) are capitalised as part of the cost in accordance with IAS 23 (Borrowing Costs).

Leases are accounted for in accordance with IFRS 16 (Leases). According to IFRS 16, the lessee has a fundamental obligation to recognise rights and obligations arising under leases in the balance sheet. Lessees account for the right-of-use asset in the fixed assets as well as a corresponding lease liability.

The lease liability is measured at the present value of the lease payments to be made during the term of the lease. In addition, payments connected with purchase options are taken into account if their exercise is reasonably certain. The lease payments are discounted at the incremental borrowing rate. Lease liabilities are reported in the other interest-bearing liabilities. The costs of the right-of-use asset include the initially recognised amount of the lease liability as well as any additional costs connected with the lease. The lease liability is compounded in subsequent periods and reduced by the amount of the lease payments made. The right-of-use assets are depreciated over the shorter of the expected useful life and the term of the underlying lease. If the ownership of the leased asset transfers to the Group at the end of the lease term or the exercise of a purchase option is included in the cost of the right-of-use asset, the depreciation takes place on the basis of the expected useful life of the underlying leased asset.

In the case of leases for vehicles and ships that contain lease and non-lease components, HeidelbergCement separates the components so that only the lease components are accounted for in accordance with the regulations of IFRS 16. No right-of-use assets or lease liabilities are recognised for leases with a term of up to 12 months and contracts for low-value assets. The expenditure on these leases is recognised in the period in which it arises in the other operating expenses; the payments are shown under cash flow from operating activities in the statement of cash flows. The same applies to variable lease payments not linked to an index or (interest) rate. Leases for quarries do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

Inventories are measured in accordance with IAS 2 (Inventories) at the lower of cost and net realisable value using the weighted average cost method. Adequate provisions are made for risks relating to quality and quantity. Besides direct expenses, the costs for finished goods and work in progress include production-related indirect materials and indirect labour costs, as well as production-related depreciation. The overhead rates are calculated on the basis of the average operating performance rate. Borrowing costs are not recognised as part of the costs because the production period is less than 12 months.

Spare parts for equipment are generally reported under inventories. If they were acquired in connection with the acquisition of the equipment, or in a separate acquisition meet the definition of an asset, then they are reported under fixed assets.

Pension provisions and similar obligations are determined in accordance with IAS 19 (Employee Benefits). For numerous employees, the Group makes provisions for retirement either directly or indirectly through contributions to pension funds. Various post-employment benefit plans are in place, depending on the legal, economic, and tax framework in each country, which are generally based on employees' years of service and remuneration. The pension provisions include those from current pensions and from entitlements from pensions to be paid in the future.

At HeidelbergCement, the company pension schemes include both defined contribution and defined benefit plans. In defined contribution plans, the Group pays contributions into external funds. After paying the contributions, the Group has no further benefit obligations. In defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees. A distinction is made between benefit systems financed by provisions and those financed by funds.

The most significant post-employment benefit plans financed by funds exist in the USA, Canada, the United Kingdom, Belgium, Australia, Indonesia, and Norway. The retirement benefit system in Indonesia consists of a statutory defined benefit plan and a company-based defined contribution plan financed by funds, the benefits from which may be set off against the statutory benefits. In Germany, France, Italy, and Sweden, the retirement benefit plans are financed by means of provisions. HeidelbergCement also has a post-retirement medical benefit system financed by provisions to cover the health care costs of pension recipients in the USA, Belgium, Canada, the United Kingdom, Indonesia, France, Egypt, Morocco, and Ghana. In addition, the Group grants its employees other long-term employee benefits, such as jubilee benefits, old age part-time arrangements, or early retirement commitments. The Group areas or countries North America, the United Kingdom, and Germany account for over 90 % of the obligations from defined benefit plans.

The majority of defined benefit pension plans in North America have been closed to new entrants, and many have been frozen for future accruals. In North America, a retirement plans committee has been established by HeidelbergCement to serve as oversight of the pension administration, the fiduciary responsibilities of HeidelbergCement in relation to the retirement plans, and HeidelbergCement's role as plan administrator. The regulatory framework for each of the qualified pension plans in the USA has a minimum funding requirement based on the statutory funding objective agreed with the plan administrator. In the USA, the Employee Retirement Income Security Act of 1974 (ERISA) provides the national legal framework. ERISA sets minimum standards for participation, vesting, the funding status of the pension plan, and the accountability of plan fiduciaries. In Canada, the pension plans of HeidelbergCement fall under the jurisdiction of the provinces of Alberta or Ontario.

In the United Kingdom, the main defined benefit pension plans operate under UK trust law and under the jurisdiction of the UK Pensions Regulator. These plans are run by groups of trustees, some of whom are appointed by the sponsoring employer and some of whom are nominated by the plan members. Under UK law, the trustees are obligated to meet the statutory funding objective of having sufficient assets to cover the schemes' technical provisions. All of the main defined benefit pension plans in the United Kingdom are closed to new entrants and in most cases to future accruals. Benefits are granted under a number of plans, many of which are final salary plans. As such, the liabilities are expected to trend downward in the medium to long term as benefits are paid. Liability-driven investment (LDI) strategies are used extensively in the United Kingdom, and the UK pension plans are, in aggregate, overfunded as at the reporting date. As pension benefits in the United Kingdom receive inflationary increases after benefit commencement, these benefits are subject to inflation risk. This risk is mitigated in many cases through the use of LDI products and/or caps on the maximum pension indexation granted. Given the closed nature of most arrangements, the defined benefit obligation in the United Kingdom is only marginally impacted by the salary trend assumption.

In Germany, pension plans operate under the framework of German Company Pension Law (Betriebsrentengesetz – BetrAVG) and general regulations based on German Labour Law. The main pension plans were closed to new entrants in 2005. Employees hired prior to 2006 continue to earn benefits under these arrangements. In addition, individual pension entitlements have been granted to the members of the Managing Board (please refer to the Management Report, Remuneration report chapter on ↗ **page 86 f.**). The German pension benefits are largely unfunded.

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The liabilities in respect of the benefits granted are subject to the following major risks:

- Discount rate risks in all cases where falling market interest rates could result in a higher present value being placed on the remaining future obligations
- Inflation risks (in particular where benefits are linked to salary, or pension payments are subject to inflation adjustments)
- Asset performance risks in countries where funded pension plans are present (such as the USA and the United Kingdom); these risks have been mitigated in part through the use of liability-driven investment strategies
- Longevity risks in cases where benefits would be paid for a longer period in the future than is currently anticipated in the mortality tables used
- Changes to national funding requirements may increase contributions, and changes in national law might also mandate rises in benefits beyond those presently agreed upon

The defined benefit obligations and plan assets are valued annually by independent experts for all major Group companies. The defined benefit obligation and the expenses required to cover these obligations are measured in accordance with the internationally accepted projected unit credit method.

For the purpose of financial reporting, the actuarial assumptions are dependent on the economic situation in each individual country. The interest rate is based on the interest rate level observed on the measurement date for high-quality corporate bonds (AA rating) with a duration corresponding to the pension plans concerned in the relevant country. In countries or currency areas without a deep market for high-quality corporate bonds, the interest rate is determined on the basis of government bonds or using other approximation methods.

Actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligations versus the expected amounts. These may be caused by, for example, changes in the calculation parameters or deviations between the actual and expected development of the pension obligations. These amounts, as well as the difference between the actual asset performance and the interest income shown in profit or loss, and the effect of the asset ceiling are reported in other comprehensive income.

Defined contribution accounting has been used for certain multi-employer pension plans for which insufficient information is available to use defined benefit accounting.

Other provisions are recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) if, as a result of past events, there are legal or constructive obligations towards third parties that are likely to lead to outflows of resources embodying economic benefits that can be reliably determined. The provisions are calculated on the basis of the best estimate, taking into account all identifiable risks.

The capital market components of the Group-wide virtual stock option plan are accounted for as cash-settled, share-based payment transactions in accordance with IFRS 2 (Share-based Payment). As at the reporting date, a provision is recognised pro rata temporis in the amount of the fair value of the payment obligation. Changes in the fair value are recognised in profit or loss. The fair value of the options is determined using a recognised option price model.

The **current tax expense** is determined according to the local tax regulations in which the respective Group company operates. Local tax liabilities not yet covered by prepayments are presented as non-current or current tax liabilities in the financial statements, depending on the expected cash outflow. Any overpayments are capitalised as current or non-current tax receivables.

Deferred tax assets and liabilities are recognised in accordance with the balance sheet liability method (IAS 12 Income Taxes). This means that, with the exception of goodwill arising on capital consolidation, deferred taxes are principally recognised for all temporary differences between the IFRS financial statements and the tax accounts. However, deferred tax assets are only recognised to the extent that it is probable that taxable income will be sufficiently available in the future. Furthermore, deferred tax assets are recognised on unused tax losses carried forward, to the extent that the probability of their recovery in subsequent years is sufficiently high. Deferred tax liabilities are considered in connection with undistributed profits from subsidiaries, joint ventures, and associates, unless HeidelbergCement is able to control the dividend policy of the companies and no dividend distribution or disposal is anticipated in the foreseeable future. The deferred taxes are measured using the rates of taxation that, as at the reporting date, are applicable or have been announced as applicable in the individual countries for the period when the deferred taxes are realised. Deferred tax assets and liabilities are offset if there is an enforceable right to set off current tax assets and liabilities and if they relate to income taxes levied by the same taxing authority and the Group intends to settle its current tax assets and liabilities on a net basis. In principle, changes in the deferred taxes in the balance sheet lead to deferred tax expense or income. If circumstances that lead to a change in the deferred taxes are recognised outside profit or loss in other comprehensive income or directly in equity, the change in deferred taxes is also taken into account in other comprehensive income or directly in equity. If deferred taxes were recognised via other comprehensive income, they are also subsequently released via other comprehensive income.

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

The **non-derivative financial assets** include investments in equity instruments and debt instruments. These assets are divided into the amortised cost, fair value through other comprehensive income, and fair value through profit or loss measurement categories when initially recognised, in accordance with IFRS 9 (Financial Instruments).

Investments in equity instruments are in principle measured at fair value. The gains and losses resulting from the subsequent measurement are recognised either in profit or loss or directly in equity through other comprehensive income. Investments in equity instruments held for trading are allocated to the financial investment category fair value through profit or loss. The market value at the reporting date forms the basis of the fair value. For the other investments in equity instruments, an individual decision can be made for each participation, when initially recognised, as to whether it is measured at fair value through profit or loss or through other comprehensive income. In principle, participations on which HeidelbergCement has no significant influence are measured at fair value through profit or loss and are therefore allocated to the financial investment category fair value through profit or loss. The revaluation of held shares at fair value through profit or loss is reported in the result from other participations. If a participation is irrevocably allocated to the category fair value through other comprehensive income, the gains and losses resulting from the subsequent measurement are recognised outside profit or loss in other comprehensive income. After the participation is derecognised, the gains and losses from measurement at fair value through other comprehensive income will not be subsequently reclassified to profit or loss. Dividends received from these participations are recognised in profit or loss.

At initial recognition, a financial asset is measured at fair value plus transaction costs directly attributable to the acquisition, provided that the financial asset is not measured at fair value through profit or loss. For financial assets recognised at fair value through profit or loss, attributable transaction costs are recognised directly as an expense in profit or loss. The subsequent measurement is based on the cash flow characteristics and the business model in use. Accordingly, HeidelbergCement divides its debt instruments into the following two measurement categories:

- At amortised cost: Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest are measured at amortised cost, provided that they are not allocated to a hedging relationship. Interest income from these financial assets is recognised in the financial result using the effective interest method. All gains or losses resulting from derecognition, impairment losses, or currency translation are recognised directly in profit or loss. Impairment losses represent probability-weighted estimates of credit losses. They are calculated on the basis of the best available information and the time value of money. Reversals are carried out if the reasons for the impairment losses no longer apply. Financial assets measured at amortised cost include non-current receivables, interest-bearing receivables, trade receivables, and other current operating receivables.

- Fair value through profit or loss (FVTPL): Financial assets not meeting the criteria for the categories at amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. Gains or losses are recognised directly in profit or loss in the period in which they are incurred.

In the HeidelbergCement Group, no financial assets are held for collecting contractual cash flows and selling financial assets, which means that no debt instruments were allocated to the category fair value through other comprehensive income.

Financial assets are derecognised from the balance sheet at the point in time that the financial asset was transferred and the derecognition criteria of IFRS 9 were met. The transfer of a financial asset is considered as derecognition if all risks and rewards have been substantially transferred. In case not all risks and rewards are transferred, the financial assets are derecognised when the control over the financial assets has been transferred.

Financial assets are also derecognised when there is no prospect of recovery, for example if enforcement measures have been unsuccessful, insolvency proceedings have been discontinued due to lack of assets, or the debt has since become statute barred. No further enforcement activities will subsequently be taken. In the past financial year (as in the previous year), there were no financial assets whose terms have been changed that would otherwise have been overdue or impaired.

Non-derivative financial liabilities are initially recognised at the fair value of the consideration received or at the value of the cash received less transaction costs incurred, if applicable. These instruments are subsequently measured at amortised cost, using the effective interest method if applicable. This includes trade payables, other operating liabilities, and financial liabilities.

Non-current financial liabilities are discounted. In principle, the amortised cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount.

The Group has not yet made use of the possibility of designating non-derivative financial instruments, when initially recognised, as financial instruments at fair value through profit or loss. All non-derivative financial instruments at amortised cost are accounted for at the settlement date, whereas derivatives and non-derivative financial instruments at fair value through profit or loss are accounted for at the trade date.

A **derivative financial instrument** is a contract whose value is dependent on a variable, which usually requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a later date. All derivative financial instruments are measured at fair value on the trade date when first recognised. The fair values are also relevant for the subsequent measurement. For derivative financial instruments, the fair value corresponds to the amount that HeidelbergCement would either receive or have to pay at the reporting date in the case of early termination of this financial instrument. This amount is calculated on the basis of the relevant exchange and interest rates as at the reporting date. The fair value of derivative financial instruments traded in the market corresponds to the market value.

In the HeidelbergCement Group, derivative financial instruments such as currency forwards, currency option contracts, interest rate swaps, or interest rate options are, in principle, used to minimise financial risks. The focus is on hedging interest, currency, and other market price risks. No derivative financial instruments are contracted or held for speculative purposes.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or usage requirements and held as such (own use contracts) are accounted for as pending transactions rather than derivative financial instruments. Written options for the purchase or sale of non-financial items that can be cash-settled are not classified as own use contracts.

Hybrid financial instruments consist of a non-derivative host contract and an embedded financial derivative. The two components are legally inseparable. These are usually contracts with riders. Separate accounting of the embedded derivative and the host contract is required if the economic characteristics and risks are not closely linked with the host contract, the embedded derivative fulfils the same definition criteria as a stand-alone derivative, and the hybrid financial instrument is not measured at fair value through profit or loss. Alternatively, the hybrid financial instrument may be measured in total at fair value through profit or loss unless the embedded derivative changes the resulting cash flows to an insignificant degree or separation of the embedded derivative is not permitted.

Hedge accounting denotes a specific accounting method that modifies the accounting of the hedged item and hedge of a hedging relationship so that the results of measuring the hedged item or hedge are recognised in the period incurred directly in equity or in profit or loss. Accordingly, hedge accounting is based on matching the offsetting values of the hedging instrument and the hedged item.

For accounting purposes, three types of hedges exist in accordance with IFRS 9. Specific requirements have to be met for hedge accounting.

– Cash flow hedges
  Where necessary, HeidelbergCement hedges the risk of fluctuation in future cash flows. The risk of interest rate fluctuations in the case of variable interest is hedged by means of swaps that convert variable interest payments into fixed interest payments. This method is also used for hedging currency risks of transactions to be executed in foreign currency in the future. The fair value of the derivatives used for hedging is shown in the balance sheet. As an offsetting item, the other components of equity are adjusted directly in equity to the amount of the effective portion of the change in fair value, taking deferred taxes into account. These amounts are reclassified to the income statement when the hedged item is also recognised in profit or loss. The ineffective portion of the change in fair value is recognised directly in profit or loss.

– Fair value hedges
  In individual cases, HeidelbergCement hedges against fluctuations in the fair value of assets or liabilities. Where necessary, the currency risk that arises when financial instruments are accounted for in a currency other than the functional currency is thus hedged. In addition, the fair value of fixed interest-bearing liabilities is selectively hedged by means of conversion to variable interest. In the case of hedging against fluctuations in the fair value, both the hedging instrument and the hedged portion of the risk of the underlying transaction are recognised at fair value. Changes in fair value are recognised in profit or loss.

– Hedging a net investment in a foreign operation
  When acquiring foreign companies, the investment can, for example, be hedged with loans in the functional currency of the foreign company. In these cases, the currency risk arising on the subsidiary's equity through fluctuations in exchange rates (translation risk) is designated as a hedged risk. The loans are translated using the exchange rate applicable at the reporting date. As an offsetting item, the currency translation reserve in equity is adjusted. Consequently, translation differences are recognised outside profit or loss in equity through other comprehensive income until the net investment is sold and are recognised in profit or loss on its disposal.

Derivative financial instruments for which no hedge accounting is used nevertheless represent an effective hedge in an economic sense within the context of the Group strategy. In accordance with IFRS 9, these instruments should, in principle, be accounted for at fair value. The changes in the fair values of these derivative financial instruments recognised in profit or loss are almost offset by changes in the fair values of the hedged items.

Assets held for sale and discontinued operations are shown separately in the balance sheet if they can be sold in their present condition and the sale is highly probable. Assets classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell. According to their classification, liabilities directly connected with these assets are shown in a separate line on the liability side of the balance sheet.

For discontinued operations, the net result is shown in a separate line in the income statement. In the statement of cash flows, the cash flows are broken down into continuing and discontinued operations. For discontinued operations, the previous year's figures in the income statement, the statement of cash flows, and the segment reporting are adjusted accordingly in the year of the reclassification. The Notes include additional details on the assets held for sale and discontinued operations.

Contingent liabilities and assets are, on the one hand, possible obligations or assets arising from past events and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. On the other hand, contingent liabilities are current obligations arising from past events for which there is unlikely to be an outflow of resources embodying economic benefits or where the scope of the obligation cannot be reliably estimated. Contingent liabilities are not included in the balance sheet unless they are current obligations that have been taken on as part of a business combination. Contingent assets are only recognised in the balance sheet if they are virtually certain. Insofar as an outflow or inflow of economic benefits is probable, details of contingent liabilities and assets are provided in the Notes.

Income is recognised when control of a promised good or service is transferred to a customer. It is measured at the fair value of the consideration received or receivable, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account.

HeidelbergCement primarily generates **revenue** from simply structured sales of building materials, such as cement, aggregates, ready-mixed concrete, and asphalt, for which the control is transferred to the customer at a specific point in time. In the context of the sale of the products, separate performance obligations may arise from freight and transport services as well as from services directly related to the sale of the products. These services are generally performed at the time that the control of the products is transferred. In a few exceptional cases, the freight and transport services are performed after the control of the products has been transferred. In accordance with IFRS 15 (Revenue from Contracts with Customers), the revenue relating to these freight and transport services is realised later than the corresponding product revenue. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual price reductions. The variable consideration is estimated on the basis of the most likely amount. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved. As the period between the date on which HeidelbergCement transfers the promised goods or services to the customer and the date on which the customer pays for these goods or services is generally one year or less, no financing components are taken into account. Contract assets and contract liabilities are recognised as soon as one of the contracting parties has commenced performance of the contract. Legal claims to receive consideration are then reported as trade receivables as soon as the legal claim is unconditional. HeidelbergCement grants its customers country- and industry-specific payment terms, which normally include payment within 30 to 60 days after the date of invoicing. Contract assets and contract liabilities are not shown separately in the balance sheet but under other operating receivables and assets and other operating liabilities respectively. They are shown separately in the Notes. Costs directly attributable to obtaining or fulfilling the contract are recognised as an expense when they are incurred, as the amortisation period is generally no longer than one year.

Interest income is recognised pro rata temporis using the effective interest method.

Dividend income is realised when the legal entitlement to payment arises.

3 Application of new accounting standards and other changes

3.1 Initial application of accounting standards in the financial year

In the 2020 financial year, HeidelbergCement applied the following standards and interpretations of the International Accounting Standards Board (IASB) for the first time.

The **amendments to References to the Conceptual Framework in IFRS Standards** contain editorial changes to IFRS standards that became necessary following the revision of the framework, as well as clarifications as to which version of the framework is applicable in individual cases. The amendments did not have any impact on the financial position and performance of the Group.

The **amendments to IAS 1 and IAS 8: Definition of Material** concern the definition of the concept of materiality of information in the financial statements and should, in particular, make it easier for anyone preparing IFRS financial statements to assess materiality. The amendments also ensure that the definition of materiality is applied uniformly within the IFRS regulations. The initial application had no impact on the financial position and performance of the Group.

The **amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform** provide certain reliefs for hedge accounting in connection with the IBOR reform. These reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The amendments did not have any impact on the financial position and performance of the Group.

The **amendments to IFRS 3 Business Combinations** provide a concrete definition of a business and introduce an optional concentration test. This test permits a simplified assessment of whether acquired business activities and assets represent a business or not. The amendments did not have any impact on the financial position and performance of the Group.

3.2 Published, but not yet applicable accounting standards

The IASB and IFRS IC have adopted additional standards and interpretations that may impact the financial position and performance of the HeidelbergCement Group, but whose application was not yet mandatory for the 2020 financial year.

Published, but not yet applicable accounting standards

Title	Date of initial application [1]	Endorsement by the EU Commission
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021	yes
Amendments to IFRS 3 Business Combinations	1 January 2022	no
Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	no
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	no
Annual improvements to IFRS Standards 2018-2020 Cycle	1 January 2022	no
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023	no

1) Fiscal years beginning on or after that date.

HeidelbergCement will not apply these standards and interpretations until the date when their application first becomes mandatory and after endorsement by the European Commission.

The **amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** clarify that when determining contractual cash flows as a result of the IBOR reform, an update to the effective interest rate is sufficient to reflect the change in the alternative benchmark rate. Furthermore, the amendments provide for additional time-limited relief with regard to the application of specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The amendments will not have a significant impact on the financial position and performance of the Group.

The **amendments to IFRS 3 Business Combinations** update the references to the revised IFRS framework. In addition, they clarify that an acquirer shall apply these requirements instead of the framework when identifying obligations assumed that are within the scope of IAS 37 or IFRIC 21. At the same time, IFRS 3 is supplemented by an explicit prohibition on recognising acquired contingent assets. As at the date of transition, the amendments will not have any impact on the financial position and performance of the Group, as they are to be applied to transactions taking place on or after the date of initial application of these amendments.

The **amendments to IAS 16 Property, Plant and Equipment** clarify that proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are deducted from the cost of that item of property, plant and equipment and recognised in profit or loss. In addition, sale proceeds and the corresponding costs for items produced that do not fall within the entity's ordinary business activity shall be shown separately and the line items in the income statement and other comprehensive income in which they were recognised shall be disclosed. The amendments will not have a significant impact on the financial position and performance of the Group.

The **amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** determine which costs an entity should consider as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments will not have a significant impact on the financial position and performance of the Group.

As part of the **Annual Improvements to IFRS Standards 2018–2020 Cycle**, the IASB made minor amendments to a total of three standards. The amendments will not have a significant impact on the financial position and performance of the Group.

The **amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current** contain selective adjustments to the criteria for the classification of liabilities as current or non-current. The initial application is not expected to have a significant impact on the financial position and performance of the Group.

3.3 Other changes

In the 2020 financial year, HeidelbergCement changed its presentation of acquired emission rights to better reflect the character of emission rights from the standpoint of cement production. Previously reported under other intangible assets, emission rights are now shown as part of the inventories under raw materials and consumables. This reporting change led to an increase of €28.9 million in inventories and a corresponding decrease in other intangible assets for the 2019 financial year. As at 31 December 2020, the acquired emission rights amounted to €13.6 million.

Furthermore, the presentation of cash flows in connection with the settlement of the damages and environmental obligations arising from the takeover of the Hanson Group has changed in the statement of cash flows. Similar to the income and expenses arising in this context, which are presented in the result from discontinued operations, all cash flows are now shown in the cash flow from discontinued operations. The cash inflows from reimbursement claims against insurance companies of €3.1 million, which were included in the changes in operating assets in the previous year, and cash outflows from the decrease in provisions through cash payments of €15.0 million were therefore reported as cash flow from operating activities from discontinued operations. This change in presentation increased the cash flow from operating activities from continuing operations in the previous year by €11.9 million. In the financial year, the corresponding cash outflow from operating activities from discontinued operations amounted to €17.4 million. This includes payments from insurance companies amounting to €2.5 million and cash outflows from the decrease in provisions through cash payments amounting to €19.9 million.

In addition, the presentation of the change in cash and cash equivalents due to company acquisitions or disposals and other changes to the scope of consolidation was changed in the statement of cash flows. Previously, this was shown separately in the statement of cash flows in the line Cash from changes in consolidation scope. Now, this is presented within investments and divestments of subsidiaries and other business units. The previous year's values have been adjusted accordingly. As a result, the previous year's investments in subsidiaries and other business units declined by €2.6 million, and the cash inflow from divestments of subsidiaries and other business units decreased by €6.0 million. In the financial year, cash and cash equivalents acquired in the course of business combinations amounted to €7.3 million and cash and cash equivalents disposed of in the course of divestments totalled €4.5 million.

4 Estimation uncertainty and assumptions

The presentation of the financial position and performance in the consolidated financial statements is dependent on estimates and assumptions made by the management, which affect the amounts and presentation of the assets and liabilities, expenses and income, and contingent liabilities accounted for in the period. The possible impact of the current global coronavirus pandemic has also been taken into account. The actual values may differ from these estimates. The assumptions and estimates relate particularly to the necessity and calculation of impairment of goodwill, the recognition and measurement of deferred tax assets, and the measurement of pension provisions and other provisions as well as the measurement of specific financial instruments (e.g. put options of non-controlling interests).

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of groups of cash-generating units as part of the impairment test for goodwill. In particular, estimates are required in relation to future cash flows of the groups of cash-generating units as well as to the discount rates and growth rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses. Explanations concerning the composition of the carrying amount of goodwill and the impairment test are provided in Note 9.1 Intangible assets.

To assess the future probability that deferred tax assets can be utilised, various estimates must be adopted, for example operational plans, utilisation of losses carried forward, and tax planning strategies. If the actual results deviate from these estimates, this may impact the financial position and performance. Further explanations on current and deferred taxes are provided in Note 7.11 Income taxes.

Owing to the international nature of its business activities, HeidelbergCement AG and its subsidiaries are subject to a large number of national tax laws and regulations. Changes in tax laws as well as the issuance of case law and the possible differing interpretation by local tax authorities due to the complexity of tax laws can have an influence on the amount of both current and deferred taxes. The potential uncertainties resulting from this are to be resolved by means of appropriate discretionary decisions. Recognition and measurement are based on the most probable realisation value of the uncertainty. Individual presentation or aggregation of several uncertainties depends on the individual case under consideration. Uncertainties in current taxes are taken into account with an appropriate estimate of potential tax payments. Uncertainties regarding the recoverability of deferred tax assets are countered by means of internal planning, also with regard to the future development of results of the Group company concerned. Ongoing monitoring of the aforementioned uncertainties is ensured by organisational measures.

The obligations arising from defined benefit plans are determined on the basis of actuarial methods, which are based on assumptions and estimates concerning the discount rate, pension increase rate, life expectancy, and other influencing factors. A change in the underlying parameters may lead to differences in the amounts recognised in the balance sheet. Further details are given on ↗ **page 118 f.** and in Note 9.13 Pension provisions.

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement as well as the amounts recognised in the balance sheet. The recognition and measurement of the miscellaneous other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in Note 9.14 Other provisions.

The measurement of specific financial instruments such as put options of non-controlling interests, which are not traded on an active market, is based on best possible estimates using probability forecasts and recognised actuarial methods.

5 Changes in scope of consolidation

In addition to HeidelbergCement AG, the consolidated financial statements include 735 subsidiaries that have been fully consolidated, of which 22 are German and 713 are foreign companies. The changes in comparison with 31 December 2019 are shown in the following table.

Number of fully consolidated companies

	Germany	Abroad	Total
31 December 2019	23	728	**751**
First-time consolidations		6	**6**
Divestments		1	**1**
Incorporations / mergers / liquidations / method changes	-1	-22	**-23**
31 December 2020	22	713	**735**

A list of shareholdings of the HeidelbergCement Group as at 31 December 2020 on the basis of the regulations of section 313(2) of the German Commercial Code (HGB) is provided on ↗ **page 176 f.** It contains an exhaustive list of all subsidiaries that make use of the exemption from disclosure obligations in accordance with sections 264(3) and 264b of the HGB.

5.1 Business combinations

Business combinations in the reporting year

On 31 March 2020, our subsidiary Nordic Precast Group AB, Stockholm, Sweden, acquired 100 % of the shares in Kynningsrud Kasen AB, Uddevalla, Sweden, and Kynningsrud Prefab Holding AS, Halden, Norway, including its two 100 % subsidiaries (Kynningsrud Group). The two Norwegian companies Kynningsrud Prefab Holding AS, Halden, and Kynningsrud Prefab AS, Rolvsøy, were subsequently merged into our subsidiary Contiga AS, Moss, Norway, with retroactive effect from 31 March 2020. The acquisition expands our market presence in the precast concrete business in western Sweden and eastern Norway. The companies are established actors on the precast market in western Sweden, southern Norway, and Oslo, with production sites in Uddevalla, Sweden, and Fredrikstad, Norway. The purchase price amounted to €41.0 million and was paid in cash. The provisionally recognised goodwill of €24.3 million is not tax-deductible and represents synergy and growth potential. The purchase price allocation is provisional, primarily because the measurement of property, plant and equipment has not yet been completed.

On 4 May 2020, our subsidiary Ciments du Maroc S.A., Casablanca, Morocco, completed its acquisition of a 100 % shareholding in Les Cimenteries Marocaines du Sud S.A., Laâyoune (Cimsud). Subsequently, Cimsud was merged into our subsidiary Industrie Sakia El Hamra "Indusaha" S.A., Laâyoune, with retroactive effect from 4 May 2020. Cimsud operates a grinding plant in Laâyoune with an annual capacity of 500,000 tonnes. The acquisition increases our market share and is a further step in the development of activities in the cement, aggregates, and ready-mixed concrete sectors. The purchase price amounted to €26.2 million and was paid in cash. The provisionally recognised goodwill of €11.0 million, attributable to HeidelbergCement on a pro rata basis, is not tax-deductible and represents synergy potential. The purchase price allocation is provisional, primarily because the valuation of property, plant and equipment and provisions has not yet been completed.

The following table shows the provisional fair values of the assets and liabilities acquired as part of the above-mentioned transactions.

1 To our shareholders
2 Combined management report
3 Corporate Governance
4 Consolidated financial statements
5 Additional information
Contents

Provisional fair values recognised as at the acquisition date

€m	Kynningsrud Group	Cimsud	Total
Intangible assets		0.1	**0.1**
Property, plant and equipment	25.4	18.6	**43.9**
Inventories	0.7	0.3	**1.0**
Trade receivables	12.4	0.3	**12.8**
Cash and cash equivalents	5.3	1.7	**7.0**
Other assets	7.7	0.1	**7.8**
Total assets	51.5	21.1	**72.6**
Deferred taxes	2.9		**2.9**
Non-current liabilities	10.6	14.3	**24.8**
Current liabilities	21.5	2.1	**23.5**
Total liabilities	34.9	16.3	**51.2**
Net assets	16.6	4.8	**21.4**

The acquired property, plant and equipment relates to land and buildings (€22.4 million), plant and machinery (€19.2 million), other operating equipment (€0.9 million), and prepayments and assets under construction (€1.4 million).

As part of the business combinations, receivables with a provisional fair value of €13.3 million were acquired. These concern trade receivables amounting to €12.8 million and other operating receivables to the amount of €0.5 million. The gross value of the contractual receivables, totalling €13.3 million, is likely to be fully recoverable.

The companies have contributed €72.6 million to revenue and €9.8 million to the profit for the financial year since their acquisition. If the acquisitions had taken place on 1 January 2020, contributions to revenue and profit for the financial year would be €38.1 million and €2.1 million higher respectively. The transaction costs of €0.8 million for the above-mentioned acquisitions were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other business combinations during the reporting period that are of minor importance, both individually and collectively, for the presentation of the financial position and performance of the Group.

Business combinations in the previous year

On 4 January 2019, HeidelbergCement purchased an additional 50 % of the shares in California Commercial Asphalt LLC, Wilmington, Delaware, USA – previously accounted for at equity – and its subsidiaries, thereby raising its shareholding to 100 %. The company operates four asphalt plants in southern California, USA. The acquisition strengthens our market presence in the region and contributes towards improving efficiency and utilising existing synergy potential, particularly through vertical integration. The purchase price is made up of a cash payment of €19.1 million and a pre-existing loan receivable against the company of €4.2 million. The fair value of the previously held equity interest amounted to €26.1 million as at the acquisition date. The revaluation of the interest resulted in a loss of €0.3 million, which was recognised in the additional ordinary expenses. The goodwill of €35.1 million is tax-deductible in the amount of €19.0 million.

On 28 June 2019, HeidelbergCement finalised the acquisition of the aggregates and ready-mixed concrete activities of Cemex in central France. By purchasing 100% of the shares in Cemex Bétons Centre et Ouest S.A.S., Rungis, as well as production sites and distribution facilities for aggregates, HeidelbergCement has acquired 28 ready-mixed concrete plants and 7 aggregates quarries and has strengthened its vertically integrated market position in central France. The purchase price of €28.0 million was paid in cash. The purchase price allocation has been completed. This primarily resulted in an increase of €8.0 million in property, plant and equipment in comparison with 31 December 2019. The final goodwill of €6.1 million, which is not tax-deductible, represents synergy potential.

To strengthen its market position in Bangladesh, HeidelbergCement completed the purchase of a 100% shareholding in both Emirates Cement Bangladesh Limited and Emirates Power Company Limited, Munshiganj, on 5 December 2019. The purchase price of €19.7 million was paid in cash and is subject to a standard adjustment clause. The purchase price allocation has been completed. In comparison with 31 December 2019, there were no material adjustments. The final goodwill of €1.8 million is not tax-deductible and represents growth potential.

The following table shows the final fair values of the assets and liabilities as at the acquisition date.

Fair values recognised as at the acquisition date

€m	North America	France	Bangladesh	Total
Intangible assets	1.1			**1.1**
Property, plant and equipment	16.3	25.7	19.0	**60.9**
Financial fixed assets		0.8		**0.8**
Deferred taxes		0.1	1.0	**1.1**
Inventories	1.2	2.8	2.6	**6.6**
Trade receivables	13.0	8.6	1.7	**23.2**
Cash and cash equivalents	0.8	1.3	0.2	**2.3**
Other assets	1.9	0.7	3.5	**6.1**
Total assets	34.2	40.0	28.0	**102.2**
Deferred taxes	1.0	1.0		**2.0**
Provisions	0.5	5.9	0.3	**6.7**
Non-current liabilities	1.5	1.2		**2.7**
Current liabilities	16.8	10.1	9.9	**36.7**
Total liabilities	19.8	18.2	10.1	**48.1**
Net assets	14.4	21.8	17.8	**54.1**

Furthermore, HeidelbergCement effected other business combinations during the same period of the previous year that are of minor importance, both individually and collectively, for the presentation of the financial position and performance of the Group.

5.2 Divestments

Divestments in the reporting year

HeidelbergCement signed an agreement on 17 December 2019 regarding the sale of its 56.93 % shareholding in Maurita-no-Française des Ciments S.A., Mauritania. The sale was completed on 8 January 2020. The sales price totals €7.2 million, of which a prepayment of €4.5 million was already received during the 2019 financial year. The remaining amount was collected in the 2020 financial year. The divestment resulted in a gain of €0.1 million, which is shown in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture

€m	Mauritania
Disposal groups held for sale	**16.6**
Total assets	**16.6**
Liabilities associated with disposal groups	**4.5**
Total liabilities	**4.5**
Net assets	**12.1**

Furthermore, HeidelbergCement effected other divestments during the reporting period that are of minor importance for the presentation of the financial position and performance of the Group.

Divestments in the previous year

On 21 September 2018, HeidelbergCement announced that its Egyptian subsidiary Helwan Cement Company S.A.E. had entered into an agreement with Emaar Industries to sell its white cement plant in Minya, Egypt. The sale was completed on 6 February 2019. The sales price totals €36.3 million, of which a prepayment of €11.3 million was already received during the 2018 financial year. As at 31 December 2020, €1.5 million of the sales price was still outstanding; the payment is expected in 2021. The divestment resulted in a gain of €23.6 million, which has been shown in the additional ordinary income.

On 1 April 2019, HeidelbergCement completed the disposal of the Spoleto cement plant in Umbria, Italy. The sales price of €17.6 million is made up of a cash payment of €2.0 million and a non-current receivable of €15.6 million carried at amortised cost. The sales price is subject to a standard adjustment clause. The loss of €8.4 million resulting from the divestment has been shown in the additional ordinary expenses.

HeidelbergCement signed an agreement with Overin Limited, Cyprus, on 19 December 2018 regarding the sale of its participations in Ukraine. The sale was completed on 25 April 2019. The sale comprises the participations in the subsidiaries HeidelbergCement Ukraine Private Joint Stock Company, HeidelbergGranit Ukraine Limited Liability Company, Heidelberg-Beton Ukraine Limited Liability Company, and Rybalsky Quarry Limited Liability Company. The sales price amounted to €13.0 million and was paid in cash. The divestment resulted in a loss of €142.6 million, of which €144.5 million was due to the realisation of currency translation differences recognised in equity, and was reported in the additional ordinary expenses.

On 29 April 2019, HeidelbergCement sold its 51 % share in Baustoffwerke Dresden GmbH & Co. KG, Dresden. The sales price of €9.8 million was paid in cash. The profit on disposal of €4.7 million was recognised in the additional ordinary income.

On 1 July 2019, HeidelbergCement completed the sale of the Testi cement plant in Tuscany, Italy, as well as that of two grinding plants in Piedmont, Italy. The sales price of €77.4 million was paid in cash. The divestment resulted in a gain of €46.6 million, which has been recorded in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture

€m	Egypt	Italy	Ukraine	Germany	Total
Intangible assets		2.0		2.7	**4.8**
Property, plant and equipment		19.9		4.7	**24.5**
Inventories		4.9		1.0	**5.8**
Cash and cash equivalents				1.4	**1.4**
Other assets				2.5	**2.5**
Assets held for sale	16.6	34.2	23.0		**73.9**
Total assets	16.6	61.0	23.0	12.3	**112.9**
Provisions		0.6		1.1	**1.7**
Liabilities		0.2		5.5	**5.7**
Liabilities associated with disposal groups	2.0	3.4	11.9		**17.3**
Total liabilities	2.0	4.2	11.9	6.6	**24.7**
Net assets	14.6	56.8	11.1	5.7	**88.2**

Furthermore, HeidelbergCement effected other divestments during the same period of the previous year that are of minor importance for the presentation of the financial position and performance of the Group.

6 Notes to the segment reporting

HeidelbergCement's segment reporting is based on the Group's internal division into geographical regions, corresponding to the management organisation.

HeidelbergCement is divided into six Group areas:
- Western and Southern Europe: Belgium, France, Germany, Italy, Netherlands, Spain, and the United Kingdom
- Northern and Eastern Europe-Central Asia: Denmark, Iceland, Norway, Sweden, and the Baltic States, as well as the cross-border Nordic Precast Group and Mibau Group, Bosnia-Herzegovina, Bulgaria, Croatia, Czechia, Georgia, Greece, Hungary, Kazakhstan, Poland, Romania, Russia, and Slovakia
- North America: Canada and USA
- Asia-Pacific: Australia, Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Thailand
- Africa-Eastern Mediterranean Basin: Benin, Burkina Faso, DR Congo, Egypt, Gambia, Ghana, Israel, Liberia, Morocco, Mozambique, Sierra Leone, South Africa, Tanzania, Togo, and Turkey
- Group Services comprise the international trading activities as well as the activities in Kuwait and the United Arab Emirates.

HeidelbergCement evaluates the performance in the segments primarily on the basis of the result from current operations. As Group financing (including financing expenses and income) is managed centrally by the Group and income taxes are, in general, calculated across business lines, neither is allocated to segments. The IFRS used in these financial statements form the basis for the valuation principles of the segment reporting. The Inter-Group areas revenue represents the revenue between segments. In the reconciliation, intra-Group relationships between the segments are eliminated.

The revenue and non-current assets of the main countries are shown in the table below. Revenue is allocated to countries according to the supplying company's country of origin.

Information by country	Revenue with external customers		Non-current assets [1]	
€m	2019	2020	2019	2020
USA	3,991	**3,888**	8,859	**7,912**
Germany	1,245	**1,368**	1,481	**1,503**
United Kingdom	1,300	**1,190**	2,909	**1,126**
France	1,238	**1,185**	1,690	**1,104**
Australia	1,241	**1,158**	2,043	**1,947**
Indonesia	999	**841**	1,111	**981**
Canada	787	**729**	680	**527**
Italy	604	**560**	841	**622**
Other countries	7,448	**6,687**	7,071	**6,043**
Total	18,851	**17,606**	26,684	**21,763**

1) Intangible assets and property, plant and equipment

7 Notes to the income statement

7.1 Revenue

The revenue shown in the consolidated income statement relates to revenue from contracts with customers in accordance with IFRS 15. In the following table, the revenue is broken down into two categories: type of products and services (business lines) and Group areas.

Revenue development by Group areas and business lines	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
€m	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Western and Southern Europe	2,577	**2,527**	1,128	**1,077**	1,993	**1,922**	358	**373**	-945	**-939**	5,112	**4,960**
Northern and Eastern Europe-Central Asia	1,548	**1,532**	528	**525**	631	**560**	396	**437**	-214	**-202**	2,888	**2,854**
North America	1,861	**1,778**	1,822	**1,765**	1,303	**1,286**	316	**294**	-523	**-505**	4,778	**4,617**
Asia-Pacific	1,844	**1,617**	570	**512**	1,225	**1,106**	51	**44**	-318	**-281**	3,372	**2,998**
Africa-Eastern Mediterranean Basin	1,334	**1,448**	94	**78**	361	**350**	35	**40**	-137	**-150**	1,686	**1,765**
Group Services					35	**21**	1,585	**995**	-10	**-5**	1,611	**1,010**
Inter-Group area revenue within business lines	-45	**-33**	-32	**-36**	0		7	**5**			-69	**-64**
Total	9,118	**8,869**	4,110	**3,922**	5,548	**5,244**	2,748	**2,188**	-2,147	**-2,083**	19,377	**18,140**
Inter-Group area revenue between business lines									-526	**-534**	-526	**-534**
Total									-2,673	**-2,617**	18,851	**17,606**

7.2 Other operating income

Other operating income

€m	2019	2020
Gains from sale of fixed assets	106.9	**39.6**
Income from ancillary business	41.2	**41.6**
Rental income	32.2	**37.6**
Foreign exchange gains	26.3	**33.2**
Reversal of provisions	19.3	**18.4**
Other income	205.4	**209.2**
	431.3	**379.5**

The gains from sale of fixed assets include gains from the sale of quarries that were depleted and no longer in operational use to the amount of €3.9 million (previous year: 24.5). The foreign exchange gains concern trade receivables and payables. Foreign exchange gains from interest-bearing receivables and liabilities are shown in the financial result. Income from the reversal of provisions includes the reversal of provisions that cannot be assigned by cost type. The other income item includes proceeds of €16.0 million (previous year: 18.1) from the disposal of energy-efficiency certificates in Italy, premium income of reinsurers of €21.6 million (previous year: 20.2), as well as numerous individual items.

Significant income that occurs in the course of ordinary business activities but is not reported in result from current operations is shown in the additional ordinary income and explained in Note 7.8.

7.3 Material costs

Material costs

€m	2019	2020
Raw materials	2,724.0	**2,496.6**
Supplies, repair materials, and packaging	1,110.9	**1,112.3**
Costs of energy	1,888.2	**1,506.4**
Goods purchased for resale	1,483.0	**1,019.9**
Miscellaneous	380.1	**347.7**
	7,586.1	**6,482.9**

Material costs amounted to 36.8 % of revenue (previous year: 40.2 %).

7.4 Personnel costs and employees

Personnel costs

€m	2019	2020
Wages, salaries, social security costs	2,975.1	**2,822.9**
Costs of retirement benefits	179.2	**167.4**
Other personnel costs	33.1	**35.1**
	3,187.4	**3,025.4**

Personnel costs equalled 17.2 % of revenue (previous year: 16.9 %). The development of expenses for retirement benefits is explained in Note 9.13 Pension provisions.

Annual average number of employees

Categories of employees	2019	2020
Blue-collar employees	37,604	**34,792**
White-collar employees	18,908	**18,794**
Apprentices	401	**334**
	56,913	**53,920**

Long-term bonus – capital market component

As a long-term variable remuneration element, the members of the Managing Board of HeidelbergCement AG and certain managers within the HeidelbergCement Group receive a long-term bonus made up of a management component and a capital market component. The capital market component with a term of four years considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

For the capital market component, the number of PSUs initially granted is determined in a first step: the number of PSUs is calculated from a set percentage of the fixed annual salary divided by the reference price of the HeidelbergCement share as at the time of issue. The reference price in each case is the average of the daily closing prices (trading days) of the HeidelbergCement share on the Frankfurt Stock Exchange Xetra trading system for three months retrospectively from the start/expiration of the performance period.

After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the attainment of the target (0 %–200 %) and paid in cash at the reference price of the HeidelbergCement share valid at that time, adjusted for the reinvested dividend payments and for changes in capital.

The following table shows the key parameters of the plans.

Key parameters of the long-term bonus plans

	Plan 2017	Plan 2018	Plan 2019	Plan 2020
Date of issuance	1 January 2017	1 January 2018	1 January 2019	1 January 2020
Term	4 years	4 years	4 years	4 years
Reference price at issuance	€85.89	€88.34	€58.78	€65.84
Maximum payment amount per PSU	€214.73	€220.85	€146.95	€164.60

The reconciliation of the number of PSUs from 1 January 2017 to 31 December 2020 is shown in the following table.

Number of PSUs

	Plan 2017	Plan 2018	Plan 2019	Plan 2020
Granted as of 1 January 2017				
Additions	122,851			
Disposals	-12,139			
Granted as of 31 December 2017 / as of 1 January 2018	110,712			
Additions		114,474		
Disposals	-2,711	-2,729		
Granted as of 31 December 2018 / as of 1 January 2019	108,001	111,745		
Additions			178,084	
Disposals	-4,852	-6,240	-8,426	
Granted as of 31 December 2019 / as of 1 January 2020	103,149	105,505	169,658	
Additions				149,384
Disposals	-1,618	-2,547	-3,319	-3,173
Granted as of 31 December 2020	101,531	102,958	166,339	146,211

In the reporting year, all of the 115,346 PSUs from the 2016 plan granted as at 31 December 2019 were exercised and either settled via cash payment or lapsed due to the departure of employees.

For accounting in accordance with IFRS 2 (Share-based Payment), the fair value of the PSUs is calculated using a recognised option price model. A large number of different development paths for the HeidelbergCement share – taking into account the effects of reinvested dividends – and the benchmark indices are simulated (Monte Carlo simulation). As at the reporting date, the benchmark index DAX 30 had 13,719 points (previous year: 13,249) and the benchmark index MSCI World Construction Materials 227.1 points (previous year: 217.9).

The fair value and additional valuation parameters are shown in the tables below.

Fair value

in €	Plan 2017	Plan 2018	Plan 2019	Plan 2020
Fair value as of 31 December 2017	115.15			
Fair value as of 31 December 2018	24.92	20.19		
Fair value as of 31 December 2019	16.91	10.39	21.13	
Fair value as of 31 December 2020	7.44	5.97	19.92	39.15

Measurement parameters	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020
	Plans 2015/16/17	Plans 2016/17/18 [2]	Plans 2017/18/19 [2]	Plans 2018/19/20 [2]
Expected dividend yield	7.0 %	6.5 %	6.0 %	-0.8 %
Share price at 31 December	€90.25	€53.38	€64.96	€61.22
Volatility of HeidelbergCement share [1]	20 %	18 %	19 %	32 %
Volatility of MSCI World Construction Materials Index [1]	16 %	13 %	13 %	25 %
Volatility of DAX 30 Index [1]	14 %	11 %	13 %	22 %
Correlation HeidelbergCement share / MSCI World Construction Materials Index [1]	91 %	93 %	87 %	67 %
Correlation HeidelbergCement share / DAX 30 Index [1]	80 %	63 %	69 %	51 %
Correlation DAX 30 Index / MSCI World Construction Materials Index [1]	88 %	77 %	90 %	92 %

1) Average over the last two years
2) The plans expiring in the financial year were revalued each on the base of the current value (31 Dec. 2018: Plan 2015 / 31 Dec. 2019: Plan 2016 / 31 Dec. 2020: Plan 2017).

The total expenditure on the capital market component of the long-term bonus plan amounted to €1.2 million (previous year: 4.3). As at the reporting date, the provisions for the capital market component totalled €3.9 million (previous year: 11.2). The capital market component of the long-term bonus plan 2017–2019/20 is paid after the Annual General Meeting 2021. The same applies to the additional current long-term bonus plans, i.e. payment takes place in the year following the four-year performance period.

7.5 Other operating expenses

Other operating expenses

€m	2019	2020
Selling and administrative expenses	1,172.6	**1,087.8**
Freight	1,943.6	**1,759.1**
Expenses for third party repairs and services	1,806.6	**1,786.6**
Lease expenses	131.2	**113.3**
Other taxes	131.1	**128.8**
Foreign exchange losses	36.5	**41.2**
Losses from the derecognition of operating receivables	3.1	**1.7**
Impairment losses on operating receivables and contract assets	23.5	**25.4**
Other expenses	58.4	**63.5**
	5,306.6	**5,007.5**

The lease expenses include expenses for short-term leases of €108.4 million (previous year: 124.1) and expenses for leases of low-value assets of €4.9 million (previous year: 7.1). The expenses for variable lease payments not included in the measurement of lease liabilities amounted to €91.4 million (previous year: 94.7) and were incurred primarily in connection with freight and third-party services. The foreign exchange losses concern trade receivables and payables. Foreign exchange losses from interest-bearing receivables and liabilities are shown in the financial result.

Other expenses include expenses from the transfer of receivables outstanding as at the reporting date amounting to €10.3 million (previous year: 10.8).

Significant expenses that occur in the course of ordinary business activities but are not reported in result from current operations are shown in the additional ordinary expenses and explained in Note 7.8.

7.6 Result from equity accounted investments (REI)

The result from equity accounted investments (REI) is made up of the results from joint ventures and associates.

Result from joint ventures
With its joint venture partners, HeidelbergCement operates numerous joint ventures worldwide. The following companies make an important contribution to the result from current operations of the HeidelbergCement Group.

- Cement Australia Holdings Pty Ltd, based in New South Wales, Australia, is a joint venture between HeidelbergCement and LafargeHolcim. Each partner holds 50% of the capital shares in the company. Cement Australia is the largest Australian cement manufacturer and operates two cement plants and two grinding plants in eastern and southeastern Australia as well as in Tasmania. HeidelbergCement procures its entire Australian cement requirement from Cement Australia.

- Texas Lehigh Cement Company LP, based in Austin, USA, operates one cement plant in Buda, Texas, and supplies the regional market. The joint venture partners HeidelbergCement and Eagle Materials, Inc. each hold 50 % of the capital shares in the company.

The following table shows the statement of comprehensive income for these material joint ventures (100 % values).

Statement of comprehensive income for material joint ventures	Cement Australia Holdings Pty Ltd		Texas Lehigh Cement Company LP	
€m	2019	2020	2019	2020
Revenue	692.4	**650.7**	205.4	**190.7**
Depreciation and amortisation	-36.6	**-37.9**	-2.7	**-2.8**
Result from current operations	175.4	**172.9**	76.3	**69.7**
Additional ordinary result	-1.1	**-0.1**		
Earnings before interest and taxes (EBIT)	174.3	**172.8**	76.3	**69.7**
Interest expenses	-16.6	**-14.8**	-0.6	
Other financial income and expenses	-0.8	**-1.1**	-0.1	**-0.1**
Profit before tax	156.9	**156.9**	75.6	**69.6**
Income taxes	-11.1	**-8.5**	-0.7	**-0.6**
Profit for the financial year	145.8	**148.4**	74.9	**69.0**
Other comprehensive income	-12.9	**3.6**	1.4	**-12.1**
Total comprehensive income	132.9	**152.0**	76.3	**56.9**

The assets and liabilities of the material joint ventures (100 % values), the reconciliation to the total carrying amount of the interest, and the dividends received by the joint ventures are shown in the following table.

Additional financial information for material joint ventures

€m	Cement Australia Holdings Pty Ltd 2019	Cement Australia Holdings Pty Ltd 2020	Texas Lehigh Cement Company LP 2019	Texas Lehigh Cement Company LP 2020
Intangible assets	19.5	**20.7**		
Property, plant and equipment	428.9	**466.4**	63.5	**72.4**
Financial fixed assets	39.6	**38.5**	16.1	**14.8**
Other non-current assets	2.5	**1.9**		
Total non-current assets	490.5	**527.5**	79.6	**87.2**
Cash and cash equivalents	0.5	**2.9**	0.0	**4.6**
Other current assets	115.2	**114.1**	71.4	**51.4**
Total current assets	115.7	**117.0**	71.4	**56.0**
Total assets	606.2	**644.5**	151.0	**143.2**
Non-current interest-bearing liabilities	268.7	**279.4**	4.9	**4.5**
Non-current provisions	6.4	**7.4**	2.9	**3.1**
Other non-current liabilities	11.9	**13.0**		
Total non-current liabilities	287.0	**299.8**	7.8	**7.6**
Current interest-bearing liabilities	111.1	**35.5**	1.2	**0.6**
Current provisions	9.7	**10.3**	0.3	**0.3**
Trade payables	82.7	**78.0**	13.9	**9.5**
Other current liabilities	49.5	**62.1**	3.3	**4.2**
Total current liabilities	253.0	**185.9**	18.7	**14.6**
Total liabilities	540.0	**485.7**	26.5	**22.2**
Net assets	66.2	**158.8**	124.5	**121.0**
Group share in %	50.0	**50.0**	50.0	**50.0**
Group share of net assets	33.1	**79.4**	62.3	**60.5**
Goodwill	343.5	**345.6**	37.8	**34.7**
Total carrying amount of the interest	376.6	**425.0**	100.1	**95.2**
Dividends received	67.5	**29.1**	29.3	**31.8**

HeidelbergCement also holds investments in individually immaterial joint ventures. The summarised financial information for these companies is shown in the following table (HeidelbergCement shareholding).

Summarised financial information for immaterial joint ventures

€m	2019	2020
Investments in immaterial joint ventures	747.0	**710.6**
Result from immaterial joint ventures	128.7	**107.7**
Other comprehensive income	2.5	**-28.7**
Total comprehensive income	131.2	**79.0**
Unrecognised share of losses of the period	-0.4	**-0.2**
Unrecognised share of losses cumulated	-0.8	**-1.0**

Result from associates

The following table shows the summarised financial information concerning the associates.

Summarised financial information for associates

€m	2019	2020
Investments in associates	537.1	**540.5**
Result from associates	50.5	**62.1**
Other comprehensive income	4.3	**-3.6**
Total comprehensive income	54.8	**58.5**
Unrecognised share of losses of the period	-0.4	**-1.2**
Unrecognised share of losses cumulated	-3.9	**-3.9**

7.7 Amortisation and depreciation of intangible assets and property, plant and equipment

Scheduled amortisation of intangible assets and depreciation of property, plant and equipment is determined on the basis of the following Group-wide useful lives.

Useful lives

	Years
Standard software	**3**
SAP applications	**3 to 5**
Buildings	**20 to 40**
Technical equipment and machinery	**10 to 30**
Plant and office equipment	**5 to 10**
IT hardware	**4 to 5**

Impairment losses are shown in the additional ordinary expenses.

7.8 Additional ordinary result

The additional ordinary result includes income and expenses that, although occurring in the course of ordinary business activities, are not reported in result from current operations.

Additional ordinary result

€m	2019	2020
Additional ordinary income		
Gains from the disposal of subsidiaries and other business units	79.0	**4.3**
Other additional income	85.8	**23.1**
	164.7	**27.4**
Additional ordinary expenses		
Losses from the disposal of subsidiaries and other business units	-163.5	**-3.3**
Impairment of goodwill		**-2,693.7**
Impairment of other intangible assets and property, plant and equipment	-66.8	**-803.0**
Restructuring expenses	-99.1	**-130.9**
Other additional expenses	-13.5	**-74.5**
	-342.9	**-3,705.5**
	-178.2	**-3,678.1**

Additional ordinary income

In 2020, the gains from the disposal of subsidiaries and other business units resulted from the deconsolidation of smaller participations. In the previous year, this item primarily included gains from the sale of the white cement plant in Minya, Egypt, and the disposal of the Testi cement plant as well as two grinding plants in Piedmont, Italy.

Other additional income includes income from indemnities amounting to €13.8 million, gains from the disposal of a property of €5.7 million, and reversals of impairment losses totalling €2.8 million. In the 2019 financial year, this item included income from the reversal of provisions for litigation and other risks of €66.1 million, the reversal of impairment losses on assets shown in the disposal groups in the previous year amounting to €9.1 million, and other income not reported in result from current operations.

Additional ordinary expenses

The losses from the disposal of subsidiaries and other business units in the 2020 financial year are essentially attributable to the divestment of a participation in Norway. In the previous year, this item included losses from the divestment of the Ukrainian subsidiaries HeidelbergCement Ukraine Private Joint Stock Company, HeidelbergGranit Ukraine Limited Liability Company, HeidelbergBeton Ukraine Limited Liability Company, and Rybalsky Quarry Limited Liability Company, as well as the disposal of the Spoleto cement plant in Italy. The line item also included translation-related expenses in connection with the repayment of capital by a subsidiary.

The impairment of goodwill is explained in Note 9.1.

The impairment of other intangible assets and property, plant and equipment for the 2020 financial year is explained in Note 9.2. In the previous year, the impairment of other intangible assets and property, plant and equipment arose in the Group areas of Western and Southern Europe (€39.3 million), Northern and Eastern Europe-Central Asia (€15.6 million), Africa-Eastern Mediterranean Basin (€6.3 million), and Asia-Pacific (€5.6 million). The impairment losses were recognised in connection with (temporary) shutdowns of locations in particular and were largely carried out on the basis of the value in use.

The restructuring expenses in the financial year were incurred in the Group areas of Western and Southern Europe with €98.6 million (previous year: 57.6), Northern and Eastern Europe-Central Asia with €10.3 million (previous year: 1.4), North America with €8.3 million (previous year: 0.0), Group functions with €7.6 million (previous year: 7.9), Asia-Pacific with €3.1 million (previous year: 7.2), and Africa-Eastern Mediterranean Basin with €3.0 million (previous year: 25.1).

Other additional expenses include additions to environmental provisions of €24.3 million, expenses of €10.2 million connected with the closure of locations, payments of €9.2 million into a COVID-19 special fund, additions to provisions for litigation risks of €7.0 million, transaction costs for business acquisitions amounting to €7.0 million, and other expenses not reported in results from current operations. In the previous year, this item included expenses of €2.3 million connected with the closure of locations, incidental disposal costs of €7.1 million for divestments, transaction costs for business acquisitions amounting to €2.4 million, impairments of €1.3 million to spare parts in the context of the impairment of property, plant and equipment, and other expenses not reported in results from current operations.

7.9 Interest expenses

In the 2020 financial year, the interest expenses for lease liabilities amounted to €37.8 million (previous year: 45.2).

7.10 Other financial result

Other financial result

€m	2019	2020
Interest balance from defined benefit pension plans	-14.0	**-10.6**
Interest effect from the valuation of other provisions	-30.6	**-34.5**
Valuation result of derivative financial instruments	-22.8	**-13.6**
Impairment losses on interest-bearing receivables	-4.4	**-8.2**
Miscellaneous other financial result	-16.5	**-33.0**
	-88.2	**-99.9**

Interest effects from the valuation of other provisions are explained in Note 9.14. The valuation result of derivative financial instruments essentially stems from the interest component of the foreign currency derivatives. The miscellaneous other financial result includes expenses from the continuing involvement to the amount of €10.8 million (previous year: 20.0).

7.11 Income taxes

Income taxes from continuing operations

€m	2019	2020
Current taxes	-355.9	**-433.0**
Deferred taxes	-2.5	**98.5**
	-358.4	**-334.5**

Adjusted for tax expenses for previous years, which amounted to €48.7 million (previous year: tax refunds of 15.1), the current tax expense increased by €13.2 million. The deferred tax income includes income of €125.1 million (previous year: 2.4) resulting from the recognition and reversal of temporary differences. The significant increase compared with the previous year is mainly due to the impairment of other intangible assets and property, plant and equipment in the course of the COVID 19-related remeasurement of the asset portfolio, which resulted in deferred tax income of €173.8 million. Explanations of the impairment losses are provided under Note 9.2. Deferred tax assets created in previous years for carryforwards of unused tax losses and interest as well as tax credits were offset and reduced by €56.5 million (previous year: 25.1) during the reporting year. The reduction in the current and deferred tax expense for carryforwards of unused tax losses and interest not recognised in previous years as well as tax credits amounted to €128.4 million in the financial year (previous year: 158.5). In the reporting year, deferred tax assets of €26.6 million (previous year: 22.3) not covered by deferred tax liabilities were recognised from companies that had made a loss in the current or previous period. This mainly concerns companies in Germany, the Netherlands, and Indonesia and corresponds to the assessment of recoverability based on positive business development and corporate planning.

Carryforwards of unused tax losses as well as tax credits for which no deferred tax assets are recognised amount to €2,671.0 million (previous year: 2,611.3). They have essentially vested both in Germany and abroad but are not determined separately in all countries by official notice and are therefore partly subject to review by the financial authorities prior to utilisation. In addition, no deferred tax assets were recognised for carryforwards of unused interest amounting to €737.9 million (previous year: 482.7) and deductible temporary differences of €74.2 million (previous year: 269.9). Overall, unrecognised deferred tax assets amounted to €808.3 million (previous year: 763.0) in the reporting year.

In the financial year, €44.7 million (previous year: 11.5) in deferred taxes, resulting primarily from the measurement of pension provisions in accordance with IAS 19, was recognised directly in equity. The deferred taxes increased by €2.8 million (previous year: 0.0) as a result of changes to the scope of consolidation and were recognised directly in equity.

As laid down in IAS 12, deferred taxes must be recognised on the difference between the share of equity of a subsidiary captured in the consolidated balance sheet and the carrying amount for this subsidiary in the parent company's tax accounts, if realisation is expected (outside basis differences). On the basis of the regulations for the application of IAS 12.39, deferred taxes of €57.6 million (previous year: 54.7) were recognised on planned future dividends. No deferred tax liabilities were recognised for additional temporary taxable outside basis differences from subsidiaries, associates, and other participations of HeidelbergCement AG amounting to €58.4 million (previous year: 113.7), as no reversal is likely within the foreseeable future. In accordance with the regulations of IAS 12.87, the amount of unrecognised deferred tax liabilities was not computed.

To measure deferred taxes, a combined income tax rate of 29.7% is applied for the domestic companies. This consists of the statutory corporation tax rate of 15.0% plus the solidarity surcharge of 5.5% levied on the corporation tax to be paid, as well as an average trade tax burden of 13.9%. For 2019, the combined income tax rate was also 29.7%. The calculation of the expected income tax expense at the domestic tax rate is carried out using the same combined income tax rate that is used in the calculation of deferred taxes for domestic companies.

The profit before tax of the Group companies based abroad is taxed at the applicable rate in the respective country of residence. The local income tax rates vary, thus resulting in corresponding tax rate differentials.

A weighted average tax rate is established by taking the tax rate differentials into account. The decrease in this rate in comparison with the earlier period is due to the change in the relative weighting of the companies' results.

Tax reconciliation of continuing operations

€m	2019	2020
Profit before tax	1,633.0	**-1,602.4**
Impairment of goodwill	0.0	**-2,693.7**
Profit before tax and impairment of goodwill	1,633.0	**1,091.3**
Expected tax expense at national tax rate of 29.7 % (2019: 29.7 %)	-485.0	**-324.1**
Tax rate differentials	82.1	**79.1**
Expected tax expense at weighted average tax rate of 22.5 % (2019: 24.7 %)	-402.9	**-245.0**
Tax-free earnings (+) and non-deductible expenses (-)	-40.1	**-41.2**
Effects from carryforward of unused tax losses and interest, tax credits	133.4	**71.9**
Not recognised deferred tax assets	-42.4	**-28.8**
Tax increase (-), reduction (+) for prior years	25.5	**-73.4**
Changes in tax rate	-2.5	**2.9**
Others	-29.3	**-20.9**
Income taxes	-358.4	**-334.5**

Deferred tax by type of temporary difference

€m	2019	2020
Deferred tax assets		
Fixed assets	63.1	**67.7**
Other assets	88.2	**133.6**
Provisions and liabilities	743.2	**678.2**
Carryforward of unused tax losses and interest, tax credits	480.6	**399.5**
Gross amount	1,375.1	**1,279.1**
Netting	-1,061.9	**-935.9**
	313.3	**343.2**
Deferred tax liabilities		
Fixed assets	1,436.0	**1,230.4**
Other assets	23.5	**54.2**
Provisions and liabilities	328.7	**235.9**
Gross amount	1,788.1	**1,520.5**
Netting	-1,061.9	**-935.9**
	726.3	**584.6**

7.12 Discontinued operations and disposal groups

Discontinued operations

The following table shows the composition of the result.

Net loss from discontinued operations

€m	2019	2020
Income	0.5	**0.2**
Expenses	-43.7	**-37.1**
Result before tax	-43.2	**-36.9**
Attributable income taxes	10.8	**8.4**
Result after tax	-32.4	**-28.5**
Loss on measurement		**-43.8**
	-32.4	**-72.3**

The net loss essentially includes income and expenses incurred in connection with discontinued operations of the Hanson Group in previous years and that result primarily from provisions for damages and environmental obligations. Further details on the obligations are provided in Note 9.14 Other provisions.

The loss on measurement relates to the contingent purchase price receivable from the disposal of the Hanson Building Products operation on 13 March 2015. The receivable resulted from an additional earn-out clause agreed in the purchase agreement and was recognised in the 2014 financial year at a fair value of US$50 million, which was determined using probability forecasts. As part of the arbitration proceedings concluded in the 2020 financial year, it was determined that the receivable is now irrecoverable. The loss on measurement is reported in the result from discontinued operations in the same way as the original disposal result of the operation.

Disposal groups

On 29 November 2020, HeidelbergCement signed an agreement to sell its shares in Hilal Cement Company KSCP and its subsidiaries Al Mahaliya Ready Mix Concrete W.L.L., Kuwait German Company for RMC W.L.L., and Gulf Ready Mix Concrete Company W.L.L., based in Safat, Kuwait. The Hilal Group operates four ready-mixed concrete plants and two cement terminals on the local port site in Kuwait. The transaction was concluded on 24 January 2021. The divestment is related to the simplification of the country portfolio as part of the "Beyond 2020" strategy.

HeidelbergCement signed an agreement on 17 December 2019 regarding the sale of its shares in Mauritano-Française des Ciments S.A., Mauritania. The sale was completed on 8 January 2020. Further explanations are given in Divestments in the reporting year on ↗ **page 128**.

The following overview shows the main groups of assets and liabilities of the disposal groups.

Assets and liabilities classified as held for sale

€m	2019	2020
Intangible assets	0.0	**1.1**
Property, plant and equipment	1.7	**11.5**
Other non-current assets	0.5	**0.1**
Inventories	3.8	**2.9**
Cash and cash equivalents	4.5	**17.1**
Other current assets	5.8	**9.8**
Assets classified as held for sale	16.3	**42.5**
Pension provisions	0.2	**2.2**
Other non-current provisions		**0.4**
Non-current liabilities		**7.6**
Current liabilities	1.2	**7.0**
Liabilities classified as held for sale	1.4	**17.1**
Net assets	15.0	**25.3**

Other components of equity as at 31 December 2020 contain expenses of €0.9 million (previous year: 0.3) connected with disposal groups.

7.13 Earnings per share

Earnings per share

€m	2019	2020
Profit/loss for the financial year	1,242.2	**-2,009.2**
Non-controlling interests	151.3	**130.0**
Group share of profit/loss	1,090.9	**-2,139.2**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings/loss per share in €	5.50	**-10.78**
Net income/loss from continuing operations – attributable to the parent entity	1,123.3	**-2,066.9**
Earnings/loss per share in € – continuing operations	5.66	**-10.42**
Net loss from discontinued operations – attributable to the parent entity	-32.4	**-72.3**
Loss per share in € – discontinued operations	-0.16	**-0.36**

8 Notes to the statement of cash flows

The consolidated statement of cash flows shows how the Group's cash and cash equivalents changed through inflows and outflows during the reporting year. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating, investing, and financing activities. The changes in the relevant balance sheet items cannot be directly derived from the consolidated balance sheet, as they are adjusted for non-cash transactions, such as effects arising from currency translation and changes to the scope of consolidation.

The cash flow is calculated as net income from continuing operations adjusted for income taxes, net interest, depreciation, amortisation, impairment losses, and other eliminations. Cash flows from dividends received from non-consolidated companies, from interest received and paid, and from income taxes paid are also recognised. Changes in working capital and utilisation of provisions are taken into account when determining the cash flow from operating activities.

Cash flows from the acquisition or sale of intangible assets as well as property, plant and equipment and financial assets are recognised in the cash flow from investing activities. If these relate to the acquisition or disposal of subsidiaries or other business units (gain or loss of control), the effects on the statement of cash flows are shown in separate items.

The cash flow from financing activities mainly results from changes in capital and dividend payments as well as proceeds from and repayments of bonds, loans, and lease liabilities. In addition, cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control are classified as financing activities.

The cash flows from foreign Group companies shown in the statement are generally translated into euro using the average annual exchange rates. In contrast, cash and cash equivalents are translated using the exchange rate at year end, as in the consolidated balance sheet. The effects of exchange rate changes on cash and cash equivalents are shown separately.

The significant individual items in the statement of cash flows are explained below.

8.1 Dividends received

Of the cash inflow from dividends received, €180.6 million (previous year: 188.9) relates to joint ventures, €40.1 million (previous year: 27.7) to associates, and €2.6 million (previous year: 0.4) to other participations.

8.2 Interest received/interest paid

The cash inflow from interest received decreased by €30.3 million to €102.3 million (previous year: 132.6). Interest payments amounted to €367.6 million in the financial year (previous year: 485.2). This item includes interest paid for lease liabilities of €37.8 million (previous year: 45.2).

8.3 Income taxes paid

This item includes payments relating to income taxes amounting to €340.9 million (previous year: 294.1).

8.4 Other eliminations

The other eliminations include non-cash expenses and income, such as additions to and reversals of provisions, results from participations accounted for using the equity method, non-cash effects from foreign currency translation, as well as impairments and reversals of write-downs of current assets. Furthermore, the results are adjusted for the book profits and losses from fixed asset disposals. The total amount earned from these fixed asset disposals is shown under divestments in investment activities.

8.5 Changes in operating assets/liabilities

Operating assets consist of inventories, trade receivables, and other assets used in operating activities.

Operating liabilities include trade payables and other liabilities from operating activities.

8.6 Investments (cash outflow)

The payments for investments differ from additions in the fixed asset movement schedule, which shows, for instance, non-cash transactions as additions, such as additions in connection with barter transactions or contributions in kind.

Of the total cash-relevant investments of €1,067.4 million (previous year: 1,313.9), €833.1 million (previous year: 911.2) related to investments to sustain and optimise capacity and €234.4 million (previous year: 402.6) to capacity expansions.

Investments in intangible assets and property, plant and equipment amounted to €969.4 million (previous year: 1,182.8) and related to maintenance, optimisation, and environmental protection measures at our production sites, as well as expansion projects in growth markets.

Payments for the acquisition of subsidiaries and other business units less cash and cash equivalents acquired amounted to €76.3 million (previous year: 89.6); this figure was primarily attributable to the acquisition of the Kynningsrud Group and Cimsud. In the previous year, the payments resulted mainly from the acquisition of subsidiaries and other business units in France, Bangladesh, and North America. Further details of the acquisitions are provided in Note 5.1.

The investments in financial assets, associates, and joint ventures totalled €21.8 million (previous year: 41.4).

8.7 Divestments (cash inflow)

The cash inflow from the disposal of subsidiaries and other business units less cash and cash equivalents disposed of amounted to €1.9 million (previous year: 159.2) and primarily relates to the sale of our subsidiary in Mauritania. In the previous year, €77.4 million of the proceeds related to the sale of the Testi cement plant and two grinding plants in Piedmont, Italy, €23.5 million to the sale of the white cement plant in Minya, Egypt, and €13.0 million to the sale of the activities in Ukraine. Detailed explanations on the divestments are provided in Note 5.2.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to €67.4 million in the financial year (previous year: 176.3). The disposal of financial assets, associates, and joint ventures as well as the repayment of loans resulted in payments received of €48.9 million (previous year: 71.8).

8.8 Decrease/increase in ownership interests in subsidiaries

This item shows cash flows from the decrease or increase in ownership interests in subsidiaries that do not lead to a loss of control. The proceeds of €1.8 million (previous year: 209.2) from the decrease in ownership interests in subsidiaries relate to the disposal of 2.5 % of the shares in Suez Cement Company S.A.E., Egypt. In the previous year, the proceeds related to the disposal of 11.3 % of the shares in Ciments du Maroc S.A., Morocco. The payments made to increase ownership interests in subsidiaries totalled €21.8 million (previous year: 92.2) in the financial year, of which €15.3 million related to the acquisition of 21.0 % of the shares in Suez Cement Company S.A.E., Egypt, and €5.0 million was connected with the purchase of 18.5 % of the shares in Tourah Portland Cement Company S.A.E., Egypt.

8.9 Proceeds from bond issuance and loans

This item includes the issue of a new bond with a nominal volume of €650.0 million. In the previous year, this item included the issue of a bond with a nominal volume of €750.0 million and proceeds from a loan of €86.0 million.

8.10 Repayment of bonds, loans and lease liabilities

This item includes the scheduled repayments of financial liabilities. In 2020, four bonds with a nominal volume totalling €2.6 billion were repaid, as were lease liabilities amounting to €270.9 million (previous year: 285.0). In the previous year, this item included the repayment of two bonds amounting to €1.0 billion.

8.11 Changes in short-term interest-bearing liabilities

This line shows the balance of proceeds from and payments for items with a high turnover rate, large amounts, and short terms from financing activities.

8.12 Changes in liabilities arising from financing activities

The following table shows the changes in liabilities arising from financing activities, broken down into cash-relevant and non-cash changes.

Changes in liabilities arising from financing activities

€m	Bonds payable	Bank loans	Miscel-laneous other inter-est-bearing liabilities	Lease liabilities	Non-controlling interests with put options	Derivative financial instruments (net position)	Total
1 January 2020	9,636.7	879.6	111.8	1,285.7	63.7	-2.8	**11,974.7**
Cash flow from financing activities	-1,900.0	-37.6	-20.8	-270.9		-58.9	**-2,288.1**
Change in consolidation scope		14.9	10.9	-8.5			**17.3**
Currency translation		-12.3	-7.4	-39.9			**-59.6**
Changes in fair value						17.1	**17.1**
Other changes	-28.2	-2.5	-2.0	158.2	12.5		**138.0**
31 December 2020	7,708.5	842.1	92.5	1,124.7	76.1	-44.6	**9,799.4**
1 January 2019	9,939.7	746.4	122.6	1,324.6	83.4	39.0	**12,255.7**
Cash flow from financing activities	-250.0	115.0	-19.9	-285.0		35.8	**-404.1**
Change in consolidation scope		7.8	6.3	14.4			**28.4**
Currency translation		8.7	1.3	32.4			**42.5**
Changes in fair value						-77.6	**-77.6**
Other changes	-53.1	1.8	1.5	199.4	-19.7		**129.9**
31 December 2019	9,636.7	879.6	111.8	1,285.7	63.7	-2.8	**11,974.7**

The cash-relevant change in liabilities arising from financing activities includes cash flows resulting from the proceeds from and repayments of loans, bonds, lease liabilities, and short-term interest-bearing liabilities, as well as cash flows from rolling currency derivatives, insofar as they serve to hedge financial liabilities.

The net position of the derivative financial instruments includes currency derivatives with both positive and negative fair values. This results in a positive net carrying amount of €44.6 million (previous year: 2.8) as at 31 December 2020. The total change in interest liabilities is shown in other changes, as interest-related payment flows in the statement of cash flows are allocated to cash flow from operating activities.

8.13 Cash and cash equivalents

Cash and cash equivalents with a remaining term of up to three months are included. The cash equivalents in this item are short-term, highly liquid financial investments that are readily convertible to a known amount of cash and subject to only insignificant changes in value. Of this item, €16.0 million (previous year: 24.1) is not available for use by HeidelbergCement. This relates to short-term cash deposits at banks that were placed as security for various business transactions, for example outstanding recultivation payments and guarantees provided.

9 Notes to the balance sheet

9.1 Intangible assets

Intangible assets

€m	Goodwill	Other intangible assets	Total
Cost			
1 January 2020	13,173.2	775.5	**13,948.7**
Currency translation	-600.1	-23.3	**-623.4**
Change in consolidation scope	34.1	2.9	**37.0**
Additions		47.7	**47.7**
Disposals		-13.4	**-13.4**
Reclassifications		22.4	**22.4**
Reclassifications to current assets		-1.3	**-1.3**
31 December 2020	12,607.2	810.5	**13,417.7**
Amortisation and impairment			
1 January 2020	1,390.6	403.0	**1,793.6**
Currency translation	-65.9	-11.5	**-77.4**
Change in consolidation scope	-0.1		**-0.1**
Additions		46.4	**46.4**
Impairment	2,693.7	23.8	**2,717.5**
Disposals		-12.6	**-12.6**
Reclassifications		0.4	**0.4**
Reclassifications to current assets		-0.1	**-0.1**
31 December 2020	4,018.4	449.3	**4,467.8**
Carrying amount at 31 December 2020	**8,588.8**	**361.2**	**8,950.0**
Cost			
1 January 2019	12,809.2	735.0	**13,544.2**
Currency translation	269.9	11.1	**280.9**
Change in consolidation scope	78.2	1.8	**80.1**
Additions		47.9	**47.9**
Disposals		-14.5	**-14.5**
Reclassifications		23.4	**23.5**
Reclassifications to current assets	15.9	-29.3	**-13.4**
31 December 2019	13,173.2	775.5	**13,948.7**
Amortisation and impairment			
1 January 2019	1,359.0	364.7	**1,723.8**
Currency translation	30.8	5.3	**36.1**
Change in consolidation scope	0.7	-0.3	**0.4**
Additions		44.1	**44.1**
Impairment		0.6	**0.6**
Disposals		-11.2	**-11.2**
Reclassifications to current assets		-0.2	**-0.2**
31 December 2019	1,390.6	403.0	**1,793.6**
Carrying amount at 31 December 2019	**11,782.6**	**372.5**	**12,155.1**

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. As a consequence of the coronavirus pandemic, HeidelbergCement carried out an extensive review of the business prospects of all of the Group's significant local business units in the second and fourth quarters of 2020 and conducted an impairment test of its asset portfolio on this basis.

In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs.

Cash flow estimates extend over a five-year planning period, after which a terminal value is applied. A three-year detailed bottom-up operational plan approved by management forms the basis for these estimates. This is generally complemented by a top-down plan for an additional two years, which incorporates medium-term expectations of the management based on estimates of market volume, market shares, as well as cost and price development. As a general rule, the top-down plan is derived by applying growth rates to the detailed three-year operational plan. A detailed plan is created for all CGUs operating in unstable markets. This applies especially to those markets in which demand for building materials and building products, as well as the price level, have decreased substantially due to economic uncertainties. It is generally assumed that demand and prices in these markets will recover. For 2021, a slight recovery of revenue is expected in Europe.

The sales volumes derived from the demand are generally based on the assumption of constant market shares. The underlying development of the price level varies by CGU.

Variable costs are assumed to evolve in line with the projected development of sales volumes and prices. As a rule, it is expected that the contribution margin as a percentage of revenue will increase slightly. With increasing sales volumes, this leads to a significant improvement in the operating margin in some cases. Furthermore, it was assumed that the savings achieved through cost reduction programmes, as well as the initiatives to increase prices, would have a positive influence on the CGUs' operating margins. The projections for the estimated growth rates of the terminal value are based on country-specific long-term inflation rates.

The WACC rates for the Group were calculated using a two-phase approach, whereby a phase-one WACC rate was used to discount the payment surpluses for the first five years and a phase-two WACC discount rate was applied for the determination of the terminal value. The difference between the two WACC rates merely results from the downward adjustment for the perpetual growth rate as well as a long-term inflation differential adjustment in phase two. The credit spread as premium to the risk-free rate was derived from the rating of the homogenous peer group. The peer group is subjected to an annual review and adjusted if necessary.

The impairment test led to impairments of goodwill to the amount of €2,693.7 million.

This impairment mainly relates to the CGUs Benelux, France, Italy, United Kingdom, Baltic States, Bulgaria, Denmark, Kazakhstan, Slovakia, Malaysia, Liberia, Mozambique, Togo, and Group Services, where the carrying amount exceeded the recoverable amount in accordance with the value-in-use method.

The following table shows the parameters used in the impairment test and the resulting impairments.

Assumptions made in the calculation of impairment of goodwill

Group area / CGU [1]	Carrying amount of goodwill in €m		Impairment in €m	Recoverable amount in €m [3]
	31 Dec. 2019	31 Dec. 2020	31 Dec. 2020	2020
Western and Southern Europe	3,398.6	**915.2**	**2,404.2**	
Benelux	627.2	**222.3**	**404.9**	**772.5**
France	686.7	**190.9**	**488.0**	**1,178.8**
Italy	90.8	**1.1**	**90.8**	**778.9**
United Kingdom	1,628.1	**134.3**	**1,420.5**	**1,257.5**
Northern and Eastern Europe-Central Asia	856.9	**775.8**	**99.1**	
Baltics	12.8	-	**12.8**	**40.1**
Bulgaria	13.2	-	**13.2**	**152.3**
Denmark	24.2	-	**24.2**	**26.7**
Kazakhstan	51.8	-	**48.0**	**134.2**
Slovakia	0.9	-	**0.9**	**9.1**
North America	5,489.4	**5,072.0**	-	
Asia-Pacific	1,564.8	**1,398.1**	**139.8**	
Australia	1,040.5	**1,051.3**	-	
Malaysia	146.1	-	**139.8**	**77.6**
Africa-Eastern Mediterranean Basin	442.1	**427.8**	**19.7**	
Liberia	2.4	-	**2.4**	**30.3**
Morocco	274.1	**281.0**	-	
Mozambique	15.8	**6.2**	**7.3**	**14.0**
Togo	10.0	-	**10.0**	**168.9**
Group Services	30.9	-	**30.9**	**60.2**
Total	11,782.6	**8,588.8**	**2,693.7**	

1) CGU = Cash-generating unit
2) 2019: Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth.
2020: Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth and long-term inflation differential.
3) The recoverable amount is stated for CGUs for which an impairment has been occured. For the CGUs Baltics and Denmark the recoverable amount is shown as of 31 December 2020 and the recoverable amount for the remaining CGUs as of 30 June 2020.

The impairment of the CGUs Benelux, France, United Kingdom, Kazakhstan, Group Services, and Slovakia mainly resulted from a significantly weaker development of results as well as an increased cost of capital due to the adjustment of the market risk premium and the rise in the country risk premiums.

The impairment of the CGU Malaysia, CGU Baltic States, and CGU Denmark resulted from a significantly poorer development of results.

The impairment of the CGUs Bulgaria, Italy, Liberia, Mozambique, and Togo primarily resulted from an increase in the cost of capital, particularly of the market risk premium, in addition to the rise in the country risk premium.

Impairment losses are shown in the additional ordinary expenses.

For the CGUs Australia, Italy, Morocco, and United Kingdom, marginal changes in the sustainable growth rate or in the operational plan as the basis for cash flow estimates or the weighted average cost of capital could cause the carrying amount to exceed the recoverable amount. Management does not rule out such a development. With a reduction of the growth rate by around 0.9 percentage points for the CGU Italy, around 1.3 percentage points for the CGU United Kingdom, and around 1.9 percentage points for the CGU Australia and for the CGU Morocco, the recoverable amount corresponds to the respective carrying amount. With a decline in the planned results (EBIT) for each year of planning as well as in the terminal

Weighted average cost of capital before taxes [2]			Weighted average cost of capital after taxes [2]			Perpetual growth rate		
31 Dec. 2019	30 June 2020	31 Dec. 2020	31 Dec. 2019	30 June 2020	31 Dec. 2020	31 Dec. 2019	30 June 2020	31 Dec. 2020
6.4% - 8.8%	7.3% - 10.9%	**7.3% - 9.4%**	4.9% - 6.9%	5.5% - 8.7%	**5.8% - 7.3%**	1.3% - 2.2%	1.5% - 2.1%	**1.4% - 2.0%**
6.4%	7.3%	**7.6%**	5.3%	6.0%	**6.2%**	2.0%	1.9%	**1.7%**
6.5%	7.4%	**7.5%**	5.3%	6.2%	**6.0%**	2.0%	1.7%	**1.6%**
8.8%	10.9%	**9.4%**	6.9%	8.7%	**7.3%**	1.9%	1.5%	**1.4%**
7.1%	7.8%	**7.9%**	6.3%	6.9%	**6.8%**	2.2%	2.0%	**2.0%**
6.1% - 13.4%	6.7% - 14.9%	**7.1% - 10.4%**	5.1% - 11.7%	5.8% - 13.0%	**5.8% - 11.0%**	1.7% - 5.5%	1.9% - 4.0%	**1.6% - 4.0%**
8.5%	9.0%	**8.6%**	7.3%	7.9%	**7.5%**	2.1%	2.2%	**2.1%**
6.8%	10.5%	-	6.4%	9.8%	-	2.6%	2.2%	-
6.1%	6.7%	**7.1%**	5,1%	5.8%	**5.8%**	1.7%	2.0%	**1.6%**
13.4%	14.9%	-	11.7%	13.0%	-	5.5%	4.0%	-
6.4%	8.0%	-	5.5%	7.4%	-	2.1%	2.0%	-
8.5%	8.1%	**8.4%**	6.8%	6,6%	**6.9%**	2.1%	2.1%	**2.1%**
7.0% - 15.1%	6.5% - 18.0%	**5.8% - 15.0%**	6.1% - 12.2%	5.6% - 15.3%	**5.8% - 12.8%**	1.9% - 4.2%	0.2% - 5.5%	**0.3% - 5.5%**
7.9%	8.1%	**8.6%**	6.3%	6.6%	**6.8%**	2.5%	2.5%	**2.4%**
10.3%	9.5%	-	8.6%	8.0%	-	2.5%	2.3%	-
7.3% - 23.8%	7.7% - 41.5%	**7.1% - 26.9%**	6.2% - 18.8%	6.3% - 30.6%	**5.8% - 22.3%**	2.0% - 8.5%	2.0% - 8.3%	**0.8% - 8.4%**
15.9%	37.9%	-	12.9%	29.6%	-	4.2%	2.3%	-
11.7%	12.8%	**10.6%**	8.8%	9.5%	**7.9%**	2.6%	2.0%	**2.0%**
23.8%	32.1%	**22.4%**	18.2%	23.5%	**17.0%**	5.4%	5.5%	**5.5%**
16.8%	21.6%	-	12.7%	16.7%	-	2.0%	2.0%	-
6.4%	9.7%	-	4.9%	9.2%	-	1.3%	2.3%	-

value of around 12 % for the CGU Italy, the recoverable amount and carrying amount are equal. With an increase in the weighted average cost of capital of around 0.8 percentage points for the CGU Italy, the recoverable amount corresponds to the respective carrying amount.

Without the aforementioned changes, the recoverable amount exceeds the carrying amount of the CGU Australia by €777.2 million, of the CGU Italy by €71.5 million, of the CGU Morocco by €249.6 million, and of the CGU United Kingdom by €266.9 million as at the reporting date.

With a reduction of 2.0 percentage points in the growth rate, a WACC increase of 1.0 percentage point, or a decline of 13.0 % in the planned result (EBIT) for each year of planning as well as in the terminal value, the recoverable amount for all other CGUs continues to lie above the carrying amount.

Explanations on impairment of other intangible assets and property, plant and equipment can be found in Note 9.2.

Other intangible assets

Mining rights, concessions, and software are shown under other intangible assets. Spending on research and development of €120.0 million (previous year: 133.5) was recorded as an expense as it did not fulfil the recognition criteria for intangible assets.

9.2 Property, plant and equipment

Property, plant and equipment

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Cost					
1 January 2020	10,600.3	13,711.4	1,967.1	1,136.1	**27,414.9**
Currency translation	-502.5	-685.0	-84.8	-53.0	**-1,325.3**
Change in consolidation scope	27.6	29.5	-11.8	1.2	**46.6**
Additions	138.0	86.6	171.5	733.2	**1,129.3**
Disposals	-81.5	-191.2	-84.1	-0.1	**-356.9**
Reclassifications	277.7	585.6	81.6	-967.3	**-22.4**
Reclassifications to current assets	-1.5	-4.1	-18.9		**-24.4**
31 December 2020	10,458.1	13,532.9	2,020.7	850.0	**26,861.7**
Depreciation and impairment					
1 January 2020	3,463.1	8,414.6	1,008.0		**12,885.8**
Currency translation	-151.2	-411.7	-50.7		**-613.6**
Change in consolidation scope	-2.1	4.6	-2.9		**-0.4**
Additions	332.4	711.1	254.0		**1,297.4**
Impairment	361.7	377.7	24.9	14.9	**779.2**
Reversal of impairment	-1.6				**-1.7**
Disposals	-45.7	-174.5	-65.4		**-285.5**
Reclassifications	2.0	-3.0	0.6		**-0.4**
Reclassifications to current assets	-1.2	-2.3	-8.8		**-12.2**
31 December 2020	3,957.3	8,916.5	1,159.8	14.9	**14,048.5**
Carrying amount at 31 December 2020	**6,500.7**	**4,616.3**	**860.9**	**835.2**	**12,813.1**
Cost					
1 January 2019	9,604.9	12,638.0	1,094.5	1,137.1	**24,474.5**
First-time application IFRS 16	602.4	160.5	544.7		**1,307.6**
Currency translation	258.1	287.8	40.5	24.3	**610.7**
Change in consolidation scope	-8.3	-15.0	0.7	-7.3	**-29.9**
Additions	113.8	93.1	201.7	983.6	**1,392.2**
Disposals	-94.2	-190.1	-50.2	-2.1	**-336.6**
Reclassifications	120.9	723.3	131.6	-999.3	**-23.4**
Reclassifications to current assets	2.8	13.7	3.5	-0.1	**19.9**
31 December 2019	10,600.3	13,711.4	1,967.1	1,136.1	**27,414.9**
Depreciation and impairment					
1 January 2019	3,085.6	7,657.8	769.4		**11,512.8**
Currency translation	60.8	148.0	20.1		**229.0**
Change in consolidation scope	-29.3	-23.9	-0.4		**-53.6**
Additions	339.7	760.0	250.1		**1,349.8**
Impairment	36.7	28.1	1.3		**66.1**
Reversal of impairment	-0.8	-0.3			**-1.1**
Disposals	-18.5	-167.0	-35.7		**-221.2**
Reclassifications	-12.0	9.4	2.7		**0.0**
Reclassifications to current assets	0.9	2.5	0.5		**3.9**
31 December 2019	3,463.1	8,414.6	1,008.0		**12,885.8**
Carrying amount at 31 December 2019	**7,137.1**	**5,296.9**	**959.0**	**1,136.1**	**14,529.2**

The carrying amount of property, plant and equipment pledged as security amounts to €36.1 million (previous year: 30.3). Borrowing costs of €1.5 million (previous year: 0.4) were recognised. The average capitalisation rate applied was 2 % (previous year: 2 %). In the reporting year, impairment losses of €779.2 million were recognised; these are shown in the additional ordinary result and explained on ↗ **page 150 f.**

Right-of-use assets

The right-of-use assets reported under property, plant and equipment result from leases accounted for in accordance with IFRS 16. The following table shows the development of the right-of-use assets.

Right-of-use assets

€m	Land and buildings	Plant and machinery	Other operating equipment	Total
Cost				
1 January 2020	681.0	183.1	693.3	**1,557.3**
Currency translation	-26.1	-2.5	-23.0	**-51.6**
Change in consolidation scope	5.5		-13.9	**-8.4**
Additions	70.3	3.3	119.2	**192.8**
Disposals	-21.7	-0.9	-29.2	**-51.8**
Reclassifications		-2.5	2.4	**-0.1**
Reclassifications to current assets			-5.5	**-5.5**
31 December 2020	709.0	180.5	743.2	**1,632.8**
Depreciation and impairment				
1 January 2020	81.5	47.8	166.4	**295.7**
Currency translation	-4.5	-0.9	-8.4	**-13.9**
Change in consolidation scope			-3.3	**-3.2**
Additions	82.9	39.0	157.3	**279.2**
Impairment	28.8	15.5	7.3	**51.7**
Disposals	-8.4	-0.3	-13.3	**-22.0**
Reclassifications to current assets			-1.6	**-1.6**
31 December 2020	180.3	101.1	304.5	**585.9**
Carrying amount at 31 December 2020	**528.7**	**79.4**	**438.7**	**1,046.8**
Cost				
1 January 2019				
First-time application IFRS 16	602.4	160.5	544.7	**1,307.6**
Currency translation	19.1	3.0	10.7	**32.7**
Change in consolidation scope	12.7	0.8	0.4	**13.9**
Additions	80.9	13.9	149.7	**244.5**
Disposals	-37.3	-9.3	-13.3	**-59.9**
Reclassifications	0.4	14.1	1.2	**15.7**
Reclassifications to current assets	2.8			**2.8**
31 December 2019	681.0	183.1	693.3	**1,557.3**
Depreciation and impairment				
1 January 2019				
Currency translation	0.8	0.3	1.2	**2.3**
Change in consolidation scope	-0.1	-0.2		**-0.3**
Additions	80.4	49.5	159.1	**289.0**
Impairment	0.9	0.1		**1.0**
Disposals	-0.5	-1.3	-0.5	**-2.4**
Reclassifications	0.1	-0.7	6.7	**6.1**
31 December 2019	81.5	47.8	166.4	**295.7**
Carrying amount at 31 December 2019	**599.5**	**135.3**	**526.8**	**1,261.6**

Information on lease liabilities is provided in **Note 8.12** and **Note 9.15** as well as on ↗ **page 171** and ↗ **page 173**.

The following table contains all the cash outflows for leases.

Cash outflow for leases

€m	2019	2020
Principal payments for lease liabilities	285.0	**270.9**
Interest payments for lease liabilities	45.2	**37.8**
Short-term leases	124.1	**108.4**
Leases of low-value assets	7.1	**4.9**
Variable lease payments, that were not recognised in the lease liability	94.7	**91.4**
	556.2	**513.4**

Impairment of other intangible assets and property, plant and equipment

Owing to the coronavirus pandemic and restructuring measures, HeidelbergCement conducted an impairment review of intangible assets and property, plant and equipment.

The impairments resulting from the review are shown in the table below.

Impairment of other intangible assets and property, plant and equipment

€m	Other intangible assets	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Western and Southern Europe	6.1	174.3	180.0	7.3	3.3	**370.9**
United Kingdom		102.6	93.8	5.7		**202.1**
Italy	5.0	2.5	66.0	0.4		**73.9**
France		49.0	4.6		3.3	**56.9**
Spain	0.9	15.9	9.4	1.0		**27.2**
Other	0.3	4.3	6.2	0.2		**11.0**
Northern and Eastern Europe-Central Asia		6.1	10.8	0.7		**17.6**
North America	0.6	158.3	162.4	15.9	1.8	**338.9**
Africa-Eastern Mediterranean Basin			0.5		0.3	**0.7**
Asia-Pacific	17.1	23.1	24.1	1.0	9.6	**74.8**
Australia	17.1	21.0	17.9	0.9	5.2	**62.0**
Other	0.0	2.0	6.2	0.1	4.4	**12.8**
Total	23.8	361.7	377.7	24.9	14.9	**803.0**

Impairment losses are shown in the additional ordinary expenses.

The main impairments relate to the CGUs in North America, the United Kingdom, Italy, Australia, France, and Spain.

In the case of North America, the impairment of assets was tested on the basis of management units in the regions and individual assets were impaired. The impairment in the West Region Cement management unit is equal to the total carrying amount of €165.8 million with a fair value of €0.0 million, largely as a result of the negative economic outlook related to the consequences of the coronavirus pandemic. The impairment of the Canada Region Prairies management unit amounts to a total of €113.0 million with a value in use or fair value of €101.6 million and a carrying amount of €207.2 million, caused by the negative outlook of the oil and gas industry in Canada, the investment climate, and the trade conflict with China. The impairment of individual assets amounts to €48.5 million. A cost of capital of 6.6 % was used.

In the case of the United Kingdom, the impairment of assets was tested on the basis of local cash-generating units (CGUs). Assets within the CGU Closed Sites were impaired by €26.9 million, with a carrying amount of €33.0 million and a value in use of €6.3 million. Assets within the CGU Hanson Quarry Products Europe were impaired by €121.1 million, with a carrying amount of €199.8 million and a value in use or fair value less costs to sell totalling €79.3 million. Assets within the CGU Cementitious were impaired by €53.9 million, with a carrying amount of €70.8 million and a value in use or fair value less costs to sell of €17.1 million. Assets within the CGU Marine were impaired by €0.2 million, with a carrying amount of €0.2 million and a fair value less costs to sell of €0.0 million. The main reasons for the impairment were the negative outlook due to the impact of the coronavirus pandemic and the rise in the cost of capital to 6.9 %.

In the case of Italy, the impairment of assets was tested on the basis of local cash-generating units (CGUs) and individual assets were impaired. The impairment in the CGU North amounts to a total of €29.9 million with a fair value of €521.8 million and a carrying amount of €551.7 million. Assets within the CGU South were impaired by €23.8 million, with a carrying amount of €139.9 million and a fair value of €116.1 million. Impairment of €9.6 million was applied to the remaining CGUs Centre, Sicily, and Sardinia. The reasons for the impairment were the reduced demand for cement due to the coronavirus pandemic and the rise in the cost of capital to 8.7 %. The impairment of other assets in the amount of €10.8 million was mainly due to the planned closure of locations.

In the case of Australia, the impairment of assets was tested on the basis of local cash-generating units (CGUs) within the various business lines. CGUs within the aggregates business line were impaired by €45.7 million, with a carrying amount of €65.6 million and a value in use or fair value less costs to sell totalling €18.0 million. The impairment of the CGUs in the ready-mixed concrete business line amounts to a total of €12.3 million, with a value in use or fair value less costs to sell totalling €3.5 million and a carrying amount of €16.3 million. The impairment in the CGU Suncoast in the asphalt business line is equal to the total carrying amount of €4.2 million with a fair value less costs to sell of €0.0 million. The main reasons for the impairment were the economic downturn and negative outlook due to the impact of the coronavirus pandemic. A cost of capital of 8.0 % was used.

In the case of France, the impairment of assets was tested on the basis of business lines and individual assets were impaired. Assets within the aggregates business line were impaired by €44.2 million, with a carrying amount totalling €154.3 million, as a result of new findings relating to raw material reserves and resources. For the same reason, assets within the cement business line were also impaired by €4.5 million, with a carrying amount of €163.0 million. The impairment of other assets in the amount of €8.2 million was mainly due to the planned conversion of plants.

In the case of Spain, the impairment of assets was tested on the basis of legal units within the various business lines. Assets within the aggregates business line were impaired by €13.9 million, with a carrying amount totalling €41.3 million. The impairment of assets in the cement business line amounts to a total of €12.3 million, with a carrying amount of €75.4 million. The reason for the impairment was the negative economic outlook due to the impact of the coronavirus pandemic. A cost of capital of 9.0 % was used. In addition, other assets of €1.2 million were impaired.

9.3 Financial investments

This item includes investments in equity instruments. Firstly, participations in subsidiaries, joint ventures, and associates of minor importance totalling €44.6 million (previous year: 49.5) are shown. These participations are still measured at cost as they are not in the scope of IFRS 9. Secondly, this item contains financial investments at fair value through profit or loss. These primarily include participations of €21.4 million (previous year: 18.7), on which HeidelbergCement has no significant influence and which are held as long-term strategic investments.

In addition, this item includes the participation in the US company Hanson Permanente Cement, Inc., Phoenix, and its subsidiaries (Permanente Group) amounting to €0.0 million (previous year: 133.3), which is currently involved in voluntary insolvency proceedings in accordance with Chapter 11 of the US Bankruptcy Code before a US bankruptcy court. The objective is, among other things, to establish a trust to which all current and future asbestos personal injury claims will be channelled pursuant to section 524(g) of the US Bankruptcy Code. The participation is classified as a financial investment at fair value through other comprehensive income.

Additional information on the financial investments is provided on ↗ **page 161 f.**

9.4 Other non-current receivables and assets

The following table shows the composition of the other non-current receivables and assets.

Other non-current receivables and assets

€m	2019	2020
Other non-current operating receivables	66.8	**61.9**
Non-current contract assets	1.0	**0.9**
Other non-current non-financial assets	977.0	**836.1**
	1,044.8	**898.9**

Other non-current non-financial assets include overfunding of pension plans amounting to €705.2 million (previous year: 817.0), claims for reimbursement against insurance companies for environmental and third-party liability damages totalling €64.3 million (previous year: 78.0), and prepaid expenses.

An explanation of the credit risks is provided on ↗ **page 167 f.**

9.5 Inventories

In the reporting year, impairments of inventories of €38.4 million (previous year: 33.3) and reversals of impairment losses of €12.1 million (previous year: 9.3) were recognised.

9.6 Receivables and other assets

The following overview shows the composition of the other current operating receivables and assets.

Other current operating receivables and assets

€m	2019	2020
Current trade receivables and other operating receivables – amortised cost	1,721.5	**1,502.1**
Current trade receivables and other operating receivables – fair value through profit or loss	317.0	**300.0**
Current contract assets	32.1	**39.2**
Current non-financial other assets	304.8	**318.9**
	2,375.4	**2,160.2**

In the case of receivables accounted for at fair value through profit or loss, the maximum exposure to loss from the continuing involvement amounts to €69.0 million (previous year: 58.3). This results from the partial coverage of credit and late payment risks, whereby the inherent risk from the continuing involvement is monitored as part of regular receivables management. The maximum exposure to loss substantially contains the carrying amount for the reserve account covering credit losses of pre-financed trade receivables as well as guarantees granted for this. The reserve account with a carrying amount of €27.2 million (previous year: 28.4) is reported in the cash and cash equivalents. Guarantees were granted in the amount of €39.2 million (previous year: 24.3). There are no repurchase obligations for the pre-financed receivables. The management assumes that no significant risks or rewards remain because, as in the past, utilisation of the reserve accounts for the maximum exposure to loss is not anticipated. The fair value of the continuing involvement corresponds to the carrying amount. To ensure legal validity, trade receivables of €57.8 million (previous year: 24.5) were pledged as security. In this context, the balance sheet items interest-bearing receivables with a gross carrying amount of €353.8 million (previous year: 407.1) and other current operating liabilities with a gross carrying amount of €1,795.8 million (previous year: 1,832.6) were netted; the netting amount totalled €267.9 million (previous year: 299.5). This results in a net carrying amount of €85.9 million (previous year: 107.6) and €1,527.9 million (previous year: 1,533.1) respectively.

Non-financial other assets essentially include non-income tax receivables and prepaid expenses. This item also shows claims for damages as well as claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €16.5 million (previous year: 13.3).

An explanation of the credit risks is provided on ↗ **page 167 f.**

9.7 Derivative financial instruments

The non-current derivative financial instruments primarily relate to cross-currency interest rate swaps of €13.9 million (previous year: 24.6), interest rate swaps of €24.3 million (previous year: 6.5), and commodity derivatives of €1.1 million (previous year: 0.0). The current derivatives with positive fair values primarily include foreign exchange swaps of €93.4 million (previous year: 27.5), cross-currency interest rate swaps of €6.1 million (previous year: 0.0), interest rate swaps of €9.4 million (previous year: 7.1), and commodity derivatives of €4.8 million (previous year: 0.2). Additional information on the derivative financial instruments is provided on ↗ **page 165 f.**

9.8 Subscribed share capital

As at the reporting date of 31 December 2020, the subscribed share capital amounts to €595,249,431, unchanged from the previous year. It is divided into 198,416,477 shares; the shares are no-par value bearer shares. The pro rata amount of each share is €3.00, which corresponds to a proportionate amount of the subscribed share capital.

Authorised Capital
The Annual General Meeting held on 4 June 2020 authorised the Managing Board, with the consent of the Supervisory Board, to increase the company's subscribed share capital by a total amount of up to €178,500,000 by issuing new no-par value bearer shares in total in return for cash contributions and/or contributions in kind on one or more occasions in partial amounts until 3 June 2025 (Authorised Capital 2020). The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders – i.e. in the event of a capital increase for cash in order to realise residual amounts, to service option or conversion rights, or to issue shares totalling up to 10 % of the share capital at a near-market price; or in the event of a capital increase in return for contributions in kind for the purpose of acquiring companies or within the scope of implementing a dividend in kind/dividend option. The complete text of the authorisation can be found in the Articles of Association, which are published on our website **www.heidelbergcement.com under Company/Corporate Governance/Articles of Association**. As at 31 December 2020, the authorisation to issue new shares in return for cash contributions and/or contributions in kind forming the basis of the Authorised Capital 2020 had not been used.

Conditional share capital
In addition, the conditional share capital described below existed as at 31 December 2020: The Annual General Meeting of 9 May 2018 decided to conditionally increase the subscribed share capital by a further amount of up to €118,800,000, divided into up to 39,600,000 new no-par value bearer shares (Conditional Share Capital 2018). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation until 8 May 2023 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations. The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. The complete text of the Conditional Share Capital 2018 can also be found in the Articles of Association, which are published on our website (**www.heidelbergcement.com under Company/Corporate Governance/Articles of Association**). As at 31 December 2020, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2018 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the Authorised Capital 2020 and the Conditional Share Capital 2018 will not exceed a limit of 10 % of the share capital existing at the time the authorisation to exclude the subscription right comes into force.

Authorisation to acquire own shares
Furthermore, the authorisation to acquire own shares described below existed as at 31 December 2020. On 4 May 2016, the Annual General Meeting authorised the company to acquire own shares up to 3 May 2021 once or several times, in whole or partial amounts, up to a total of 10 % of the share capital on 4 May 2016 for any permissible purpose within the scope of the legal restrictions. The authorisation may not be used for the purpose of trading in own shares. At no time may more than 10 % of the respective share capital be attributable to the acquired own shares combined with other shares which the company has already acquired and still possesses. The shares may be acquired via the stock exchange or by way of a public purchase offer or by means of a public call for the submission of offers to sell or by issuing rights to sell shares to the

shareholders. The own shares acquired on the basis of the authorisation will be used by selling them via the stock exchange or in another suitable manner while ensuring the equal treatment of the shareholders, or for any other purposes permitted by law. Shareholders' subscription rights can be excluded in certain cases. As at 31 December 2020, the authorisation to acquire own shares has not been used and the company has no own shares as at the reporting date of 31 December 2020.

9.9 Share premium

The share premium of €6,225.4 million is unchanged from the previous year. It was essentially created from the premium from capital increases.

9.10 Retained earnings

The following table shows the change in ownership interests in subsidiaries that do not lead to a change in control.

Change in ownership interests in subsidiaries

€m	Change in share	Change in revenue reserves	Change in non-controlling interests	Change in equity
Suez Cement Company S.A.E., Egypt	18.4 %	-0.5	-12.9	**-13.4**
Tourah Portland Cement Company S.A.E., Egypt	18.5 %	-12.0	7.0	**-5.0**
UAB Gerdukas, Lithuania	30.0 %	-1.0	-0.3	**-1.4**
Other		-1.1	0.1	**-1.0**
Total		-14.6	-6.2	**-20.8**

In the financial year, dividends of €119.1 million (previous year: 416.7), i.e. €0.60 per share (previous year: €2.10 per share), were paid to shareholders of HeidelbergCement AG.

For the 2020 financial year, the Managing Board and Supervisory Board propose the following dividend: €2.20 per share. Based on 198,416,477 no-par value shares entitled to participate in dividends for the 2020 financial year, the amount for dividend payment comes to €436,516,249.

9.11 Other components of equity

Of the change of €-1,259.5 million in the currency translation reserve, €-706.9 million is attributable to the devaluation of the US dollar and British pound against the euro.

9.12 Non-controlling interests

Subsidiaries with material non-controlling interests

PT Indocement Tunggal Prakasa Tbk. (Indocement), Jakarta, Indonesia, is the material subsidiary with non-controlling interests in the HeidelbergCement Group. Indocement is a leading Indonesian manufacturer of high-quality cement and special cement products that are sold under the brand name Tiga Roda. Indocement has several subsidiaries that produce ready-mixed concrete, aggregates, and trass. Non-controlling interests hold 49 % of the capital or voting rights in the Indocement Group, which is included in the Asia-Pacific Group area. The Indocement share is listed on the stock exchange in Jakarta, Indonesia.

Non-controlling interests in the equity of Indocement amount to €599.1 million (previous year: 693.4). The share of non-controlling interests in profit for the financial year totals €52.8 million (previous year: 55.5). In the 2020 financial year, Indocement paid dividends of €78.8 million (previous year: 61.9) to non-controlling interests.

The following tables summarise the key financial information of the Indocement Group excluding goodwill allocated to the CGU.

1 To our shareholders
2 Combined management report
3 Corporate Governance
4 Consolidated financial statements
5 Additional information
Contents

Statement of comprehensive income	Indocement Group	
€m	2019	2020
Revenue	1,007.7	**849.6**
Depreciation and amortisation	-88.2	**-85.1**
Result from current operations	130.8	**126.8**
Additional ordinary result	-5.8	**-13.7**
Earnings before interest and taxes (EBIT)	125.0	**113.1**
Interest income	28.1	**23.1**
Interest expenses	-4.0	**-2.9**
Other financial income and expenses	-3.3	**-2.9**
Profit before tax	145.8	**130.3**
Income taxes	-32.5	**-22.6**
Profit for the financial year	113.3	**107.8**
Other comprehensive income	112.8	**-118.2**
Total comprehensive income	226.2	**-10.5**

Assets and liabilities	Indocement Group	
€m	2019	2020
Intangible assets	1.0	**1.0**
Property, plant and equipment	1,034.0	**906.7**
Financial fixed assets	4.9	**5.6**
Other non-current assets	16.8	**9.3**
Non-current assets	1,056.7	**922.6**
Cash and cash equivalents	490.9	**447.6**
Other current assets	320.6	**256.6**
Current assets	811.5	**704.2**
Total assets	1,868.2	**1,626.8**
Non-current interest-bearing liabilities	31.3	**14.3**
Non-current provisions	37.7	**36.0**
Other non-current liabilities	17.8	**11.6**
Non-current liabilities	86.9	**61.9**
Current interest-bearing liabilities	19.4	**16.1**
Current provisions	5.5	**4.6**
Trade payables	170.4	**132.3**
Other current liabilities	71.9	**95.5**
Current liabilities	267.1	**248.5**
Total liabilities	354.0	**310.4**

9.13 Pension provisions

Defined contribution plans

The sum of all pension expenses in connection with defined contribution plans amounted to €112.7 million (previous year: 123.9). In the 2020 financial year, the contributions to the social security programmes came to €71.0 million (previous year: 72.0).

Actuarial assumptions

The significant actuarial assumptions on which the calculations of the defined benefit obligation are based are summarised in the following table (weighted presentation).

Actuarial assumptions	Discount rate		Pension increase rate		Mortality table
	2019	2020	2019	2020	
Group	2.26 %	**1.55 %**	2.47 %	**2.56 %**	-
North America	3.04 %	**2.18 %**	-	-	USA: PRI-2012; Canada: CPM 2014
United Kingdom	2.00 %	**1.30 %**	2.59 %	**2.72 %**	Different tables based on "S3" series
Germany	1.30 %	**1.00 %**	1.75 %	**1.50 %**	Heubeck 2018 G

The mortality tables in the United Kingdom, the USA, and Canada have been modified to consider future improvements in life expectancy and in many cases are additionally adjusted based on company-specific experience. With regard to the over-funded pension plans in the United Kingdom for which a plan asset ceiling has not been applied, HeidelbergCement has the unconditional entitlement to the pension plan surplus if the plan is wound up.

In the following, a breakdown of the amounts relating to pension plans is shown exclusively for the three key Group areas and countries North America, the United Kingdom, and Germany. A breakdown of the amounts relating to plans for health care costs is not provided, as the vast majority of the liabilities and expenses are in North America.

Development of defined benefit plans

In the 2020 financial year, defined benefit obligations amounting to €4,417.3 million (previous year: 4,355.0) existed in the Group, which were essentially covered by plan assets. In addition, there were direct agreements of €957.6 million (previous year: 961.6). Of this figure, €246.7 million (previous year: 250.7) related to obligations in the USA, Belgium, Canada, the United Kingdom, Indonesia, France, Egypt, Morocco, and Ghana for health care costs of pension recipients.

The following table shows the financing status of these plans and their presentation in the balance sheet.

Development of defined benefit plans	Defined benefit obligation (DBO) (a)		Fair value of plan assets (b)		Effects of asset ceiling (c)		Net defined benefit liability (a - b + c)	
€m	2019	2020	2019	2020	2019	2020	2019	2020
Balance at 1 January	4,852.8	**5,316.6**	4,440.0	**4,922.2**	31.7	**27.0**	444.5	**421.4**
Current service cost	35.9	**36.5**					35.9	**36.5**
Past service cost	-2.4	**1.7**					-2.4	**1.7**
Plan settlements	3.4						3.4	
Interest cost	150.8	**111.2**			0.9	**0.5**	151.7	**111.7**
Interest income			137.8	**101.1**			-137.8	**-101.1**
Administrative expenses paid by the plan			-13.4	**-7.6**			13.4	**7.6**
Defined benefit costs recognised in profit and loss	187.7	**149.4**	124.4	**93.5**	0.9	**0.5**	64.2	**56.4**
Remeasurements recognised in other comprehensive income	461.2	**525.2**	382.8	**421.0**	-7.5	**4.3**	70.9	**108.5**
Employer contributions			58.1	**120.5**			-58.1	**-120.5**
Employee contributions	1.6	**1.3**	1.6	**1.3**				
Benefits paid by the company	-67.3	**-61.3**					-67.3	**-61.3**
Benefits paid by the fund	-321.5	**-274.6**	-321.5	**-274.6**				
Taxes and premiums paid								
Cash flows in the period	-387.2	**-334.6**	-261.8	**-152.8**			-125.4	**-181.8**
Change in consolidation scope	2.0	**0.4**					2.0	**0.4**
Disposal groups	-1.7	**-2.3**					-1.7	**-2.3**
Exchange rate changes	201.8	**-279.8**	236.8	**-293.1**	1.9	**-1.5**	-33.1	**11.8**
Other reconciling items	202.1	**-281.7**	236.8	**-293.1**	1.9	**-1.5**	-32.8	**9.9**
Balance at 31 December	5,316.6	**5,374.9**	4,922.2	**4,990.8**	27.0	**30.3**	421.4	**414.4**
North America	1,513.2	**1,420.8**	1,067.4	**1,107.4**			445.8	**313.4**
United Kingdom	2,781.8	**2,905.0**	3,612.9	**3,627.7**	26.9	**30.3**	-804.2	**-692.4**
Germany	511.8	**524.2**	84.5	**100.4**			427.3	**423.8**
Other countries	509.8	**524.9**	157.4	**155.3**	0.1		352.5	**369.6**
Total	5,316.6	**5,374.9**	4,922.2	**4,990.8**	27.0	**30.3**	421.4	**414.4**
Thereof non-current provisions							1,141.7	**1,027.4**
Thereof current provisions							96.7	**92.2**
Thereof other long-term operating receivables (overfunding of pension schemes)							-817.0	**-705.2**

Breakdown of defined benefit obligation

The following tables show the defined benefit obligation divided into the underlying plan types and the different member groups.

Defined benefit obligation by plan type

€m	2019	2020
Defined benefit pension plans	5,065.9	**5,128.2**
Plans for health care costs	250.7	**246.7**
Total defined benefit obligation	5,316.6	**5,374.9**
Thereof related to wholly or partly funded plans	4,355.0	**4,417.3**
Thereof related to wholly unfunded plans	961.6	**957.6**

Defined benefit obligation by member groups

€m	2019	2020
Active members	864.6	**825.0**
Deferred vested members	1,320.6	**1,465.0**
Pensioners	3,131.4	**3,084.9**
Total defined benefit obligation	5,316.6	**5,374.9**

Development in the income statement

Of the total pension expenses of €56.4 million (previous year: 64.2), €45.8 million (previous year: 50.2) are shown in the personnel costs or in other operating expenses, and an amount of €10.6 million (previous year: 14.0) in other financial result.

In 2020, the immediate recognition of a fully earned individual pension commitment resulted in a past service cost of €3.7 million. In the USA, plan participants from a certain employee group who, as at 1 March 2019, were not yet 55 years of age and had not completed at least 10 years of service will no longer be eligible for medical coverage. This change was reflected as a past service income in the amount of €1.5 million. In France, a past service income of €0.7 million was recognised, mainly in connection with an adjustment of the taxation of contributions to plans for health care costs. In 2020, other special events took place in accordance with IAS 19 that did not have any significant impact on the financial position and performance.

Remeasurements recognised in other comprehensive income

In the 2020 financial year, total actuarial losses from the defined benefit obligation amounting to €525.2 million (previous year: 461.2) have arisen mainly from the decrease in the discount rate on which the actuarial calculation is based.

The actuarial gains and losses can be broken down into effects from experience adjustments resulting in gains of €16.4 million (previous year: 21.8), effects from changes in demographic assumptions resulting in gains of €1.0 million (previous year: 33.7), essentially attributable to the adjustment of assumptions relating to a reduction in future life expectancy in the USA, offset by the effect of the expected future improvement in life expectancy in the United Kingdom, and effects from changes in financial assumptions resulting in a loss of €542.6 million (previous year: 516.7).

Sensitivity analysis of defined benefit obligation

Changes in the discount rate, pension increase rate, and life expectancy affect the income statement and the defined benefit obligation of pension plans. The sensitivities to changes in assumptions as shown below are determined by changing one assumption as indicated and keeping all other assumptions constant. In reality, multiple assumptions may change at the same time, and changing one parameter may lead to a change in another parameter.

Sensitivity analysis of defined benefit obligation (pension plans)

€m		2019	2020
Defined benefit obligation		5,065.9	**5,128.2**
Discount rate	increase by 0.5 %	4,750.6	**4,776.2**
	decrease by 0.5 %	5,419.3	**5,512.1**
Pension increase rate	increase by 0.25 %	5,168.5	**5,241.3**
	decrease by 0.25 %	4,970.1	**5,019.4**
Life expectancy	increase by 1 year	5,279.4	**5,362.1**
	decrease by 1 year	4,851.9	**4,895.9**

Breakdown of plan assets

The plan assets originate primarily from North America with 22% (previous year: 22%) and the United Kingdom with 73% (previous year: 73%). The plan assets can be divided into the following categories:

Breakdown of plan assets

€m	2019	2020
Cash and cash equivalents	261.5	**278.8**
Equity instruments	612.8	**530.5**
Derivatives	52.6	**55.0**
Nominal government bonds	1,201.6	**1,249.0**
Nominal corporate bonds	655.5	**687.6**
Index linked bonds	1,482.2	**1,561.0**
Real estate	155.9	**141.2**
Insurance policies	117.4	**119.5**
Other	382.7	**368.2**
Total	4,922.2	**4,990.8**

The actual return on plan assets amounted to €522.1 million (previous year: 520.5).

The majority of the Group's plan assets are based directly on quoted market prices for the invested assets or, in the case where investment funds are used, indirectly based on the quoted value of the underlying investments. Exceptions are that in the United Kingdom, a portion of the assets needs to be estimated as at the end of the year, as detailed asset information is not available or cannot be provided in time for the adoption of the consolidated financial statements by the Managing Board. The assets without a quoted market price (totalling €107.9 million) consist of insurance policies primarily in the United Kingdom and Belgium. As a rule, the plan assets do not include any significant own financial instruments, property occupied by, or other assets used by HeidelbergCement.

As at 31 December 2020, the unrecognised assets due to the application of the asset ceiling as per IAS 19.64 amounted to €30.3 million (previous year: 27.0). The changes in the plan assets not eligible for offsetting in 2020 are divided into interest income of €0.5 million, changes in the asset ceiling to be shown in other comprehensive income of €4.3 million, and exchange rate changes of €-1.5 million.

Cash flows

HeidelbergCement paid €61.3 million (previous year: 67.3) directly to the pension recipients and €120.5 million (previous year: 58.1) as employer contributions to the plan assets. The increase in employer contributions compared with 2019 is due to an additional one-time contribution into plan assets in the USA amounting to €72.0 million. The increase in the funding ratio aims to significantly reduce current and future expenses for insolvency protection. In 2021, HeidelbergCement expects to make pension payments of €56.9 million and employer contributions to the plan assets of €41.2 million. HeidelbergCement AG allocated an additional €9.1 million to the Group contractual trust agreement (CTA) in the 2020 financial year in order to protect pension entitlements from insolvency.

Over the next ten years, an annual payment amount of €319.2 million is expected to be paid to the pension recipients either in the form of direct payments or in the form of payments from the plan assets. The average duration of the obligations is 14.4 years (previous year: 13.5).

Multi-employer pension plans

HeidelbergCement participates in multi-employer pension plans (MEPPs), predominantly in North America, which award some unionised employees fixed benefits after their retirement. These MEPPs are accounted for as defined contribution plans because it is not possible to isolate the individual company components for these plans. The contributions are determined on the basis of collective bargaining. Contributions of €16.3 million (previous year: 18.5) were paid in 2020. The funding status of these pension plans could be affected by adverse developments in the capital markets, demographic changes, or increases in pension benefits. If one of the participating companies no longer pays contributions into the MEPP, all other parties concerned will be held liable for the obligations that have not been covered. For 2021, contributions of €12.3 million are expected in North America. The withdrawal liability of these plans as at 31 December 2020 would amount to €87.9 million (previous year: 83.6), should HeidelbergCement decide to withdraw. HeidelbergCement has provisions of €12.0 million (previous year: 37.8) for these liabilities, which are shown under miscellaneous other provisions. The decrease in the provision in 2020 is mainly due to the final settlement of the MEPP for the Central States Union.

9.14 Other provisions

The following table explains the development of other provisions.

Provisions

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	Total
1 January 2020	328.9	467.9	511.1	**1,307.9**
Change in consolidation scope		0.9	0.7	**1.6**
Currency translation	-27.9	-19.3	-16.7	**-63.9**
Reclassification		-1.2	-25.1	**-26.3**
Utilisation	-19.9	-35.8	-114.9	**-170.6**
Release		-28.6	-28.2	**-56.8**
Offset	-8.5	-2.7	-15.2	**-26.4**
Addition	42.5	141.7	229.2	**413.4**
31 December 2020	315.1	522.9	540.9	**1,378.9**

The offsetting line includes the compensation of obligations against the corresponding claims for reimbursement and the offsetting of obligations in kind against other assets, particularly from emission rights.

The maturities of the provisions can be broken down as follows:

Maturities

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	Total
Maturity ≤ 1 year	43.5	43.5	139.9	**226.9**
Maturity > 1 year ≤ 5 years	218.3	224.9	347.6	**790.8**
Maturity > 5 years	53.3	254.5	53.4	**361.2**
	315.1	522.9	540.9	**1,378.9**

Provisions for damages and environmental obligations

Provisions for damages and environmental obligations result from discontinued operations that were transferred to the HeidelbergCement Group as part of the takeover of the Hanson Group in 2007. The obligations are therefore not linked to the continuing operations of the HeidelbergCement Group.

The provisions for damages concern legal proceedings before US courts. The claims relate to health problems allegedly caused by the sale of products containing asbestos. The provisions to be set up are measured at the present value of the expected expenses, using reliable estimates of the development of costs for the next 15 years. The environmental liability claims pertain to remediation obligations in connection with the sale of chemical products by a former Hanson participation.

The provisions are offset by claims for reimbursement against environmental and third-party liability insurers. As at 31 December 2020, the claims amounted to €80.8 million (previous year: 91.3), of which €64.3 million (previous year: 78.0) is recorded under other non-current receivables and assets and €16.5 million (previous year: 13.3) under other current operating receivables and assets.

Other environmental provisions
The other environmental provisions include recultivation, environmental, and asset retirement obligations.

Recultivation obligations relate to legal and constructive obligations to backfill and restore raw material quarrying sites. The provisions recognised for these obligations are measured in accordance with the extraction progress on the basis of the best cost estimate for fulfilling the obligation. As at the reporting date, these provisions amounted to €335.1 million (previous year: 314.6).

Provisions for environmental obligations are recognised on the basis of contractual or official regulations and essentially include expenses connected with the cleaning up of contaminated areas and the remediation of extraction damages. The provisions are measured at the present value of the expected expenses. These provisions amount to a total of €62.6 million (previous year: 45.8).

The provisions for asset retirement obligations pertain to obligations arising in connection with the removal of installations (e.g. conveying systems at rented locations), so that a location can be restored to its contractually agreed or legally defined state after the end of its useful life. As at the reporting date, provisions for asset retirement obligations of €125.2 million (previous year: 107.5) had been recognised.

Miscellaneous other provisions
Miscellaneous other provisions exist in particular for restructuring obligations, other litigation risks, compensation obligations, and obligations to personnel.

The provisions for restructuring obligations concern expenses for various optimisation programmes, such as the closure of plants or relocation of activities. Provisions of €101.7 million (previous year: 50.1) had been recognised for this purpose as at the reporting date.

Because of pending legal action against the Group, provisions for litigation risks, including those relating to pending anti-trust proceedings, amounting to €95.5 million (previous year: 98.3) were recognised in the balance sheet. These obligations are assessed as most likely, provided that other estimates do not lead to a fairer evaluation as a result of specific probability distributions.

Provisions for compensation obligations relate to the Group's obligations arising from occupational accidents. As at the reporting date, provisions of €76.0 million (previous year: 70.6) had been formed for this purpose.

Obligations to personnel include the provision for the long-term bonus plan (management and capital market component) of €25.5 million (previous year: 25.4), as well as provisions for multi-employer pension plans amounting to €12.0 million (previous year: 37.8).

Provisions were additionally recognised for a variety of minor issues.

Impact of interest effects
Provisions are measured at their present value, which is determined using a pre-tax interest rate. For this purpose, HeidelbergCement uses the risk-free interest rate of government bonds from the respective countries, taking into account the relevant term. The risks specific to the liability are taken into account in the estimate of future cash outflows.

Changes in the interest rate of €29.6 million and compounding of €4.9 million led to an increase in other environmental provisions and miscellaneous other provisions. Interest rate effects of €17.2 million for provisions for damages and environmental obligations are included in the expenses from discontinued operations.

9.15 Liabilities

The other non-current operating liabilities include non-current contract liabilities of €3.0 million (previous year: 0.7), while the other current operating liabilities include current contract liabilities of €90.2 million (previous year: 110.3). The contract liabilities relate to prepayments received by customers for performance obligations not yet fulfilled as at the reporting date. Current contract liabilities of €110.3 million as at 31 December 2019 were fully recognised in revenue in the 2020 financial year.

Trade payables at year end include liabilities settled by external payment service providers. The use of payment service providers does not change the disclosure of the trade payables concerned because this does not result in any significant changes to the contractual terms of the liabilities.

The following table provides an overview of the maturities of the interest-bearing liabilities.

Maturities of interest-bearing liabilities

€m	< 1 year	1–5 years	> 5 years	Total
31 December 2020				
Bonds payable	577.0	4,134.9	2,996.6	**7,708.5**
Bank loans	181.9	625.2	35.0	**842.1**
Miscellaneous other interest-bearing liabilities	49.6	40.2	2.7	**92.5**
Lease liabilities	244.5	485.9	394.3	**1,124.7**
Derivative financial instruments	59.2	0.9		**60.1**
Non-controlling interests with put options	50.3	25.8		**76.1**
	1,162.5	5,312.9	3,428.6	**9,904.0**
31 December 2019				
Bonds payable	1,930.2	4,736.9	2,969.6	**9,636.7**
Bank loans	173.7	703.4	2.5	**879.6**
Miscellaneous other interest-bearing liabilities	61.9	42.0	7.9	**111.8**
Lease liabilities	275.2	598.8	411.7	**1,285.7**
Derivative financial instruments	46.0	0.5	3.8	**50.3**
Non-controlling interests with put options	38.7	25.0		**63.7**
	2,525.7	6,106.6	3,395.5	**12,027.8**

Further information on interest-bearing liabilities can be found in the Group financial management chapter of the Group management report on ↗ **page 40 f.** Explanations on the derivative financial instruments are provided in Note 10.2.

10 Additional disclosures on financial instruments

10.1 Financial instruments by class

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories of IFRS 9. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are depicted.

Carrying amounts and fair values of financial instruments		31 December 2019		31 December 2020	
€m	Category of IFRS 9[1]	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Financial investments – fair value through other comprehensive income	FVOCI	133.3	133.3	**0.0**	**0.0**
Financial investments – fair value through profit or loss	FVTPL	40.6	40.6	**33.6**	**33.6**
Loans and other interest-bearing receivables	AC	230.4	232.8	**189.2**	**193.8**
Trade receivables and other operating receivables – amortised cost	AC	1,788.2	1,788.2	**1,564.0**	**1,564.0**
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	317.0	317.0	**300.0**	**300.0**
Cash and cash equivalents – amortised cost	AC	3,207.0	3,207.0	**2,615.5**	**2,615.5**
Cash and cash equivalents – fair value through profit or loss	FVTPL	334.5	334.5	**241.7**	**241.7**
Derivatives – hedge accounting	Hedge	13.8	13.8	**39.6**	**39.6**
Derivatives – held for trading	FVTPL	52.1	52.1	**114.4**	**114.4**
Liabilities					
Bonds payable, bank loans and miscellaneous financial liabilities	AC	10,628.1	11,050.4	**8,643.1**	**9,149.9**
Trade payables and miscellaneous operating liabilities	AC	3,703.8	3,703.8	**3,599.3**	**3,599.3**
Derivatives – hedge accounting	Hedge	7.0	7.0	**1.3**	**1.3**
Derivatives – held for trading	FVTPL	43.3	43.3	**58.8**	**58.8**
Non-controlling interests with put options	AC	63.7	63.7	**76.1**	**76.1**

1) AC: Amortised cost, FVTPL: Fair value through profit or loss, FVOCI: Fair value through other comprehensive income, Hedge: Hedge accounting

Fair value disclosures

For level 1, the fair value is calculated using prices quoted on an active market (unadjusted) for identical assets or liabilities to which HeidelbergCement has access on the reporting date. For level 2, the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable. The fair values of level 3 are calculated using measurement models that include factors that cannot be observed on the active market.

The following table shows the fair value hierarchies for the assets and liabilities that are measured at fair value in the balance sheet.

Fair value hierarchy	31 December 2019			31 December 2020		
€m	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments – fair value through other comprehensive income			133.3			**0.0**
Financial investments – fair value through profit or loss	21.9		18.7	**12.2**		**21.4**
Trade receivables and other operating receivables – fair value through profit or loss		317.0			**300.0**	
Cash and cash equivalents – fair value through profit or loss	334.5			**241.7**		
Derivatives – hedge accounting		13.8			**38.5**	**1.1**
Derivatives – held for trading		52.1			**114.4**	
Liabilities						
Derivatives – hedge accounting		7.0			**0.2**	**1.1**
Derivatives – held for trading		43.3			**58.8**	

The following table shows the fair value hierarchies for the assets and liabilities that are not measured at fair value in the balance sheet, but whose fair value is reported.

Fair value hierarchy	31 December 2019			31 December 2020		
€m	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Loans and other interest-bearing receivables		232.8			**193.8**	
Trade receivables and other operating receivables – amortised cost		1,788.2			**1,564.0**	
Cash and cash equivalents – amortised cost	3,207.0			**2,615.5**		
Liabilities						
Bonds payable, bank loans, and miscellaneous financial liabilities	9,912.7	1,137.7		**8,124.1**	**1,025.8**	
Trade payables and miscellaneous operating liabilities		3,703.8			**3,599.3**	
Non-controlling interests with put options			63.7			**76.1**

The financial investments at fair value through other comprehensive income include the fair value of the participation in the Permanente Group of €0.0 million (previous year: 133.3). The fair value of the Permanente Group is determined by the value of certain net assets as well as the value of the current business operations. This was determined on the basis of expert opinions and is essentially derived from the value of the land, which was calculated on the basis of actual transactions relating to comparable sites while taking into account the recultivation expenses still to be incurred. The decline of €133.3 million was primarily due to the remeasurement of recultivation expenses to be incurred pursuant to current legal requirements. The asbestos liabilities were estimated using the expected insurance deductible to be paid until completion, taking into consideration the value of the existing insurance coverage for the asbestos claims. Current receivables and liabilities were reported at their nominal value and remaining non-current receivables were discounted. The change in the fair value of this participation is affected by the development of the voluntary insolvency proceedings currently open in accordance with Chapter 11 of the US Bankruptcy Code, and results primarily from the reassessment of environmental obligations, which were reported at the value of the expected deductible to be paid, taking into account insurance coverage.

Uncertainties relating to the determination of the fair value of the participation in the Permanente Group mainly result from the appraisal of land. Any changes to the market situation could have a positive or negative impact on this figure. In addition, uncertainties exist regarding the amount of the recultivation expenses to be considered. If the commercial land value or recultivation expenses were increased or decreased by 10.0 percentage points, the fair value of the participation in the Permanente Group would not change.

The financial investments at fair value through profit or loss include participations of €21.4 million (previous year: 18.7) on which HeidelbergCement has no significant influence. These investments were primarily measured using the multiplier method, which determines the proportionate enterprise value based on company-specific variables using EBITDA or revenue multipliers. The increase of €2.7 million in the financial year was mainly due to remeasurements at fair value through profit or loss amounting to €19.9 million and disposals of €18.1 million. Uncertainties relating to the determination of the fair value of these investments mainly result from the change in the multipliers used, as no quoted price on an active market exists. If the multipliers used were increased or decreased by 10.0 percentage points, the fair value of these investments would increase or decrease by €0.7 million.

Furthermore, financial investments amounting to €12.2 million (previous year: 21.9) for which the fair value was determined using the market values at the reporting date are recognised here.

The fair values of the other financial assets measured at fair value through profit or loss were primarily determined using the prices of recent transactions.

Cash and cash equivalents at fair value through profit or loss include highly liquid money market funds whose fair value was determined using the market values at the reporting date.

Derivative financial instruments in level 2, both those designated as hedges and those held for trading, are measured at fair value. The derivative financial instruments designated as hedges in level 3 are embedded derivatives from electricity supply contracts. The fair value is determined by discounting the expected future cash flows. Uncertainties relating to the determination of the fair value mainly result from the market price for electricity. Any changes to the market situation could have a positive or negative impact on this figure. If the electricity prices used were increased or decreased by 10.0 percentage points, the fair value would increase or decrease by €3.2 million. For these items, the fair value always corresponds to the carrying amount.

The fair values of the non-current loans, other non-current operating receivables, bank loans, and other non-current interest-bearing and operating liabilities correspond to the present values of the future payments, taking into account the current interest parameters.

The fair values of the listed bonds correspond to the nominal values multiplied by the price quotations at the reporting date. For the financial instruments with short-term maturities, the carrying amounts on the reporting date represent appropriate estimates of the fair values.

The trade payables and miscellaneous operating liabilities category cannot be immediately reconciled with the related balance sheet items, as these contain not only financial liabilities but also prepaid expenses and non-financial liabilities of €761.0 million (previous year: 752.7).

Non-controlling interests with put options in level 3 are liabilities that relate to put options resulting from tender rights of non-controlling interests. The calculation of the fair value is based on the respective contractual agreements for paying off the non-controlling interests in the event of a tender. These usually provide an approximation of the proportionate enterprise value based on company-specific variables and multipliers. If the tender is only possible at a later point in time, the payoff amount is discounted using an appropriate market interest rate. For the German partnerships, the fair value is calculated using a discounted cash flow model. In this respect, the cash flows based on the companies' underlying plans were discounted with a risk-adjusted discount rate (WACC).

The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the reporting period.

The following table shows the net gains or losses from the financial instruments by measurement category.

Net gains or losses

€m	Measurement category	2019	2020
Financial assets – fair value through other comprehensive income	FVOCI	-35.6	**-131.0**
Financial assets – fair value through profit or loss	FVTPL	-36.2	**-0.6**
Financial assets – amortised cost	AC	-74.9	**-36.7**
Derivatives – held for trading	FVTPL	23.5	**-23.0**
Financial liabilities – amortised cost	AC	-23.3	**-10.1**
		-146.5	**-201.4**

The measurement of the financial assets at fair value through other comprehensive income produced a loss on measurement of €131.0 million (previous year: 35.6) recognised in equity. The net result of financial assets at fair value through profit or loss is essentially derived from the measurement affecting profit or loss. The net result of financial assets at amortised cost is made up of impairment losses of €33.6 million (previous year: 29.7), losses of €1.7 million (previous year: 1.3) from the derecognition of operating and interest-bearing receivables, and currency effects of €-1.4 million (previous year: 43.9). The net result of derivative financial instruments held for trading comprises currency and interest rate effects. For financial liabilities at amortised costs, the net result primarily includes effects from currency translation.

The following table shows the total interest income and expenses for the financial instruments. All interest results from financial receivables and financial liabilities measured at amortised cost.

Total interest income and expense

€m	2019	2020
Total interest income	52.0	**40.1**
Total interest expense	-276.8	**-201.9**
	-224.8	**-161.8**

10.2 Derivative financial instruments and hedging relationships

The following table shows the nominal values and fair values of the derivative financial instruments.

Derivative financial instruments	31 December 2019		31 December 2020	
€m	Nominal value	Fair value [2]	Nominal value	Fair value [2]
Assets				
Cash flow hedges				
Foreign exchange swaps			**5.6**	**0.0**
Commodity derivatives	3.6	0.2	**21.8**	**5.9**
Fair value hedges				
Interest rate swaps	750.0	13.6	**1,500.0**	**33.7**
Derivatives held for trading				
Currency forwards	8.8	0.0	**29.8**	**1.0**
Foreign exchange swaps	3,687.6	27.5	**3,785.1**	**93.4**
Cross-currency interest rate swaps [1]	707.8	24.6	**83.6**	**20.0**
	5,157.9	65.9	**5,425.9**	**154.0**
Liabilities				
Cash flow hedges				
Currency forwards	13.0	0.5	**5.6**	**0.0**
Foreign exchange swaps			**5.6**	**0.0**
Commodity derivatives	10.9	2.6	**14.5**	**1.3**
Fair value hedges				
Interest rate swaps	750.0	3.9		
Derivatives held for trading				
Currency forwards	13.7	0.1	**20.7**	**0.4**
Foreign exchange swaps	2,283.8	24.5	**2,246.9**	**49.5**
Cross-currency interest rate swaps [1]	43.8	18.6	**638.3**	**8.9**
Commodity derivatives	0.9	0.1		
	3,116.1	50.3	**2,931.6**	**60.1**

1) Nominal values of €83.6 million (previous year: 707.8) relate to cross-currency interest rate swaps with positive fair values of €11.7 million (previous year: 8.6), which are shown on the assets side in the amount of €17.0 million (previous year: 24.6) and on the liabilities side in the amount of €-5.3 million (previous year: -16.0) because of separation into long-term and short-term components of the swaps. Nominal values of €638.3 million (previous year: 43.8) relate to cross-currency interest rate swaps with negative fair values of €-0.5 million (previous year: -2.6), which are shown on the assets side in the amount of €3.0 million (previous year: 0.0) and on the liabilities side in the amount of €-3.5 million (previous year: -2.6) because of separation into long-term and short-term components of the swaps.

2) Fair values specified with €0.0 million amount to less than €50,000.

The derivatives contracted by HeidelbergCement are partly subject to legally enforceable netting agreements (ISDA Agreement or German Master Agreement for Financial Derivatives Transactions), which, however, do not permit netting of receivables and liabilities in the balance sheet in accordance with IAS 32.42. The right to offset only exists in the case of delayed payment or if a contracting party becomes insolvent. The presentation in the balance sheet is therefore shown on a gross basis.

As at the reporting date, derivatives with a positive carrying amount of €154.0 million (previous year: 65.9) and corresponding derivatives with a negative carrying amount of €-60.1 million (previous year: -50.3) were subject to netting agreements. Taking these agreements into consideration, a calculated netting amount of €50.5 million (previous year: 32.4) would result at the reporting date. Accordingly, the derivatives would have positive net carrying amounts of €103.5 million (previous year: 33.5) and negative net carrying amounts of €-9.5 million (previous year: -17.9).

At HeidelbergCement, derivative financial instruments are used exclusively for economic hedging purposes arising from operational business or refinancing activities. In order to correct the accounting mismatch between the hedging instrument and the hedged item, hedges are designated in individual cases (hedge accounting).

Cash flow hedges

Currency risks arising from long-term investment projects, which result from future contractual payments in foreign currencies, are hedged by appropriate cash holdings in foreign currencies, foreign exchange swaps, and currency forwards. The features of the hedging instruments match those of the hedged items. The hedge ratio is 100 %. The outstanding payments from the

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investment projects are expected to be made in 2021 or by 2023. In the case of foreign exchange swaps and currency forwards, only the spot component of the change in fair value is designated as an element of the cash flow hedge. Changes in the fair value attributable to the forward component of €-0.1 million are recognised in profit or loss in the other financial result.

As an energy-intensive company, HeidelbergCement is exposed to the energy price risk in its fuel and electricity procurement activities. In Northern Europe and the USA, a small proportion of the future electricity and gas oil deliveries are hedged using short-term electricity and gas oil forward contracts. In Poland, electricity prices are secured until 2031 through a long-term electricity supply contract. In principle, the main contract features of the hedging instruments correspond to the features of the hedged items. In the electricity hedges, 65 % of the short-term and 10 % of the long-term planned electricity purchases are hedged. The hedge ratio for the gas oil hedges is 40 %. The hedging instruments and hedged items designated as hedges have the following impact on the balance sheet.

Cash flow hedges by risk category	2019		2020	
€m	Currency risk	Electricity price risk	Currency risk [1]	Electricity price risk
Hedging instruments				
Balance sheet items and carrying amounts				
Derivative financial instruments (assets)		0.2		**1.1**
Current derivative financial instruments (assets)			**0.0**	**4.7**
Cash and cash equivalents (assets)	11.8		**11.7**	
thereof cumulated currency effects	1.5		**1.5**	
Other non-current interest-bearing liabilities	-0.2			**-0.9**
Other current interest-bearing liabilities	-0.3	-2.6	**0.0**	**-0.4**
Change in fair value to measure the ineffectiveness in the reporting period	-0.4	-3.6	**-0.8**	**7.0**
Hedged items				
Change to measure the ineffectiveness	0.4	3.6	**0.8**	**-7.0**
Reserve for cash flow hedges	-1.1	2.3	**-1.5**	**-4.7**

1) Fair values specified with €0.0 million amount to less than €50,000.

The reconciliation of the cash flow hedge reserve is shown in the following table.

Reconciliation of cash flow hedge reserve			
€m	Risk	2019	2020
Balance at 1 January		3.4	**-0.5**
Changes in fair values	Currency risk	-0.4	**0.8**
Changes in fair values	Electricity price risk	-3.6	**-7.0**
Gains or losses recognised in other comprehensive income		-3.9	**-6.2**
Reclassification to profit or loss (material costs)	Electricity price risk	1.0	**14.0**
Reclassification to cost of property, plant and equipment	Currency risk		**-0.3**
Income taxes		0.6	**-2.1**
Net gains/losses arising from equity method investments		-1.6	**-0.5**
Non-controlling interests			**0.3**
Balance at 31 December		-0.5	**4.7**

Fair value hedges

The interest rate swaps open at the reporting date hedge the interest rate risks of two fixed interest-bearing Eurobonds each with a value of €750 million that mature in 2022 and 2027 respectively. The weighted average hedge rate of the outstanding interest rate swaps is the 6-month EURIBOR plus a margin of 0.68 %. The interest rate swaps have similar terms to the hedged items as regards the benchmark interest rate, payment dates, terms, and notional amount. The changes in the value of the hedged items arising from the change in the EURIBOR are offset to the greatest extent possible by the change in the value of the swaps. The hedge ratio is 100 %.

The hedging instruments and hedged items designated as fair value hedges have the following impact on the balance sheet and income statement.

Fair value hedge – hedging interest risk	2019			2020		
€m	Hedging instrument interest rate swaps	Hedged item bond	Hedge in-effectiveness recognised in profit or loss	Hedging instrument interest rate swaps	Hedged item bond	Hedge in-effectiveness recognised in profit or loss
Balance sheet items and carrying amount						
Derivative financial instruments (assets)	6.5			24.3		
Current derivative financial instruments (assets)	7.1			9.3		
Other non-current interest-bearing liabilities	-3.9					
Bonds payable (liabilities)		-1,504.4			-1,529.0	
thereof cumulated changes in fair value		-4.4			-24.6	
Change in fair value to measure the ineffectiveness in the reporting period	2.6	1.3		23.7	-24.6	
Profit or loss item and value of ineffectiveness						
Other financial result			3.9			-0.9

The ineffectiveness of the fair value hedges results essentially from the influence of the credit risk of the counterparty and the Group on the fair value of the interest rate swaps and on the change in the fair value of the bonds. The accrued interest of €0.3 million (previous year: 0.5) included in the fair value was recognised in profit or loss in the interest result.

The effectiveness of the cash flow hedges and fair value hedges is verified prospectively on the basis of the main contract features at inception and at every reporting date.

10.3 Risks from financial instruments

With regard to its assets, liabilities, firm commitments, and planned transactions, HeidelbergCement is particularly exposed to risks arising from changes in exchange rates, interest rates, and market and stock market prices. These market price risks might have a negative impact on the financial position and performance of the Group. The Group manages these risks primarily as part of its ongoing business and financing activities and, when required, by using derivative financial instruments. The main aspects of the financial policy are determined by the Managing Board and implemented by the Group Treasury department on the basis of existing guidelines.

Credit risk

HeidelbergCement is exposed to credit risk through its operating activities and certain financial transactions. The credit risk stands for the risk that a contracting party unexpectedly does not fulfil, or only partially fulfils, the obligations agreed when signing a financial instruments contract. The Group limits its credit risk by only concluding contracts for financial assets and derivative financial instruments with partners that meet our credit rating requirements.

Credit rating

The rating agencies Moody's and Standard & Poor's assess the creditworthiness of HeidelbergCement as Baa3/P-3 (positive outlook) and BBB-/A-3 (positive outlook) as at the end of 2020. Any potential downgrading of the ratings awarded by the rating agencies could have a negative impact on HeidelbergCement's cost of capital and refinancing options.

Cash and cash equivalents

This item essentially comprises cash and cash equivalents. The Group is exposed to losses arising from credit risk in connection with the investment of cash and cash equivalents if contracting parties do not fulfil their obligations. HeidelbergCement manages the resulting risk position by diversification of contracting parties. Currently, no cash or cash equivalents are overdue or impaired as a result of actual defaults. The maximum credit risk of cash and cash equivalents corresponds to the carrying amount.

Trade receivables and contract assets

Trade receivables result mainly from the sale of cement, concrete, and aggregates. In operating activities, the outstanding debts are monitored on an ongoing basis. The maximum risk position from trade receivables corresponds to the carrying amount.

The concentration of risk with regard to trade receivables and contract assets is classified as low because of HeidelbergCement's global activity and the dispersion across a large number of customers.

To calculate the expected credit losses for trade receivables carried at amortised cost and contract assets, HeidelbergCement uses the simplified approach of IFRS 9. This provides for a loss allowance at every reporting date in the amount of the expected credit losses over the term. For the purposes of the calculation, the receivables are aggregated according to their geographical position, as the customer segments show similar credit risk features for each country. The determination itself takes place at the individual company level.

The trade receivables are divided into the risk classes "not credit-impaired" or "credit-impaired". For the calculation of the expected credit loss rate of the not credit-impaired risk class, historical loss rates are taken into account. These are based on revenue and derecognition of receivables over the last three years. They are then adjusted by a factor in order to reflect forward-looking macroeconomic information that could have an impact on customers' ability to settle the receivables. For this purpose, the expected real growth of the construction industry or the gross domestic product of the countries in which the customers are domiciled is taken into account. For the credit-impaired risk class, credit default rates are calculated for the expected credit loss, which are essentially based on historical default probabilities and due terms. The calculated loss rates are thus derived from the ratio of all loss allowances posted per individual company to the gross carrying amount.

In each country's domestic business, trade receivables may be secured by various forms of collateral, such as guarantees, letters of credit, and other types of credit insurance. These securities are considered an integral part of the trade receivables and are taken into account when calculating impairment. The securities received as at 31 December 2020 amount to €298.6 million (previous year: 343.0).

The contract assets relate to performance obligations already fulfilled for which no unconditional right to payment exists as at the reporting date. The contract assets essentially have the same risk characteristics as the trade receivables. The expected default rates for trade receivables in each country are therefore regarded as a reasonable approximation of the default rates for the contract assets and used to calculate the expected credit loss.

Information about the credit risk position and the expected credit losses for the trade receivables carried at amortised cost is shown in the following table.

Trade receivables by risk class

€m	Expected credit loss rate	Gross carrying amount	Loss allowance	Total
31 December 2020				
Not credit-impaired	0.3 %	1,171.0	-3.4	**1,167.7**
Credit-impaired	51.5 %	195.3	-100.5	**94.8**
		1,366.3	-103.9	**1,262.5**
31 December 2019				
Not credit-impaired	0.2 %	1,368.9	-2.3	**1,366.6**
Credit-impaired	50.3 %	215.3	-108.2	**107.1**
		1,584.2	-110.5	**1,473.7**

The loss allowances on trade receivables have developed as follows:

Loss allowances on trade receivables

€m	2019	2020
Loss allowances at 1 January	93.7	**110.5**
Additions	38.1	**39.7**
Reversal	-14.0	**-15.8**
Utilisation	-12.7	**-21.4**
Currency translation and other adjustments	5.5	**-9.1**
Loss allowances at 31 December	110.5	**103.9**

Other receivables and financial assets

This item essentially includes non-current receivables, interest-bearing receivables, and other operating receivables. The credit risk position from other receivables and financial assets corresponds to the carrying amount of these instruments. HeidelbergCement regards this credit risk as insignificant.

HeidelbergCement already takes into account the default risk when a financial asset is initially recognised by setting up loss allowances for expected credit losses. The general approach in accordance with IFRS 9 is used for the calculation of impairments. Internal credit assessments taking into account both quantitative and qualitative information are used to calculate the default probabilities. The internal classifications are then reconciled with the rating classes of external rating agencies and the resulting default probabilities. These default probabilities are adjusted to take into account the expected real growth of the gross domestic product of the country in which the debtor is domiciled. Both the financial situation and earnings position of the debtor and granted securities are taken into consideration in the calculation of the loss rate, resulting in a low default risk overall. The securities granted as at the reporting date amount to €56.0 million (previous year: 61.6) and mainly comprise liens and guarantees. At every reporting date, an assessment is made as to whether the credit risk has increased significantly. If the credit risk has not increased significantly since initial recognition, the default probability is calculated on the basis of a 12-month period; otherwise, the total remaining term is used.

In order to assess whether the credit risk has increased significantly, the risk of default on the financial asset at the reporting date is compared with the default risk at the time of initial recognition. In particular, the following indicators are taken into account in this assessment in addition to the local conditions, which vary from country to country:

- Credit rating of the debtor in accordance with HeidelbergCement's internal assessments and those of external rating agencies
- Actual or expected significant adverse changes in the business, financial, or economic situation that are likely to lead to a significant change in the debtor's ability to fulfil its obligations

Independent of the above analysis, a significant increase in the credit risk is assumed if a debtor is more than 30 days overdue with a contractual payment.

As regards the determination of a default event, a financial asset is classified as credit-impaired if an objective event has occurred, as in the following examples:

- Contractual payment is more than 90 days overdue
- Significant financial difficulties on the part of the debtor
- Restructuring of the receivable because of the debtor's financial difficulties (e.g. extension agreement)
- The debtor is likely to enter bankruptcy or other financial reorganisation

The following table explains the development of the loss allowances for the other financial receivables at amortised cost.

Other financial receivables – amortised cost

€m	Loans and other interest-bearing receivables	Other operating receivables	Total
Gross carrying amount at 31 December 2020	219.8	308.1	**527.9**
Loss allowances at 1 January 2020	-22.1	-3.5	**-25.7**
Changes	-8.4	-3.5	**-11.9**
Currency translation	0.0	0.4	**0.3**
Change in consolidation scope			
Loss allowances at 31 December 2020	-30.6	-6.6	**-37.2**
Carrying amount at 31 December 2020	189.2	301.5	**490.7**
Gross carrying amount at 31 December 2019	252.5	318.1	**570.6**
Loss allowances at 1 January 2019	-15.7	-5.5	**-21.2**
Changes	-6.2	2.1	**-4.1**
Currency translation	-0.3	-0.1	**-0.3**
Change in consolidation scope		0.0	**0.0**
Loss allowances at 31 December 2019	-22.1	-3.5	**-25.7**
Carrying amount at 31 December 2019	230.4	314.6	**545.0**

The credit risk position and expected credit losses for the other financial receivables at amortised cost can be broken down by risk class as follows.

Other financial receivables by risk class

€m	Expected credit loss rate	Gross carrying amount	Loss allowance	Total
31 December 2020				
Low risk	0.2 %	461.0	-0.8	**460.2**
Default event	54.4 %	66.9	-36.4	**30.5**
		527.9	-37.2	**490.7**
31 December 2019				
Low risk	0.1 %	519.5	-0.7	**518.9**
Default event	48.9 %	51.1	-25.0	**26.1**
		570.6	-25.7	**545.0**

There was no allocation to the doubtful risk class as the credit risk for the above receivables has not increased significantly since initial recognition.

The cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The identified impairment loss was immaterial.

Derivative financial instruments
Derivative financial instruments are generally used to reduce risks. In the course of its business activity, HeidelbergCement is exposed to interest rate, currency, and energy price risks. For accounting purposes, a significant portion of the derivatives are not accounted for as hedges in accordance with IFRS 9, but as instruments in the held-for-trading category. However, from a commercial perspective, the changes in the fair values of these instruments represent an economically effective hedge within the context of the Group strategy. The maximum credit risk of this item corresponds to the fair value of the derivative financial instruments that have a positive fair value and are shown as financial assets at the reporting date. In order to reduce default risks, the hedging transactions are generally concluded only with leading financial institutions that meet our credit rating requirements. There are currently no past-due derivative financial instruments in the portfolio.

Liquidity risk
The liquidity risk describes the risk of a company not being able to fulfil its financial obligations to a sufficient degree. To manage HeidelbergCement's liquidity, the Group maintains sufficient cash and cash equivalents as well as extensive credit lines with banks, besides the cash inflow from operating activities. The operating liquidity management includes a daily reconciliation of cash and cash equivalents. The Group Treasury department acts as an in-house bank. This allows liquidity surpluses and requirements to be managed in accordance with the needs of the entire Group and of individual Group companies.

As at the end of the year, HeidelbergCement still has as yet undrawn, confirmed credit lines of €2.8 billion available in order to secure liquidity, in addition to available cash and cash equivalents. HeidelbergCement has an open-ended framework agreement for the issue of short-term bearer bonds (commercial papers) of €2 billion to cover short-term liquidity peaks. Within the context of the programme, individual tranches with different terms will be issued at different times depending on the market situation. As at the end of 2020, none of the commercial papers issued by HeidelbergCement AG were outstanding. Further information on liquidity risks can be found in the Management Report, Risk and opportunity report chapter on ↗ **page 69 f.**

As the financial contracts of HeidelbergCement do not contain any clauses that trigger a repayment obligation in the event of the credit rating being downgraded, the maturity structure will remain unaffected even if the credit assessments change. Margin calls that could lead to an outflow of liquidity are not agreed in any of the main financial instruments. All derivative financial instruments are contracted on the basis of existing framework agreements that contain netting agreements for the purpose of reducing credit and liquidity risks.

The maturity overview below shows how the cash flows of the liabilities as at 31 December 2020 affect the Group's liquidity position. The overview describes the progress of the following:
– Undiscounted repayments and interest payments for bonds payable
– Undiscounted liabilities and interest payments to banks

- Lease payments on a gross basis (before deducting financing costs)
- Undiscounted other interest-bearing liabilities
- Undiscounted contractually agreed payments for derivative financial instruments, as a total for the year

The trade payables are assigned to short-term maturities (within a year). For variable interest payments, the current interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Cash flows of interest-bearing liabilities and derivative financial instruments

€m	Carrying amount 31 Dec. 2020	Cash flows 2021	Cash flows 2022	Cash flows 2023	Cash flows 2024	Cash flows ≥ 2025
Bonds payable	**7,708.5**	635.9	869.7	1,115.9	1,493.4	4,147.8
Bank loans	**842.1**	189.9	412.5	208.2	25.8	46.1
Lease liabilities	**1,124.7**	269.0	209.4	150.8	107.8	659.1
Miscellaneous other interest-bearing liabilities	**92.5**	51.6	13.5	12.0	7.7	7.9
Derivatives with positive fair value						
Cash flow hedges	**5.9**	16.4				13.0
Fair value hedges	**33.7**	4.2	4.2	4.2	4.2	12.6
Derivatives held for trading	**114.4**	3,787.6	34.8	5.9		
Derivatives with negative fair value						
Cash flow hedges	**1.3**	14.1	8.3	2.4	2.4	2.4
Derivatives held for trading	**58.8**	2,287.1	10.8	640.7		

Cash flows of interest-bearing liabilities and derivative financial instruments

€m	Carrying amount 31 Dec. 2019	Cash flows 2020	Cash flows 2021	Cash flows 2022	Cash flows 2023	Cash flows ≥ 2024
Bonds payable	**9,636.7**	2,001.6	1,373.4	853.4	1,099.7	4,975.0
Bank loans	**879.6**	181.9	53.1	415.9	209.8	91.2
Lease liabilities	**1,285.7**	307.9	256.4	199.4	137.2	673.0
Miscellaneous other interest-bearing liabilities	**111.8**	64.8	21.1	2.0	14.5	26.8
Derivatives with positive fair value						
Cash flow hedges	**0.2**	3.6				
Fair value hedges	**13.6**					
Derivatives held for trading	**52.1**	3,711.1	50.9	48.4	642.0	
Derivatives with negative fair value						
Cash flow hedges	**3.1**	18.7	5.9			
Fair value hedges	**3.9**	5.6	5.6	5.6	5.6	22.5
Derivatives held for trading	**43.3**	2,333.6	16.4			

The inflow of liquidity amounting to €802.1 million (previous year: 834.5) from cross-currency interest rate swaps and €6,088.1 million (previous year: 6,020.2) arising from current foreign exchange transactions and other derivatives have not been taken into account in the table.

Interest rate risk

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. The Managing Board and Supervisory Board of HeidelbergCement AG have decided against hedging the variable interest-bearing financial instruments. This strategy is based on the historically strong correlation between increasing profits and rising interest rates. For financial instruments with fixed interest that are measured at amortised cost, interest rate risks have no impact on result and equity.

If the market interest rate level across all currencies had been 50 basis points higher or lower on 31 December 2020, the net interest cost of the HeidelbergCement Group taking into account the variable interest-bearing assets and liabilities would have fallen by €4.0 million (previous year: 9.2) or risen by €4.9 million (previous year: 10.1).

Currency risk
HeidelbergCement's currency risk results from its investing, financing, and operating activities. Risks from foreign currencies are generally hedged, insofar as they affect the Group's cash flow. Currency forwards and foreign exchange swaps are used in the elimination of existing currency risks.

Through the in-house banking activities of HeidelbergCement AG, the borrowing and investment of liquidity of the subsidiaries leads to currency positions that are generally hedged by means of external foreign exchange swap transactions, which are appropriate in terms of maturities and amounts. Consequently, currency fluctuations in connection with the in-house banking activities usually have no impact on result or equity. Unhedged items exist only in isolated cases, such as where currencies are not convertible.

The following table shows the hypothetical impact on the financial result assuming a 10% increase or decrease in the value of the foreign currency against the respective functional currency, whereby the positive values represent income and the negative values an expense in the income statement.

Sensitivity analysis of currency risk	Increase in the value of the foreign currency by 10 %		Decrease in the value of the foreign currency by 10 %	
€m	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020
MAD/EUR	-7.4	**-7.3**	7.4	**7.3**
EUR/USD	1.7	**-**	-1.7	**-**
USD/GHS	0.6	**0.6**	-0.6	**-0.6**
USD/TZS	2.5	**3.2**	-2.5	**-3.2**

By contrast, foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of the assets and liabilities of foreign subsidiaries into the Group reporting currency) generally remain unhedged. However, if necessary, HeidelbergCement can also hedge this foreign currency risk.

11 Other disclosures

11.1 Capital management

The objective of capital management is to ensure sufficient liquidity for the Group at all times. Therefore, the Group makes use of external and internal financing opportunities (see Management Report, Group financial management chapter on ↗ **page 40 f.**). The net debt and the leverage ratio, which corresponds to the ratio of net debt to the result from current operations before depreciation and amortisation, are of fundamental importance to the monitoring of the Group's capital.

Leverage ratio		
€m	31 Dec. 2019	31 Dec. 2020
Cash, derivative financial instruments and short-term financial investments	3,617.4	**3,011.2**
Interest-bearing liabilities	12,027.7	**9,904.0**
Net debt	8,410.4	**6,892.8**
Result from current operations before depreciation and amortisation (RCOBD)	3,580.2	**3,707.1**
Leverage ratio	2.35	**1.86**

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. The EBITDA key figure is derived from the credit agreements and therefore differs from the result from current operations before depreciation and amortisation key figure as it takes elements of the additional ordinary result and effects from first-time consolidations and deconsolidations into consideration. Furthermore, no non-current derivative financial instruments with a positive fair value are taken into account in the net debt key figure. Further explanations are given in the Management Report on ↗ **page 40**. Within the context of the Group planning, compliance with the covenants is monitored consistently, with notifications issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms.

11.2 Contingent liabilities

As at the reporting date, contingent liabilities amounted to €171.9 million (previous year: 180.8) and essentially concern risks related to income taxes. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement's control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which could give rise to additional tax liabilities.

11.3 Other financial commitments

As at the reporting date, there were contractual obligations for the acquisition of property, plant and equipment amounting to €556.1 million (previous year: 507.4), of which €253.3 million relates to the construction of the new cement plant in Mitchell, Indiana, USA. Future cash outflows of €54.5 million (previous year: 116.2) result from leases that had been entered into as at the reporting date but have not yet commenced.

On 27 September 2019, HeidelbergCement announced that its North American subsidiary Lehigh Hanson, Inc., had agreed the acquisition of the Keystone cement plant in Bath, Pennsylvania, from Giant Cement, a subsidiary of Elementia S.A.B. de C.V. The Keystone cement plant supplies the markets in Pennsylvania, New Jersey, and New York. The agreed acquisition price amounts to US$151 million, free of cash and cash equivalents and liabilities, subject to customary purchase price adjustments. The transaction, which has yet to be approved by the competition authorities, is expected to close in the 2021 financial year.

11.4 Related party disclosures

IAS 24 requires a statement concerning the most important relationships with related companies and persons that may exert a significant influence on HeidelbergCement AG; the former are accounted for as joint ventures or associates, the latter hold key positions as members of the management.

As at 31 December 2020, Mr. Ludwig Merckle, Ulm, holds via Spohn Cement Beteiligungen GmbH, Zossen, a company under his control, 27.71 % of the voting rights in HeidelbergCement AG. In the 2020 financial year, HeidelbergCement AG provided services with a net amount of €244.6 thousand (previous year: 177.8) to PHOENIX Pharmahandel GmbH & Co KG, Mannheim, a related company of Mr. Ludwig Merckle. In addition, net expenses of €91.0 thousand (previous year: 81.3) for purchased services were incurred.

Revenue and other sales with joint ventures in the HeidelbergCement Group amounted to €47.3 million (previous year: 38.2). Raw materials, goods, and other services with a value of €282.6 million (previous year: 309.5) were procured from these joint ventures. A total of €9.6 million (previous year: 10.3) was generated in financial and other services. Receivables of €80.9 million (previous year: 110.2) and liabilities of €25.1 million (previous year: 36.4) exist in connection with these activities and financial transactions. In addition, capital increases of €1.6 million (previous year: 2.3) were carried out for joint ventures. Repayment of capital from joint ventures to the parent company amounted to €0.0 million (previous year: 15.9). In the 2020 financial year, guarantees of €0.6 million (previous year: 0.7) were outstanding to joint ventures.

Business transactions with associates include revenue and other sales amounting to €88.4 million (previous year: 96.3), the procurement of goods and services amounting to €21.4 million (previous year: 18.3), and services provided amounting to €1.2 million (previous year: 1.5). Receivables of €39.6 million (previous year: 42.6) and liabilities of €14.5 million (previous year: 24.7) exist in connection with these activities and financial transactions. Capital increases and contributions in kind made to associates amounted to €0.2 million (previous year: 2.5). Repayment of capital from associates to the parent company in the 2020 financial year amounted to €0.0 million (previous year: 0.6). Guarantees of €0.2 million (previous year: 0.2) were outstanding to associates in the 2020 financial year.

Receivables of €34.9 million (previous year: 30.9) and liabilities of €18.9 million (previous year: 18.2) existed in connection with transactions with non-consolidated subsidiaries.

The stated transactions were carried out under conditions that would also apply to third parties.

11.5 Managing Board and Supervisory Board

We refer to the details given in the Corporate Governance chapter of the Management Report on ↗ **page 86 f.**

The fixed remuneration of the Managing Board decreased in comparison with the previous year due to the change in the Chairman of the Managing Board to €6.2 million (previous year: 7.1). In 2020, all members of the Managing Board voluntarily waived 20 % of their fixed remuneration in the months of April to June as a personal contribution to addressing the negative impact of the COVID-19 pandemic expected at that time. The sum of short-term variable remuneration elements changed in comparison with the previous year to €10.0 million (previous year: 9.5). It consisted of the annual bonus in the amount of €10.1 million (previous year: 9.6), of which €0.1 million (previous year: 0.1) was offset against other remuneration elements.

Other remuneration elements totalled €1.3 million (previous year: 1.4). They consisted of payments for committee activities at subsidiaries of HeidelbergCement AG and taxable fringe benefits, particularly consisting of the provision of company cars, mobile phones, and communication tools, the reimbursement of expenses, insurance- and assignment-related benefits such as bearing the costs of home flights and contribution to private pension (Cash Allowance).

The members of the Managing Board are participating in the long-term bonus plan 2020-2022/23, granted in 2020. The target values for the plan, rounded to the nearest € '000, are €1,978,000 for Dr. Dominik von Achten, for Dr. Lorenz Näger €1,256,000, €1,096,000 for Kevin Gluskie, €875,000 for Hakan Gurdal, €875,000 for Ernest Jelito, €1,075,000 for Jon Morrish, and for Chris Ward €936,000. For the retiring Chairman of the Managing Board Dr. Bernd Scheifele the target value will be reduced as per the agreement due to his retirement and amounts to €203,000. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component, rounded to the nearest € '000, amounts to €102,000 for Dr. Bernd Scheifele, €548,000 for Kevin Gluskie, €438,000 for Hakan Gurdal, €438,000 for Ernest Jelito, €538,000 for Jon Morrish, and €468,000 for Chris Ward. For Dr. Dominik von Achten the pro-rata calculation results in a target value for the management component of €988,000 and for the capital market component of €990,000, for Dr. Lorenz Näger the pro-rata calculation results in a target value for the management component of €627,000 and for the capital market component of €628,000. The reference price for the capital market component amounts to €65.84. This equates to 1,543 performance share units (PSUs) for Dr. Bernd Scheifele, 15,041 PSUs for Dr. Dominik von Achten, 9,540 PSUs for Dr. Lorenz Näger, 8,321 PSUs for Kevin Gluskie, 6,645 PSUs for Hakan Gurdal, 6,645 PSUs for Ernest Jelito, 8,164 PSUs for Jon Morrish, and 7,111 PSUs for Chris Ward. In accordance with § 314, section 1, no. 6a, sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market components. For Dr. Bernd Scheifele this amounts to €60,000, for Dr. Dominik von Achten to €587,000, for Dr. Lorenz Näger to €372,000, for Kevin Gluskie to €325,000, for Hakan Gurdal to €259,000, for Ernest Jelito to €259,000, for Jon Morrish to €319,000, as well as for Chris Ward to €278,000.

The total remuneration according to DRS 17 amounted to €26.5 million (previous year: 23.0). For the calculation according to DRS 17, we refer to the explanations on ↗ **page 91 f.** in the Corporate Governance chapter of the Management Report.

In 2020, allocations to provisions for pensions (service cost for service as members of the Managing Board) for members of the Managing Board amounted to €3.8 million (previous year: 4.6). The present values of the defined benefit obligation amounted to €36.8 million (previous year: 63.4).

Expenses relating to the long-term capital market components of the last four issued and current long-term bonus plans in accordance with IFRS 2.51a amounted to €3,000 (previous year: 604,000) for Dr. Bernd Scheifele, €165,000 (previous year: 331,000) for Dr. Dominik von Achten, €67,000 (previous year: 261,000) for Dr. Lorenz Näger, €94,000 (previous year: 254,000) for Kevin Gluskie, €74,000 (previous year: 203,000) for Hakan Gurdal, €118,000 (previous year: 20,000) for Ernest Jelito, €95,000 (previous year: 213,000) for Jon Morrish, and €101,000 (previous year: 14,000) for Chris Ward.

In accordance with IAS 24, recognized expenses relating to the long-term capital market components for the service as members of the Managing Board amounted to €0.7 million (previous year: 2.1). The expenses recognized relating to the long-term management component came to €5.9 million (previous year: 3.9).

For the members of the Managing Board appointed as of 2016 and 2019, the existing contractual entitlements from long-term bonus and pension plans from prior positions within the HeidelbergCement Group were continued. These entitlements are serviced according to the original plan conditions. The corresponding expenses in the financial year are included in the following table, in addition to the expenses for the service as member of the Managing Board.

Total remuneration of the Managing Board in accordance with IAS 24 came to €28.2 million in 2020 (previous year: 28.8) as represented in the following table.

Total remuneration of the Managing Board in accordance with IAS 24

€m	2019	2020
Short-term employee benefits (fixed remuneration, short-term variable remuneration elements, other remuneration elements)	17.9	**17.5**
Post-employment benefits (allocations to provisions for pensions – service cost including prior positions)	4.8	**4.0**
Other long-term benefits (expenses related to the LTIP management components including prior positions)	3.9	**5.9**
Share-based payment (expenses related to the LTIP capital market components including prior positions)	2.1	**0.7**
Total	28.8	**28.2**

Payments to former members of the Managing Board and their surviving dependents amounted to €5.4 million in the financial year (previous year: 3.4). This includes payments to Dr. Bernd Scheifele as of 1 February 2020 for a contractually agreed compensation for a two year post contractual restraint, which amounted to €1,115,000 in the financial year 2020. Provisions for pension obligations to former members of the Managing Board amounted to €69.3 million (previous year: 35.1). This does include the pension obligation for Dr. Bernd Scheifele.

The total Supervisory Board remuneration (excluding value added tax) for the 2020 financial year amounted to €1,651,000 (previous year: 1,634,699). Like the members of the Managing Board and other top managers, the members of the Supervisory Board have voluntarily waived 5 % of their fixed remuneration (corresponding to 20 % of the pro rata fixed remuneration for the months of April, May, and June 2020) because of the effects of the corona pandemic. Employee representatives of the Supervisory Board who are employees of the HeidelbergCement Group also received remuneration in accordance with their contracts of employment, the level of which corresponded to an equitable remuneration for their relevant functions and tasks within the Group.

11.6 Statement of compliance with the German Corporate Governance Code

The statement of compliance with the German Corporate Governance Code as required by section 161 of the German Stock Company Act (Aktiengesetz, AktG) was submitted by the Managing Board and the Supervisory Board of HeidelbergCement AG and made available on the internet at **www.heidelbergcement.com under Company/Corporate Governance/Declaration of Corporate Governance**.

11.7 Auditor's fees

The auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (previous year: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft) received fees of €3.7 million (previous year: 4.7) in the financial year.

Auditor's fees

€m	2019	2020
Audit services[1]	3.2	**3.5**
Other assurance services	0.4	**0.1**
Tax services	0.9	**0.1**
Other services	0.2	
	4.7	**3.7**

1) Thereof for the previous year: 2019: €0.2 million

The auditor's services mainly comprised services for the audit of the financial statements and, to a lesser extent, other assurance services and tax advice. The fee for the other assurance services includes the fee for the audit to obtain limited assurance on the non-financial statement. The tax services primarily relate to tax advice in connection with employee secondments.

11.8 Events occurring after the close of the 2020 financial year

On 11 February 2021, HeidelbergCement Finance Luxembourg S.A. announced that it would redeem the €500 million 3.25 % Eurobond 2013/2021 maturing on 21 October 2021 early on 21 April 2021.

11.9 Approval by the Supervisory Board

The consolidated financial statements were prepared by the Managing Board and adopted on 17 March 2021. They were then submitted to the Supervisory Board for approval.

List of shareholdings of HeidelbergCement Group and HeidelbergCement AG as at 31 December 2020 (section 313 (2), resp. section 285 no. 11 of the German Commercial Code (HGB))

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
Subsidiaries						
Western and Southern Europe						
A.R.C. (Western) Limited	Maidenhead, GB		100.00	2019	7.2	0.0
Al Manar Cement Holding S.a.s.	Guerville, FR		100.00	2019	-0.4	-0.1
Amey Group Limited (The)	Maidenhead, GB		100.00	2019	15.1	0.0
Amey Roadstone International Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Appleby Group Limited	Maidenhead, GB		100.00	2019	31.8	0.5
ARC Aggregates Limited	Maidenhead, GB		100.00	2019	3.8	0.0
ARC Building Limited	Maidenhead, GB		100.00	2019	-21.3	0.0
ARC Concrete (Anglia) Limited	Maidenhead, GB		100.00	2019	0.0	0.0
ARC Concrete Limited [8]	Maidenhead, GB		100.00	-	-	-
ARC Holdings Limited	Maidenhead, GB		100.00	2019	0.1	0.0
ARC Land Holdings Limited	Maidenhead, GB		100.00	2019	0.3	0.0
ARC Limited	Maidenhead, GB		100.00	2019	0.0	0.0
ARC Property Investments Limited	Maidenhead, GB		100.00	2019	46.2	0.0
ARC Slimline Limited	Maidenhead, GB		100.00	2019	-3.8	0.0
ARC South Wales Limited	Maidenhead, GB		100.00	2019	0.0	0.0
ARC South Wales Mortar Limited	Maidenhead, GB		100.00	2019	0.0	0.0
ARC South Wales Quarries Limited	Maidenhead, GB		100.00	2019	0.0	0.0
ARC South Wales Surfacing Limited	Maidenhead, GB		100.00	2019	0.4	0.0
Attendflower Limited [8]	Maidenhead, GB		100.00	-	-	-
B.V. Betoncentrale De Schelde	Bergen op Zoom, NL		66.67	2019	-0.3	0.2
B.V. Betonmortelcentrale 'BEMA'	Alkmaar, NL		66.67	2019	-1.3	0.1
Banbury Alton Limited	Maidenhead, GB		100.00	2019	-0.3	0.0
Beazer Limited	Maidenhead, GB		100.00	2019	8.4	0.0
Beforebeam Limited	Maidenhead, GB		100.00	2019	472.9	0.0
Beforeblend Limited	Maidenhead, GB		100.00	2019	240.8	0.0
Berec Holdings B.V.	's-Hertogenbosch, NL		100.00	2019	187.6	0.0
Béton Contrôle de l'Adour S.a.s. [5]	Bayonne, FR		35.99	2019	2.0	0.0
Béton Contrôle du Pays Basque S.a.s.	Bayonne, FR		59.98	2019	2.7	-0.3
Betontir S.p.A.	Bergamo, IT		100.00	2019	0.0	-1.3
Birchwood Concrete Products Limited	Maidenhead, GB		100.00	2019	188.3	0.0
Birchwood Omnia Limited	Maidenhead, GB		100.00	2019	1,850.3	145.1
Bonny Holding Ltd.	Gibraltar, GI		100.00	2019	0.3	0.0
BravoEnergy S.r.l.	Bergamo, IT		100.00	2019	0.1	-0.2
British Agricultural Services Limited	Maidenhead, GB		100.00	2019	430.3	2.1
British Ever Ready Limited	Maidenhead, GB		100.00	2019	31.5	0.0
Bulldog Company Limited	St. Peter Port, GG		100.00	2019	42.3	0.0
C.T.G. S.R.L.	Bergamo, IT		100.00	2019	0.2	-0.1
Calcestruzzi S.p.A.	Bergamo, IT		100.00	2019	-0.5	-25.3
Calumite Limited	Maidenhead, GB		51.00	2019	2.8	2.4
Castle Building Products Limited	Maidenhead, GB		100.00	2019	-0.5	0.0
Castle Cement (Chatburn) Limited	Maidenhead, GB		100.00	2019	0.2	0.0
Castle Cement (Clyde) Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Castle Cement (Ketton) Limited	Maidenhead, GB		100.00	2019	26.6	0.0
Castle Cement (Padeswood) Limited	Maidenhead, GB		100.00	2019	7.0	0.0
Castle Cement (Pitstone) Limited	Maidenhead, GB		100.00	2019	11.5	0.0
Castle Cement (Ribblesdale) Limited	Maidenhead, GB		100.00	2019	27.7	0.0
Castle Cement Limited	Maidenhead, GB		100.00	2019	320.5	13.4
Castle Lime Limited [8]	Maidenhead, GB		100.00	-	-	-
Castle Pension Scheme Trustees Limited [8]	Maidenhead, GB		100.00	-	-	-
CBR Baltic B.V.	's-Hertogenbosch, NL		100.00	2019	208.6	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
CBR Portland B.V.	's-Hertogenbosch, NL		100.00	2019	15.9	-196.2
Cem Invest Ltd [5]	Gibraltar, GI		50.00	2019	2.7	0.0
Cementrum I B.V.	's-Hertogenbosch, NL		100.00	2019	159.7	0.9
Cemitaly S.p.A.	Bergamo, IT		100.00	2019	19.4	-17.0
Centro Administrativo y de Servicios de Malaga S.A.	Malaga, ES		99.94	2019	-0.3	-0.4
Cetramaris S.a.s	La Rochelle, FR		70.00	2019	0.0	-0.1
CGF Capital B.V.	's-Hertogenbosch, NL		100.00	2019	0.1	0.0
CHB Group Limited	Maidenhead, GB		100.00	2019	794.2	0.0
CHB P H R Limited	Maidenhead, GB		100.00	2019	23.2	0.1
CHB Products Limited	Maidenhead, GB		100.00	2019	2,364.2	0.0
Chemical Manufacture and Refining Limited	Maidenhead, GB		100.00	2019	6.5	0.0
Ciment du Littoral S.a.s.	Bassens, FR		100.00	2019	-4.1	-0.9
Ciments Calcia S.a.s.	Guerville, FR		100.00	2019	1,014.1	23.3
Ciments Français S.a.s.	Guerville, FR		100.00	2019	1,258.3	39.3
CIMFRA (China) Limited S.a.s.	Guerville, FR		100.00	2019	25.1	0.0
Ciminter S.A.	Strassen, LU		100.00	2019	48.3	0.0
City of London Heliport Limited	Maidenhead, GB		55.56	2019	-2.1	0.0
Civil and Marine (Holdings) Limited	Maidenhead, GB		100.00	2019	36.3	142.6
Civil and Marine Limited	Maidenhead, GB		100.00	2019	609.1	158.0
Civil and Marine Slag Cement Limited	Maidenhead, GB		100.00	2019	72.1	0.0
Claughton Manor Brick Limited (The)	Maidenhead, GB		100.00	2019	0.2	0.0
Cocimar S.a.s.	Guerville, FR		100.00	2019	489.8	194.3
Codesib S.a.s.	Guerville, FR		100.00	2019	-56.0	-8.0
Compagnie Financière et de Participations S.a.s.	Guerville, FR		100.00	2019	26.5	1.6
Compagnie pour l'Investissement Financier en Inde S.a.s.	Guerville, FR		100.00	2019	-0.4	-0.7
Compañía General de Canteras, S.A.	Malaga, ES		99.35	2019	23.2	-0.3
Conbloc Limited	Maidenhead, GB		100.00	2019	-0.1	0.0
Concrete Italia S.r.l.	Brescia, IT		51.00	2019	-0.1	-0.1
Contiga Holding GmbH	Flensburg, DE		100.00	2019	4.1	0.4
Contiga Tinglev Montage GmbH	Altlandsberg, DE		100.00	2019	0.1	0.0
Creative Land Developers Limited [5]	Maidenhead, GB		50.00	2019	-0.4	0.0
Cromhall Quarries, Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Cumbrian Industrials Limited	Maidenhead, GB		100.00	2019	8.9	0.0
Delmorgal Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Desimpel Brick Limited	Maidenhead, GB		100.00	2019	3.0	0.0
Devon Concrete Works, Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Dragages du Pont de St Leger S.a.s.	St Léger, FR		60.00	2019	4.3	0.7
Dragages Transports & Travaux Maritimes S.a.s.	La Rochelle, FR		100.00	2019	16.3	1.6
DUPAMIJ Holding GmbH i.L. [4]	Kalkar, DE		100.00	2019	0.1	-0.1
E & S Retail Limited [8]	Maidenhead, GB		100.00	-	-	-
E Sub Limited	Maidenhead, GB		100.00	2019	7.2	0.0
Effectengage Limited	Maidenhead, GB		100.00	2019	312.2	0.0
ENCI B.V.	Maastricht, NL		100.00	2019	54.3	-13.5
ENCI Holding N.V.	's-Hertogenbosch, NL		100.00	2019	305.2	1.4
Ensign Park Limited [5]	Maidenhead, GB		50.00	2019	-1.9	0.0
Essroc Netherlands Coöperatief U.A.	's-Hertogenbosch, NL		100.00	2019	234.5	0.6
Eurarco France S.A.	Le Crotoy, FR		64.98	2019	6.8	1.1
F.C. Precast Concrete Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Ferrersand Aggregates Limited	Maidenhead, GB		100.00	2019	1.7	0.0
Fruitbat Company	Maidenhead, GB		100.00	2019	0.0	0.0
Fulber Limited	St. Peter Port, GG		100.00	2019	254.2	0.0
Granulats de la Drôme S.a.s.	Saint-Jean-de-Védas, FR		100.00	2019	3.5	0.4
Granulats de Lahontan	Guerville, FR		51.00	2019	2.2	-0.5
Granulats Ouest - GO S.a.s.	Saint-Herblain, FR		100.00	2019	3.1	0.3
Greenwoods (St. Ives) Limited	Maidenhead, GB		100.00	2019	2.1	0.0
GSM S.a.s.	Guerville, FR		100.00	2019	149.4	15.5

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Guidelink	Maidenhead, GB		100.00	2019	0.1	0.0
Habfield Limited [8]	Maidenhead, GB		100.00	-	-	-
Hanson (BB) Limited	Maidenhead, GB		100.00	2019	0.6	0.0
Hanson (BBIN02) Limited	Maidenhead, GB		100.00	2019	30.7	0.0
Hanson (CGF) (No.1) Limited	Maidenhead, GB		100.00	2019	3,543.2	0.0
Hanson (CGF) (No2) Limited	Maidenhead, GB		100.00	2019	4,730.9	0.0
Hanson (CGF) Finance Limited	Maidenhead, GB		100.00	2019	1,010.6	-0.5
Hanson (CGF) Holdings Limited	Maidenhead, GB		100.00	2019	2,050.3	0.0
Hanson (ER - No 10) Limited	Maidenhead, GB		100.00	2019	300.6	34.2
Hanson (ER - No 5) Limited	Maidenhead, GB		100.00	2019	469.5	0.0
Hanson (F) Limited	Maidenhead, GB		100.00	2019	5.9	0.0
Hanson (FH) Limited	Maidenhead, GB		100.00	2019	3.9	0.0
Hanson (FP) Limited [8]	Maidenhead, GB		100.00	-	-	-
Hanson (LBC) Limited	Maidenhead, GB		100.00	2019	25.9	0.0
Hanson (MR) Limited	Maidenhead, GB		100.00	2019	2,595.3	0.0
Hanson (NAIL) Limited	Maidenhead, GB		100.00	2019	6.4	0.0
Hanson (RBMC) Limited	Maidenhead, GB		100.00	2019	7.1	0.0
Hanson (SH) Limited	Maidenhead, GB		100.00	2019	91.4	2.0
Hanson Aggregates (North) Limited	Maidenhead, GB		100.00	2019	47.7	0.0
Hanson Aggregates Limited	Maidenhead, GB		100.00	2019	96.8	0.0
Hanson Aggregates Marine Limited	Maidenhead, GB		100.00	2019	152.7	5.2
Hanson Aggregates South Wales Holdings Limited	Maidenhead, GB		100.00	2019	8.0	0.0
Hanson Aggregates South Wales Limited	Maidenhead, GB		100.00	2019	45.9	0.0
Hanson Aggregates UK Limited	Maidenhead, GB		100.00	2019	2,364.4	0.0
Hanson America Holdings (1) Limited	Maidenhead, GB		100.00	2019	2,247.9	0.0
Hanson America Holdings (2) Limited	Maidenhead, GB		100.00	2019	563.0	0.0
Hanson America Holdings (3) Limited	Maidenhead, GB		100.00	2019	556.4	0.0
Hanson America Holdings (4) Limited	Maidenhead, GB		100.00	2019	142.8	4.0
Hanson Aruba Limited	St. Peter Port, GG		100.00	2019	1,882.6	-0.1
Hanson Bath and Portland Stone Limited	Maidenhead, GB		100.00	2019	-2.5	0.0
Hanson Batteries Limited	Maidenhead, GB		100.00	2019	54.6	0.0
Hanson Blocks North Limited	Maidenhead, GB		100.00	2019	15.6	0.0
Hanson Brick Ltd	Maidenhead, GB		100.00	2019	0.2	0.0
Hanson Building Materials Europe Limited	Maidenhead, GB		100.00	2019	2,715.6	5.3
Hanson Building Materials Limited	Maidenhead, GB		100.00	2019	3,752.4	-4.1
Hanson Building Products (2003) Limited	Maidenhead, GB		100.00	2019	1,838.5	0.0
Hanson Building Products Limited	St. Helier, JE		100.00	2019	0.1	0.0
Hanson Canada Limited	Maidenhead, GB		100.00	2019	1.1	0.0
Hanson Clay Products Limited	Maidenhead, GB		100.00	2019	18.0	0.0
Hanson Concrete Products Limited	Maidenhead, GB		100.00	2019	61.0	0.0
Hanson Crewing Services Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Hanson Devon Designated Activity Company	Shannon, IE		100.00	2019	4,829.5	-0.1
Hanson Facing Bricks Limited	Maidenhead, GB		100.00	2019	293.2	0.0
Hanson Finance (2003) Limited	Maidenhead, GB		100.00	2019	568.5	-0.8
Hanson Finance Limited	Maidenhead, GB		100.00	2019	721.9	-34.6
Hanson Financial Services Limited	Maidenhead, GB		100.00	2019	290.9	167.6
Hanson FP Holdings B.V.	's-Hertogenbosch, NL		100.00	2019	406.9	0.0
Hanson Funding (G) Limited	Maidenhead, GB		100.00	2019	205.4	0.0
Hanson H4 Limited	Maidenhead, GB		100.00	2019	1,830.8	0.0
Hanson H5	Maidenhead, GB		100.00	2019	0.1	0.0
Hanson Hedging (Dollars) (1) Limited	Maidenhead, GB		100.00	2019	0.3	0.0
Hanson Hispania Hormigones SL	Malaga, ES		99.99	2019	-0.9	-3.4
Hanson Hispania, S.A.U.	Madrid, ES		100.00	2019	66.8	7.6
Hanson Holdings (1) Limited	Maidenhead, GB		100.00	2019	23,108.3	0.0
Hanson Holdings (2) Limited	Maidenhead, GB		100.00	2019	1,209.4	-12.8
Hanson Holdings (3) Limited	Maidenhead, GB		100.00	2019	1,583.4	2.8

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
Hanson Holdings Limited	Maidenhead, GB		100.00	2019	2,815.5	199.6
Hanson Industrial (Engineering Holdings) Limited	Maidenhead, GB		100.00	2019	6.4	0.0
Hanson Industrial Limited	Maidenhead, GB		100.00	2019	185.3	0.0
Hanson International Holdings Limited	Maidenhead, GB		100.00	2019	13,910.2	530.5
Hanson Island Management Limited	St. Peter Port, GG		100.00	2019	-1.1	-0.2
Hanson Land Development Limited	Maidenhead, GB		100.00	2019	-34.9	0.0
Hanson Limited	Maidenhead, GB		100.00	2019	7,897.7	-7.6
Hanson Marine Holdings Limited	Maidenhead, GB		100.00	2019	3.0	1.3
Hanson Marine Limited	Maidenhead, GB		100.00	2019	35.9	2.3
Hanson Overseas Corporation Limited	Maidenhead, GB		100.00	2019	2,230.8	0.0
Hanson Overseas Holdings Limited	Maidenhead, GB		100.00	2019	21,137.0	1.9
Hanson Packed Products Limited	Maidenhead, GB		100.00	2019	297.4	4.4
Hanson Peabody Limited [8]	Maidenhead, GB		100.00	-	-	-
Hanson Pioneer España, S.L.U.	Madrid, ES		100.00	2019	332.2	45.9
Hanson Quarry Products Europe Limited	Maidenhead, GB		100.00	2019	9,613.1	76.3
Hanson Quarry Products Holdings Limited	Maidenhead, GB		100.00	2019	49.6	0.0
Hanson Quarry Products Trade Finance Limited	Maidenhead, GB		100.00	2019	3.5	0.0
Hanson Quarry Products Transport Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Hanson Quarry Products Ventures Limited	Maidenhead, GB		100.00	2019	56.2	0.1
Hanson Retail Limited	Maidenhead, GB		100.00	2019	462.8	0.0
Hanson Ship Management Ltd	St. Peter Port, GG		100.00	2019	-0.7	-0.1
Hanson Thermalite Limited	Maidenhead, GB		100.00	2019	49.3	0.0
Hanson TIS Holdings Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Hanson TIS Limited	Maidenhead, GB		100.00	2019	-3.0	0.0
Hanson Trust Limited	Maidenhead, GB		100.00	2019	115.1	0.0
Hanson Trustees Limited	Maidenhead, GB		100.00	2019	-1.7	0.0
Harrisons Limeworks Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Hartsholme Property Limited	Maidenhead, GB		100.00	2019	0.1	0.0
HB Hotels Limited	Maidenhead, GB		100.00	2019	-0.7	0.0
HC Asia Holding GmbH	Heidelberg, DE	100.00	100.00	2019	84.0	1.8
HC Fuels Limited	Maidenhead, GB		100.00	2019	10.6	0.1
HC Green Trading Limited	St. Julian's, MT		100.00	2019	0.0	0.2
HC Hanson Holding B.V.	's-Hertogenbosch, NL		100.00	2019	326.6	0.0
HC Trading B.V.	's-Hertogenbosch, NL		100.00	2019	-1.3	1.9
HC Trading Malta Limited	St. Julian's, MT		100.00	2019	-1.5	-1.6
HCT Holding Malta Limited	St. Julian's, MT	100.00	100.00	2019	112.6	1.1
HeidelbergCement BP Limited	Maidenhead, GB		100.00	2019	0.1	0.0
HeidelbergCement Canada Holding Limited	Maidenhead, GB		100.00	2019	3,801.8	92.3
HeidelbergCement Central Europe East Holding B.V.	's-Hertogenbosch, NL		100.00	2019	1,637.0	98.9
HeidelbergCement Euro I Limited	Maidenhead, GB		100.00	2019	657.8	13.9
HeidelbergCement Euro II Limited	Maidenhead, GB		100.00	2019	3,411.2	34.3
HeidelbergCement Euro III Limited	Maidenhead, GB		100.00	2019	850.9	18.1
HeidelbergCement Finance Luxembourg S.A.	Strassen, LU		100.00	2019	34.5	88.2
HeidelbergCement France S.A.S.	Guerville, FR		100.00	2019	2,497.4	22.5
HeidelbergCement Grundstücksgesellschaft mbH & Co. KG [7]	Heidelberg, DE	100.00	100.00	2019	19.1	1.6
HeidelbergCement Holding Coöperatief U.A.	's-Hertogenbosch, NL		100.00	2019	1,127.8	0.0
HeidelbergCement Holding S.à r.l.	Strassen, LU		100.00	2019	24,139.2	1,029.2
HeidelbergCement Holdings Limited	Maidenhead, GB	100.00	100.00	2019	2.3	0.0
HeidelbergCement International Holding GmbH	Heidelberg, DE	100.00	100.00	2019	20,635.7	0.0
HeidelbergCement Logistik GmbH & Co. KG [7]	Polch, DE	70.00	100.00	2019	7.0	2.2
HeidelbergCement Mediterranean Basin Holdings S.L.U.	Madrid, ES		100.00	2019	56.6	-0.2
HeidelbergCement Netherlands Holding B.V.	's-Hertogenbosch, NL	14.54	100.00	2019	809.3	1.6
HeidelbergCement Reinsurance Luxembourg S.A.	Strassen, LU		100.00	2019	30.2	6.7
HeidelbergCement Trading GmbH [9]	Heidelberg, DE		100.00	-	-	-
HeidelbergCement UK Holding II Limited	Maidenhead, GB		100.00	2019	17,414.0	51.8
HeidelbergCement UK Holding Limited	Maidenhead, GB		100.00	2019	11,477.2	-237.6

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
HeidelbergCement UK Limited	Maidenhead, GB		100.00	2019	94.7	91.2
HeidelbergCement, Funk & Kapphan Grundstücksgesellschaft GmbH & Co. KG [7]	Heidelberg, DE	79.91	79.91	2019	11.7	0.2
Heidelberger Beton Donau-Naab GmbH & Co. KG [7]	Burglengenfeld, DE		77.70	2019	3.6	1.9
Heidelberger Beton GmbH [7]	Heidelberg, DE	100.00	100.00	2019	411.9	46.1
Heidelberger Betonelemente GmbH & Co. KG [7]	Chemnitz, DE		83.00	2019	7.2	4.7
Heidelberger Kieswerke Niederrhein GmbH	Mülheim an der Ruhr, DE		100.00	2019	0.9	0.0
Heidelberger Kieswerke Rhein-Ruhr GmbH	Mülheim an der Ruhr, DE		100.00	2019	8.0	1.7
Heidelberger Sand und Kies GmbH [7]	Heidelberg, DE	6.00	100.00	2019	98.3	0.0
HIPS (Trustees) Limited [8]	Maidenhead, GB		100.00	-	-	-
HK Holdings (No.1) Limited	Maidenhead, GB		100.00	2019	33.0	0.0
HK Holdings (No.2) Limited	Maidenhead, GB		100.00	2019	76.1	0.0
Holms Sand & Gravel Company (1985) (The)	Maidenhead, GB		100.00	2019	0.0	0.0
Holms Sand & Gravel Company Limited (The)	Maidenhead, GB		100.00	2019	0.0	0.0
Homes (East Anglia) Limited	Maidenhead, GB		100.00	2019	0.2	0.0
Hormigones y Minas S.A.	Malaga, ES		99.94	2019	22.8	0.4
Housemotor Limited	Maidenhead, GB		100.00	2019	1,824.8	0.0
Houseprice Limited [8]	Maidenhead, GB		100.00	-	-	-
Houserate Limited	Maidenhead, GB		100.00	2019	8,873.7	5,359.6
HPL Albany House Developments Limited [5]	Maidenhead, GB		50.00	2019	-0.6	0.0
HPL Estates Limited	Maidenhead, GB		100.00	2019	4.1	0.0
HPL Investments Limited	Maidenhead, GB		100.00	2019	476.7	0.0
HPL Properties Limited	Maidenhead, GB		100.00	2019	47.0	0.0
HPL Property Limited	Maidenhead, GB		100.00	2019	48.5	0.0
HPL West London Developments Limited [5]	Maidenhead, GB		50.00	2019	-0.2	0.0
Hurst and Sandler Limited	Maidenhead, GB		100.00	2019	5.5	0.0
Immobilière des Technodes S.a.s.	Guerville, FR		100.00	2019	11.0	1.2
Imperial Foods Holdings Limited	Maidenhead, GB		100.00	2019	0.7	0.0
Imperial Group Limited	Maidenhead, GB		100.00	2019	291.4	0.0
Imperial Seafoods Limited	Maidenhead, GB		100.00	2019	1.4	0.0
Ing. Sala S.p.A.	Bergamo, IT		100.00	2019	1.7	-0.7
Interbulk Trading (IBT) S.A.	Lugano, CH		100.00	2019	81.0	-7.4
Intercom S.r.l.	Bergamo, IT		100.00	2019	7.0	3.3
Investcim S.a.s.	Guerville, FR		100.00	2019	112.1	0.0
Irvine - Whitlock Limited	Maidenhead, GB		100.00	2019	-9.0	0.0
Ital Real Estate S.r.l.	Bergamo, IT		100.00	2019	30.0	-1.3
Italcementi Finance S.A.	Guerville, FR		100.00	2019	29.0	-10.7
Italcementi S.p.A.	Bergamo, IT		100.00	2019	2,702.9	70.6
Italsacci S.p.A.	Bergamo, IT		100.00	2019	137.9	32.6
J. Riera, S.A.	Barcelona, ES		99.89	2019	3.8	-0.6
James Grant & Company (West) Limited	Edinburgh, GB		100.00	2019	2.6	0.0
Judkins Limited	Maidenhead, GB		100.00	2019	0.1	0.0
K.M. Property Development Company Limited	Maidenhead, GB		100.00	2019	0.0	0.0
KalininCement Holding B.V.	's-Hertogenbosch, NL		100.00	2019	3.8	0.0
Kazakhstan Cement Holding B.V.	's-Hertogenbosch, NL		100.00	2019	85.1	0.0
Ketton Cement Limited [8]	Maidenhead, GB		100.00	-	-	-
Kingston Minerals Limited	Maidenhead, GB		100.00	2019	0.2	0.0
L.B. (Stewartby) Limited	Maidenhead, GB		100.00	2019	62.0	0.0
Lehigh B.V.	's-Hertogenbosch, NL		100.00	2019	14,733.0	0.0
Lehigh UK Limited	Maidenhead, GB		100.00	2019	15,719.7	-0.5
Les Sabliers de l'Odet S.a.s.	Quimper, FR		100.00	2019	4.4	0.0
Lindustries Limited	Edinburgh, GB		100.00	2019	52.6	0.0
Lithonplus GmbH & Co. KG [7]	Lingenfeld, DE		60.00	2019	45.6	4.2
Localdouble Limited	Maidenhead, GB		100.00	2019	761.0	0.0
M E Sub Limited	Maidenhead, GB		100.00	2019	20.8	0.0
Mantle & Llay Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Marnee Limited	Maidenhead, GB		100.00	2019	63.5	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Marples Ridgway Limited	Maidenhead, GB		100.00	2019	-4.7	0.0
Mebin B.V.	's-Hertogenbosch, NL		100.00	2019	58.1	-6.4
Mebin Leeuwarden B.V.	Leeuwarden, NL		79.79	2019	0.8	-0.2
Menaf S.a.s.	Guerville, FR		100.00	2019	5.5	-2.6
Meppeler Betoncentrale B.V.	Meppel, NL		66.67	2019	-0.1	0.0
Mibau Deutschland GmbH	Cadenberge, DE		60.00	2019	1.4	0.0
Mibau Holding GmbH	Cadenberge, DE		60.00	2019	44.3	22.8
Mibau Nederland B.V.	Venlo, NL		60.00	2019	1.5	0.5
Midland Quarry Products Limited	Maidenhead, GB		100.00	2019	73.7	14.0
Milton Hall (Southend) Brick Company Limited (The)	Maidenhead, GB		100.00	2019	1.6	0.0
Minster Quarries Limited	Maidenhead, GB		100.00	2019	-1.5	0.0
Mixconcrete Holdings Limited	Maidenhead, GB		100.00	2019	4.6	0.0
Mixconcrete Limited	Maidenhead, GB		100.00	2019	-2.1	0.0
Morebeat Limited	Maidenhead, GB		100.00	2019	9.3	0.0
Motioneager Limited	Maidenhead, GB		100.00	2019	251.7	0.0
National Brick Company Limited	Maidenhead, GB		100.00	2019	3.0	0.0
National Star Brick and Tile Holdings Limited	Maidenhead, GB		100.00	2019	2.5	0.0
National Star Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Nuova Sacelit S.r.l.	Bergamo, IT		100.00	2019	0.6	-1.7
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung & Co. K.-G. [7]	Geseke, DE		100.00	2019	0.3	-0.1
Paperbefore Limited	Maidenhead, GB		100.00	2019	355.7	0.0
Pencrete Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Picon Overseas Limited	St. Peter Port, GG		100.00	2019	165.2	6.1
PILC Limited	St. Peter Port, GG		100.00	2019	22.6	0.6
Pimco 2945 Limited	Maidenhead, GB		100.00	2019	4.8	0.0
Pinden Plant & Processing Co. Limited (The)	Maidenhead, GB		100.00	2019	6.7	0.0
Pioneer Aggregates (UK) Limited	Maidenhead, GB		100.00	2019	5.4	0.0
Pioneer Asphalts (U.K.) Limited [8]	Maidenhead, GB		100.00	-	-	-
Pioneer Concrete (U.K.) Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Pioneer Concrete Holdings Limited	Maidenhead, GB		100.00	2019	137.6	0.0
Pioneer International Group Holdings Limited	Maidenhead, GB		100.00	2019	1,046.6	0.1
Pioneer Investments UK Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Pioneer Overseas Investments Limited	St. Peter Port, GG		100.00	2019	127.9	-0.1
Premix Concrete Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Purfleet Aggregates Limited	Maidenhead, GB		100.00	2019	-0.2	0.0
Redshow Limited	Maidenhead, GB		100.00	2019	129.9	0.0
Rezincote (1995) Limited	Maidenhead, GB		100.00	2019	-0.5	0.0
Roads Reconstruction Limited	Maidenhead, GB		100.00	2019	10.2	0.0
Rostocker Zementumschlagsgesellschaft mbH	Rostock, DE		60.00	2019	0.1	0.0
Rouennaise de Transformation S.a.s.	Grand-Couronne, FR		100.00	2019	1.5	0.1
S Sub Limited [8]	Maidenhead, GB		100.00	-	-	-
S Z G - Saarländische Zementgesellschaft mit beschränkter Haftung	Saarbrücken, DE		100.00	2019	1.0	0.3
S.A. Cimenteries CBR	Braine-l'Alleud, BE	0.00	100.00	2019	913.7	133.9
S.A. TRANS CBR	Braine-l'Alleud, BE		100.00	2019	0.0	-0.1
Sabine Limited	St. Peter Port, GG		100.00	2019	254.4	0.0
Sablimaris S.a.s.	La Rochelle, FR		100.00	2019	11.9	1.1
Sagrex B.V.	's-Hertogenbosch, NL		100.00	2019	-0.5	-0.3
Sagrex France S.A.S.	Thourotte, FR		100.00	2019	5.3	0.6
Sagrex Holding B.V.	's-Hertogenbosch, NL		100.00	2019	22.3	0.5
Sagrex Productie B.V.	's-Hertogenbosch, NL		100.00	2019	11.0	0.4
Sailtown Limited	Maidenhead, GB		100.00	2019	1,061.8	21.3
Saint Hubert Investments S.à r.l.	Strassen, LU		100.00	2019	434.6	-0.1
SAMA S.r.l. - in liquidazione [4]	Bergamo, IT		100.00	2019	-0.1	-0.1
Samuel Wilkinson & Sons Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Sax S.a.s.	Guerville, FR		100.00	2019	2.1	-0.5
Scancem Energy and Recovery Limited	Maidenhead, GB		100.00	2019	20.1	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Scancem International Limited	Maidenhead, GB		100.00	2019	21.1	0.0
Scancem Recovery Limited	Maidenhead, GB		100.00	2019	20.4	0.1
Scancem Supply Limited	Maidenhead, GB		100.00	2019	-2.2	0.0
Seagoe Concrete Products Limited [8]	Maidenhead, GB		100.00	-	-	-
Second City Properties Limited	Maidenhead, GB		100.00	2019	13.6	0.0
Shapedirect Limited	Maidenhead, GB		100.00	2019	1,976.5	0.6
SJP 1 Limited	Maidenhead, GB		100.00	2019	-0.1	0.0
Slotcount Limited	Maidenhead, GB		100.00	2019	1,879.0	0.0
Small Lots (Mix-It) Limited	Maidenhead, GB		100.00	2019	12.7	0.0
Sociedad Financiera y Minera, S.A.	Malaga, ES		99.94	2019	271.0	-1.8
Socli S.a.s.	Loures-Barousse, FR		100.00	2019	7.0	1.9
Sodramaris S.N.C.	La Rochelle, FR		100.00	2019	13.3	-0.3
Solrec Limited	Maidenhead, GB		100.00	2019	9.9	0.0
SQ Corporation Limited [8]	Maidenhead, GB		100.00	-	-	-
SQ Finance No 2 Limited	Maidenhead, GB		100.00	2019	1,134.2	0.0
St Edouard S.à r.l.	Strassen, LU		100.00	2019	2,931.3	0.0
ST JUDE S.à r.l.	Strassen, LU		100.00	2019	2,363.8	0.0
ST NICOLAS S.à r.l.	Strassen, LU		100.00	2019	1,567.2	3.4
Stema Shipping (UK) Limited	Grays, GB		60.00	2019	3.5	1.3
Stema Shipping France S.a.s.	Le Mesnil Esnard, FR		60.00	2019	0.0	-0.2
Stephen Toulson & Sons Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Stewartby Housing Association Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Supamix Limited	Maidenhead, GB		100.00	2019	6.7	0.0
Technodes S.a.s.	Guerville, FR		100.00	2019	-9.8	-0.6
Tercim S.a.s.	Guerville, FR		100.00	2019	0.4	-0.8
The Purfleet Ship to Shore Conveyor Company Limited	Maidenhead, GB		100.00	2019	0.1	0.0
Thistleton Quarries Limited	Maidenhead, GB		100.00	2019	-1.7	0.0
Tillotson Commercial Motors Limited	Maidenhead, GB		100.00	2019	-22.0	0.0
Tillotson Commercial Vehicles Limited [8]	Maidenhead, GB		100.00	-	-	-
Tilmanstone Brick Limited	Maidenhead, GB		100.00	2019	8.3	0.0
Timesound	Maidenhead, GB		100.00	2019	0.7	0.0
Tinglev Elementfabrik GmbH	Altlandsberg, DE		100.00	2019	2.3	0.0
TLQ Limited	Edinburgh, GB		100.00	2019	0.0	0.0
TMC Pioneer Aggregates Limited	Maidenhead, GB		100.00	2019	0.0	0.0
Tratel Affrètement S.a.s.	Guerville, FR		100.00	2019	14.6	1.5
Tratel S.a.s.	Guerville, FR		100.00	2019	21.5	2.4
Tunnel Cement Limited	Maidenhead, GB		100.00	2019	0.0	0.0
U.D.S. Holdings B.V.	's-Hertogenbosch, NL		100.00	2019	612.7	0.0
UDS (No 10)	Maidenhead, GB		100.00	2019	1,583.4	1,496.0
UDS (No 3) Limited	Maidenhead, GB		100.00	2019	6.7	0.0
UDS Corporation Limited	Maidenhead, GB		100.00	2019	431.1	0.0
UDS Finance Limited	Maidenhead, GB		100.00	2019	48.2	0.0
UDS Group Limited	Maidenhead, GB		100.00	2019	129.8	0.0
UDS Holdings (1) Limited	Maidenhead, GB		100.00	2019	220.1	0.0
UGI Group Limited	Maidenhead, GB		100.00	2019	113.9	0.0
Unibéton Centre Ouest S.a.s.	Saint Jean le Blanc, FR		100.00	2019	9.6	-3.7
Unibéton S.a.s.	Guerville, FR		100.00	2019	23.3	-13.1
United Gas Industries Limited	Maidenhead, GB		100.00	2019	13.8	0.0
Uniwerbéton S.a.s.	Heillecourt, FR		70.00	2019	0.4	0.0
V.E.A. Limited	St. Peter Port, GG		100.00	2019	189.3	0.3
Ventore S.L.	Malaga, ES		99.94	2019	-0.2	0.1
Viewgrove Investments Limited [8]	Maidenhead, GB		100.00	-	-	-
Visionfocus Limited	Maidenhead, GB		100.00	2019	784.8	0.0
Visionrefine Limited	Maidenhead, GB		100.00	2019	-0.4	0.0
Welbecson Group Limited	Maidenhead, GB		100.00	2019	-0.1	0.0
Wineholm Limited	Maidenhead, GB		100.00	2019	0.0	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
Subsidiaries						
Northern and Eastern Europe-Central Asia						
Abetong AB	Växjö, SE		100.00	2019	6.3	0.1
AS Abetong	Oslo, NO		100.00	2019	0.6	0.0
AS Kunda Nordic Tsement	Kunda, EE		75.00	2019	85.8	2.5
BayKaz Beton LLP	Almaty, KZ		100.00	2019	6.9	-1.6
BEKTAS Group LLP	Almaty, KZ		100.00	2019	1.4	-1.0
Beton.Ata LLP	Almaty, KZ		100.00	2019	0.5	0.0
Betong Sör AS	Kristiansand, NO		100.00	2019	1.5	-0.3
Betongindustri AB	Stockholm, SE		100.00	2019	4.0	0.1
BETOTECH, s.r.o.	Beroun, CZ		91.50	2019	0.6	0.1
Björgun ehf	Reykjavík, IS		53.00	2019	8.3	-0.3
BM Valla ehf	Reykjavík, IS		53.00	2019	20.4	3.9
Bukhtarma Cement Company LLP	Oktyabrskiy village, KZ		100.00	2019	24.6	0.7
Calumite s.r.o.	Ostrava-Kunčičky, CZ		51.00	2019	5.2	1.2
CaspiCement Limited Liability Partnership	Shetpe, KZ		100.00	2019	56.1	-1.0
Caspinerud Limited Liability Partnership	Shetpe, KZ		100.00	2019	8.9	-0.2
Cementa AB	Stockholm, SE		100.00	2019	41.3	14.1
Cementa Fastighets AB	Stockholm, SE		100.00	2019	0.1	0.0
Cementa sp. z o. o.	Warszawa, PL		100.00	2019	0.9	0.0
Českomoravský beton, a.s.	Beroun, CZ		100.00	2019	23.6	2.8
Českomoravský cement, a.s.	Mokrá-Horákov, CZ		100.00	2019	101.5	43.9
Českomoravský štěrk, a.s.	Mokrá-Horákov, CZ		100.00	2019	58.0	9.4
Contiga AB	Norrtälje, SE		100.00	2019	0.7	0.0
Contiga AS	Moss, NO		100.00	2019	13.2	5.0
Contiga Holding AS	Oslo, NO		100.00	2019	21.4	5.0
Contiga Tinglev A/S	Tinglev, DK		98.50	2019	12.1	6.7
Contiga Väst AB	Uddevalla, SE		100.00	2019	1.8	1.2
Devnya Cement AD	Devnya, BG		99.94	2019	230.9	8.4
DK Beton A/S	Ringsted, DK		100.00	2019	24.6	3.3
DK Cement A/S	Ringsted, DK		100.00	2019	9.6	0.5
Eignarhaldsfélagið Hornsteinn ehf.	Reykjavík, IS		53.00	2019	34.4	5.1
Fastighets AB Limhamns Kalkbrott	Stockholm, SE		100.00	2019	2.2	0.0
Fastighets AB Lövholmen	Stockholm, SE		100.00	2019	0.4	0.0
Garkalnes Grants SIA	Riga, LV		100.00	2019	8.1	0.5
Global IT Center EAD	Devnya, BG		99.94	2019	1.0	0.0
Górażdże Beton Sp. z o.o.	Górażdże, PL		100.00	2019	24.7	-7.0
Górażdże Cement S.A.	Górażdże, PL		100.00	2019	444.9	83.0
Górażdże Kruszywa Sp. z o.o.	Górażdże, PL		100.00	2019	45.4	5.0
Halyps Building Materials S.A.	Aspropyrgos, GR		99.90	2019	64.2	17.3
Hanson Iceland EHF	Reykjavík, IS		100.00	2019	2,362.9	-0.1
HC Betons SIA	Riga, LV		100.00	2019	1.2	1.2
HC Betoon AS, Estonia	Tallinn, EE		100.00	2019	6.0	-0.5
HC SSC Latvia, SIA	Riga, LV		100.00	2019	0.1	0.1
HeidelbergCement Africa Holding Kommanditbolag	Stockholm, SE		100.00	2019	22.8	0.0
HeidelbergCement Danmark A/S	Ringsted, DK		100.00	2019	39.5	4.7
HeidelbergCement Iceland EHF	Reykjavík, IS		100.00	2019	19.3	2.7
HeidelbergCement Miljö AB	Örebro, SE		100.00	2019	1.7	0.0
HeidelbergCement Northern Europe AB	Stockholm, SE		100.00	2019	1,188.9	-6.0
HeidelbergCement Northern Europe Pumps & Trucks A/S	Ringsted, DK		100.00	2019	5.2	0.9
HeidelbergCement Norway AS	Oslo, NO		100.00	2019	52.3	2.6
HeidelbergCement România S.A.	Bucharest, RO		100.00	2019	256.2	51.7
HeidelbergCement Services - LLP	Almaty, KZ		100.00	2019	-1.0	-0.2
HeidelbergCement Sweden AB	Stockholm, SE		100.00	2019	203.4	25.9
Italmed Cement Company Ltd.	Limassol, CY		99.90	2019	23.5	2.1

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
Kamenivo Slovakia a.s.	Bytča-Hrabové, SK		100.00	2019	2.0	0.2
LLC "Norcem Kola"	Murmansk, RU		100.00	2019	-0.7	-0.1
LLC 'HeidelbergCement Rus'	Podolsk, RU		100.00	2019	125.8	18.0
LLC KaliningradCement	Kaliningrad, RU		100.00	2019	2.0	-0.2
Lyulyaka Materials EAD	Devnya, BG		99.94	2019	1.1	0.1
Magnatool AB	Stockholm, SE		75.00	2019	0.0	0.0
Mibau Polska Sp. z o.o.	Gdansk, PL		60.00	2019	1.5	0.1
Norbetong AS	Oslo, NO		100.00	2019	94.9	4.2
Norcem AS	Oslo, NO		100.00	2019	43.1	20.0
Nordic Precast Group AB	Stockholm, SE		100.00	2019	132.2	17.5
Nordic Precast Kasen Fastighets AB	Uddevalla, SE		100.00	2019	0.3	0.0
Norsk Stein AS	Jelsa, NO		60.00	2019	90.3	10.7
NorStone AS	Sandnes, NO		100.00	2019	2.7	0.3
OJSC "Cesla"	Slantsy, RU		99.98	2019	11.1	-2.0
OJSC Gurovo-Beton	Novogurovsky, RU		100.00	2019	1.9	-0.7
Precon Polska Sp.z.o.o.	Warszawa, PL		100.00	2019	4.9	-0.6
Protenna AB	Stockholm, SE		75.00	2019	24.8	0.0
Renor AS	Aurskog, NO		100.00	2019	4.6	0.4
Sand- och grusaktiebolaget Jehander	Stockholm, SE		100.00	2019	10.5	0.1
Scancem Central Africa Holding 1 AB	Stockholm, SE		100.00	2019	5.0	0.0
Scancem Central Africa Holding 2 AB	Stockholm, SE		100.00	2019	0.1	0.0
Scancem Central Africa Holding 3 AB	Stockholm, SE		100.00	2019	0.2	0.0
Scancem Central Africa Holding 4 AB	Stockholm, SE		100.00	2019	0.0	0.0
Scancem Holding AS	Oslo, NO		100.00	2019	14.1	-0.1
Scancem International DA	Oslo, NO		100.00	2019	586.8	51.4
Sementsverksmidjan ehf	Akranes, IS		53.00	2019	5.4	1.4
ShymkentCement JSC	Shymkent, KZ		100.00	2019	9.2	-2.8
SIA BALTIC SAULE	Riga, LV		100.00	2019	2.5	-0.6
SIA SBC	Marupe, LV		100.00	2019	1.6	0.1
SIA SBC Finance	Marupe, LV		100.00	2019	0.1	0.0
SIA SBC Property [5]	Marupe, LV		49.00	2019	3.4	0.3
Sola Betong AS	Tananger, NO		66.67	2019	1.3	0.0
Splitt Chartering Aps	Aabenraa, DK		60.00	2019	3.5	5.2
SSC Lithuania UAB	Kaunas, LT		100.00	2019	0.0	0.0
Stema Shipping A/S	Aabenraa, DK		60.00	2019	80.8	20.8
TBG BETONMIX a. s.	Brno, CZ		66.00	2019	10.7	3.4
TBG BETONPUMPY MORAVA s.r.o.	Brno, CZ		84.90	2019	0.8	0.2
TBG SEVEROZÁPADNÍ ČECHY s.r.o.	Chomutov, CZ		66.00	2019	2.7	0.6
TBG Slovensko, a. s.	Pezinok, SK		100.00	2019	4.6	0.1
TBG Východní Čechy s.r.o.	Mladé Buky, CZ		70.04	2019	2.0	0.6
TBG VYSOČINA s.r.o.	Kožichovice, CZ		59.40	2019	1.8	0.4
UAB Gerdukas	Kaunas, LT		100.00	2019	1.1	-0.1
UAB HC Betonas	Kaunas, LT		100.00	2019	-0.3	-0.3
UAB HeidelbergCement Klaipeda	Klaipėda, LT		100.00	2019	3.5	0.4
Vulkan Cement AD	Dimitrovgrad, BG		98.60	2019	39.7	0.0
Subsidiaries						
North America						
Amangani SA	Panama City, PA		100.00	2019	-0.4	0.0
Amcord, Inc.	Wilmington, US		100.00	2019	-1.9	0.3
Anche Holdings Inc	Panama City, PA		100.00	2019	1,883.0	0.0
Asian Carriers Inc.	Panama City, PA		100.00	2019	33.5	0.2
Astravance Corp.	Panama City, PA		100.00	2019	5.1	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Beazer East, Inc.	Wilmington, US		100.00	2019	204.1	-33.3
Cadman (Black Diamond), Inc.	Tumwater, US		100.00	2019	12.4	1.4
Cadman (Rock), Inc.	Tumwater, US		100.00	2019	23.6	1.9
Cadman (Seattle), Inc.	Tumwater, US		100.00	2019	88.2	6.1
Cadman Materials, Inc.	Tumwater, US		100.00	2019	66.3	24.1
Cadman, Inc.	Tumwater, US		100.00	2019	35.6	-6.4
Calaveras Materials Inc.	Sacramento, US		100.00	2019	109.6	2.8
Calaveras-Standard Materials, Inc.	Sacramento, US		100.00	2019	34.4	0.0
Cambridge Aggregates Inc.	Cambridge, CA		60.00	2019	6.1	1.6
Campbell Concrete & Materials LLC	Austin, US		100.00	2019	40.5	-4.9
Campbell Transportation Services LLC [8]	Austin, US		100.00	-	-	-
Cavenham Forest Industries LLC	Wilmington, US		100.00	2019	8.0	-3.2
Cindercrete Mining Supplies Ltd. [5]	Regina, CA		50.00	2019	5.0	0.0
Cindercrete Products Limited	Regina, CA		100.00	2019	23.1	0.0
Commercial Aggregates Transportation and Sales, LLC	Wilmington, US		100.00	2019	2.4	0.0
Constar LLC	Wilmington, US		100.00	2019	311.4	4.3
Cowichan Corporation	Panama City, PA		100.00	2019	0.6	468.7
Essex NA Holdings LLC	Wilmington, US		100.00	2019	46.9	0.0
Essroc Holdings LLC	Wilmington, US		100.00	2019	800.7	0.6
Fairburn Ready-Mix, Inc.	Norocross, US		100.00	2019	13.2	2.1
Ferndale Ready Mix & Gravel, Inc.	Tumwater, US		100.00	2019	19.7	0.5
Greyrock, LLC	Wilmington, US		100.00	2019	58.3	2.4
Gulf Coast Stabilized Materials LLC	Austin, US		100.00	2019	61.8	6.0
Gypsum Carrier Inc	Panama City, PA		100.00	2019	63.6	-0.2
Hampshire Properties LLC	Austin, US		100.00	2019	1.6	-0.1
Hanson Aggregates BMC, Inc.	Harrisburg, US		100.00	2019	284.8	3.7
Hanson Aggregates Davon LLC	Columbus, US		100.00	2019	88.5	5.5
Hanson Aggregates East LLC [8]	Wilmington, US		100.00	-	-	-
Hanson Aggregates LLC	Wilmington, US		100.00	2019	893.4	75.2
Hanson Aggregates Mid-Pacific, Inc.	Wilmington, US		100.00	2019	234.8	7.3
Hanson Aggregates Midwest LLC	Frankfort, US		100.00	2019	713.9	67.7
Hanson Aggregates New York LLC	Albany, US		100.00	2019	601.3	30.6
Hanson Aggregates Pacific Southwest LLC	Wilmington, US		100.00	2019	233.8	-10.4
Hanson Aggregates Pennsylvania LLC	Wilmington, US		100.00	2019	398.8	24.2
Hanson Aggregates Southeast LLC	Wilmington, US		100.00	2019	748.3	69.9
Hanson Aggregates WRP, Inc.	Wilmington, US		100.00	2019	87.8	4.3
Hanson Building Materials America LLC	Wilmington, US		100.00	2019	-370.5	0.1
Hanson Green Limited	Hamilton, BM		100.00	2019	0.1	0.0
Hanson Marine Finance, Inc.	Sacramento, US		100.00	2019	5.6	-0.5
Hanson Marine Operations, Inc.	Sacramento, US		100.00	2019	-8.8	0.5
Hanson Ready Mix, Inc.	Wilmington, US		100.00	2019	14.2	1.8
Harrell Aggregate Hauling, Inc.	Norocross, US		100.00	2019	0.4	0.5
HBMA Holdings LLC	Wilmington, US		100.00	2019	3,991.8	28.9
HC Trading International Inc.	Nassau, BS		100.00	2019	5.8	3.4
HNA Investments	Wilmington, US		100.00	2019	1,648.1	0.0
KH 1 Inc.	Wilmington, US		100.00	2019	230.8	0.1
Lehigh Cement Company LLC	Wilmington, US		100.00	2019	1,394.2	136.8
Lehigh Hanson Cement South LLC	Wilmington, US		100.00	2019	420.4	30.0
Lehigh Hanson Materials Limited	Calgary, CA		100.00	2019	1,577.4	23.8
Lehigh Hanson Materials South LLC [8]	Austin, US		100.00	-	-	-
Lehigh Hanson Receivables LLC	Wilmington, US		100.00	2019	60.8	12.4
Lehigh Hanson Services LLC	Wilmington, US		100.00	2019	-275.2	-11.1
Lehigh Hanson, Inc.	Wilmington, US		100.00	2019	9,140.1	-118.1

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Lehigh Northwest Cement Company	Tumwater, US		100.00	2019	160.5	1.8
Lehigh Northwest Marine, LLC	Wilmington, US		100.00	2019	2.5	0.0
Lehigh Southwest Cement Company	Sacramento, US		100.00	2019	368.0	6.2
LHI Duomo Holdings LLC	Wilmington, US		100.00	2019	0.0	0.0
Material Service Corporation	Wilmington, US		100.00	2019	219.9	12.3
Mission Valley Rock Co.	Sacramento, US		100.00	2019	44.0	3.9
PCAz Leasing, Inc.	Phoenix, US		100.00	2019	6.2	-0.1
Pioneer International Overseas Corporation	Road Town, VG		100.00	2019	164.8	4.1
Rimarcal Corporation	Panama City, PA		100.00	2019	0.0	26.8
Sherman Industries LLC	Wilmington, US		100.00	2019	32.7	-1.7
Sinclair General Corporation	Panama City, PA		100.00	2019	2,452.6	685.8
South Valley Materials, Inc.	Sacramento, US		100.00	2019	1.6	-3.6
Standard Concrete Products, Inc.	Sacramento, US		100.00	2019	5.8	-0.3
Three Rivers Management, Inc.	Wilmington, US		100.00	2019	6.9	0.1
Vestur Insurance (Bermuda) Ltd	Hamilton, BM		100.00	2019	0.1	0.0
Subsidiaries						
Asia-Pacific						
Alex Fraser Asphalt Holdings Pty Ltd	Sydney, AU		100.00	2019	1.1	22.4
Alex Fraser Asphalt Pty Ltd	Sydney, AU		100.00	2019	8.4	8.1
Alex Fraser Consulting Pty Ltd [8]	Sydney, AU		100.00	-	-	-
Alex Fraser Demolitions Pty Ltd	Sydney, AU		100.00	2019	0.5	0.0
Alex Fraser Holdings Pty Ltd	Sydney, AU		100.00	2019	4.1	0.0
Alex Fraser Pty Ltd	Sydney, AU		100.00	2019	9.7	11.1
Asia Cement Energy Conservation Co., Ltd. [5]	Bangkok, TH		39.53	2019	46.5	7.8
Asia Cement Products Co., Ltd. [5]	Bangkok, TH		39.53	2019	5.7	-1.7
Asia Cement Public Co., Ltd. [5]	Bangkok, TH		39.53	2019	325.8	29.5
Bitumix Granite Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.9	0.3
Buildey Pty Ltd	Sydney, AU		100.00	2019	-0.7	-0.7
Butra HeidelbergCement Sdn. Bhd.	Muara, BN		70.00	2019	8.5	-0.7
Calga Sands Pty Ltd	Sydney, AU		100.00	2019	10.3	-0.1
CBR Cement (Guangzhou) Company Limited [9]	Guangzhou, CN		100.00	-	-	-
Cemix Concrete (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	1.3	0.2
CGF Pty Limited	Sydney, AU		100.00	2019	157.3	0.0
Christies Stone Quarries Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Concrete Materials Laboratory Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.5	0.1
Concrete Recyclers Australia Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Consolidated Quarries Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Construction Materials Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Emirates Cement Bangladesh Limited	Munshiganj, BD		60.66	2019	16.9	-0.1
Emirates Power Company Limited	Munshiganj, BD		60.66	2019	1.2	0.0
Excel Quarries Pty Limited	Sydney, AU		100.00	2019	0.1	0.0
Fairfield Pre-Mix Concrete Pty Ltd	Sydney, AU		100.00	2019	0.1	0.0
Galli Quarries Pty Limited	Sydney, AU		100.00	2019	23.0	-0.1
Gerak Harapan Sdn Bhd	Kuala Lumpur, MY		70.00	2019	-0.1	-0.1
Gulbarga Cement Limited	Bangalore, IN		100.00	2019	44.1	-0.8
Hanson Australia (Holdings) Proprietary Limited	Sydney, AU		100.00	2019	1,963.2	162.9
Hanson Australia Cement (2) Pty Ltd	Sydney, AU		100.00	2019	22.3	19.6
Hanson Australia Cement Pty Limited	Sydney, AU		100.00	2019	24.0	19.6
Hanson Australia Funding Limited	Sydney, AU		100.00	2019	8.3	80.4
Hanson Australia Investments Pty Limited	Sydney, AU		100.00	2019	113.4	0.3
Hanson Australia Pty Limited	Sydney, AU		100.00	2019	846.3	1.8
Hanson Building Materials (S) Pte Ltd	Singapore, SG		100.00	2019	1.0	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year[1]	Equity in € million[2]	Net income in € million[3]
Hanson Building Materials Cartage Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.6	0.1
Hanson Building Materials Industries Sdn Bhd[4) 8)]	Kuala Lumpur, MY		100.00	-	-	-
Hanson Building Materials Malaysia Sdn Bhd	Kuala Lumpur, MY		100.00	2019	26.0	0.6
Hanson Building Materials Manufacturing Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.6	0.1
Hanson Building Materials Production Sdn Bhd	Sungai Nibong, MY		100.00	2019	12.5	0.2
Hanson Building Materials Transport Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.3	0.0
Hanson Building Materials-KTPC Sdn Bhd[4)]	Kuala Lumpur, MY		100.00	2019	0.3	0.0
Hanson Building Materials-KTPC-PBPM Sdn Bhd[4)]	Kuala Lumpur, MY		100.00	2019	1.2	0.0
Hanson Building Materials-PBPM Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.2	0.0
Hanson Cement Holdings Pty Ltd	Sydney, AU		100.00	2019	15.0	0.2
Hanson Concrete (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.5	0.0
Hanson Construction Materials Pty Ltd	Sydney, AU		100.00	2019	136.6	13.7
Hanson Finance Australia Ltd	Sydney, AU		100.00	2019	62.9	3.9
Hanson Holdings (M) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	12.5	0.0
Hanson Holdings Australia Pty Ltd	Sydney, AU		100.00	2019	2.2	56.6
Hanson Investment Holdings Pte Ltd	Singapore, SG		100.00	2019	37.2	0.2
Hanson Landfill Services Pty Ltd	Sydney, AU		100.00	2019	52.8	7.4
Hanson Pacific (S) Pte Limited	Singapore, SG		100.00	2019	-7.4	0.0
Hanson Pty Limited	Sydney, AU		100.00	2019	2,527.1	0.0
Hanson Quarries Victoria Pty Limited	Sydney, AU		100.00	2019	0.5	0.0
Hanson Quarry Products (Batu Pahat) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.1	0.0
Hanson Quarry Products (EA) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.6	0.1
Hanson Quarry Products (Holdings) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	45.7	0.9
Hanson Quarry Products (Kuantan) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.2	0.0
Hanson Quarry Products (Kulai) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	10.1	0.0
Hanson Quarry Products (Land) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	2.9	-2.4
Hanson Quarry Products (Masai) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.9	0.0
Hanson Quarry Products (Northern) Sdn Bhd[4)]	Kuala Lumpur, MY		100.00	2019	0.2	0.0
Hanson Quarry Products (Pengerang) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	1.1	0.1
Hanson Quarry Products (Perak) Sdn Bhd[4)]	Kuala Lumpur, MY		100.00	2019	0.5	0.0
Hanson Quarry Products (Premix) Sdn Bhd[4) 8)]	Kuala Lumpur, MY		100.00	-	-	-
Hanson Quarry Products (Rawang) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	1.1	0.2
Hanson Quarry Products (Segamat) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.5	0.1
Hanson Quarry Products (Tempoyak) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	-1.4	0.0
Hanson Quarry Products (Terengganu) Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.7	0.0
Hanson Quarry Products Sdn Bhd	Kuala Lumpur, MY		100.00	2019	41.4	-0.1
HC Trading (India) Private Limited	Hyderabad, IN		100.00	2019	0.2	0.2
HCT Services Asia Pte. Ltd.	Singapore, SG		100.00	2019	1.0	0.1
HeidelbergCement (Hong Kong) Company Limited[9)]	Hong Kong, HK		100.00	-	-	-
HeidelbergCement Asia Pte Ltd	Singapore, SG		100.00	2019	12.6	-0.2
HeidelbergCement Bangladesh Limited	Narayanganj, BD		60.66	2019	37.5	-3.4
HeidelbergCement Holding HK Limited	Hong Kong, HK		100.00	2019	61.6	36.1
HeidelbergCement India Limited	Gurgaon (State-Haryana), IN		69.39	2020	158.8	33.4
HeidelbergCement Myanmar Company Limited	Yangon, MM		100.00	2019	0.0	0.0
Hymix Australia Pty Ltd	Sydney, AU		100.00	2019	153.0	19.0
Jalaprathan Cement Public Co., Ltd.[5)]	Bangkok, TH		35.12	2019	95.5	1.5
Jalaprathan Concrete Co., Ltd.[5)]	Bangkok, TH		35.12	2019	8.3	0.2
Melbourne Concrete Pty Ltd	Sydney, AU		100.00	2019	0.3	0.3
Naga Property Co., Ltd.[5)]	Bangkok, TH		35.12	2019	0.2	0.0
Pioneer Concrete (Hong Kong) Limited	Kowloon, HK		100.00	2019	1.4	0.5
Pioneer Concrete (Tasmania) Proprietary Limited	Sydney, AU		100.00	2019	5.2	0.0
Pioneer Concrete (WA) Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Pioneer Concrete Services (Malaysia) S/B[4) 8)]	Petaling Jaya, MY		100.00	-	-	-

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Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Pioneer International (Labuan) Ltd	Wilayah Persekutuan Labuan, MY		100.00	2019	0.5	0.0
Pioneer International Holdings Pty Ltd	Sydney, AU		100.00	2019	1,046.9	0.0
Pioneer North Queensland Pty Ltd	Sydney, AU		100.00	2019	25.2	1.2
Plentong Granite Industries Sdn Bhd [4]	Kuala Lumpur, MY		70.00	2019	0.7	0.0
PT Bahana Indonor	Jakarta, ID		50.98	2019	18.9	0.5
PT Bhakti Sari Perkasa Abadi	Bogor, ID		50.98	2019	0.8	0.1
PT Dian Abadi Perkasa	Jakarta, ID		50.98	2019	99.2	9.0
PT Indocement Tunggal Prakarsa Tbk.	Jakarta, ID		51.00	2019	1,390.0	112.5
PT Indomix Perkasa	Jakarta, ID		51.00	2019	31.4	0.0
PT Lentera Abadi Sejahtera	Jakarta, ID		51.00	2019	0.0	0.0
PT Lintas Bahana Abadi	Jakarta, ID		50.98	2019	5.6	0.3
PT Makmur Abadi Perkasa Mandiri	Jakarta, ID		51.00	2019	0.0	0.0
PT Makmur Lestari Indonesia	Jakarta, ID		50.98	2019	0.4	0.0
PT Mandiri Sejahtera Sentra	Purwakarta, ID		50.98	2019	36.4	-0.6
PT Mineral Industri Sukabumi	Jakarta, ID		50.98	2019	5.0	0.2
PT Multi Bangun Galaxy	Lombok, ID		50.98	2019	13.1	0.0
PT Pionirbeton Industri	Jakarta, ID		51.00	2019	11.9	0.5
PT Sahabat Muliasakti	Pati, ID		50.98	2019	-0.1	0.0
PT Sari Bhakti Sejati	Jakarta, ID		51.00	2019	3.3	0.1
PT Semesta Perkasa Cipta	Bogor, ID		50.98	2019	2.1	0.0
PT Tarabatuh Manunggal	Rumpin Bogor, ID		50.98	2019	19.7	-3.6
PT Terang Prakarsa Cipta	Medan, ID		51.00	2019	0.1	0.0
PT Tigaroda Rumah Sejahtera	Jakarta, ID		51.00	2019	0.3	0.0
PT Tiro Abadi Perkasa	Jakarta, ID		50.98	2019	0.1	0.0
Queensland Recycling Holdings Pty Ltd	Sydney, AU		100.00	2019	2.5	0.0
Queensland Recycling Pty Ltd	Sydney, AU		100.00	2019	0.2	-0.3
Rajang Perkasa Sdn Bhd	Kuala Lumpur, MY		60.00	2019	0.4	0.4
Realistic Sensation Sdn Bhd	Kuala Lumpur, MY		69.98	2019	1.5	0.1
Recyclebin Pty Ltd	Sydney, AU		100.00	2019	0.0	0.0
Recycling Industries Pty Ltd	Sydney, AU		100.00	2019	10.3	3.7
Sofinaz Holdings Sdn Bhd	Kuala Lumpur, MY		100.00	2019	0.3	0.0
South Coast Basalt Pty Ltd	Sydney, AU		100.00	2019	19.1	2.2
Suncoast Asphalt Equipment Hire Pty Ltd	Sydney, AU		100.00	2019	0.6	0.1
Suncoast Asphalt Manufacturing Pty Ltd	Sydney, AU		100.00	2019	-0.5	0.0
Suncoast Asphalt Pty Ltd	Sydney, AU		100.00	2019	2.2	0.4
Suncoast Asphalt Services Pty Ltd	Sydney, AU		100.00	2019	-0.1	0.0
Tanah Merah Quarry Sdn Bhd	Kuala Lumpur, MY		100.00	2019	-2.2	0.1
Traino Group Australia Pty Ltd [8]	Sydney, AU		70.00	-	-	-
Valscot Pty Limited	Sydney, AU		100.00	2019	0.0	0.0
Vaniyuth Co., Ltd. [5]	Bangkok Metropolis, TH		48.80	2019	47.8	7.1
Waterfall Quarries Pty Limited	Sydney, AU		100.00	2019	0.0	0.0
West Coast Premix Pty Ltd	Sydney, AU		100.00	2019	-0.2	-0.2
Western Suburbs Concrete Partnership [5]	Parramatta, AU		50.00	2020	5.0	5.4
XL Premix Partnership [5]	Fairfield, AU		50.00	2019	-2.2	-1.6
XL Premix Pty Ltd [5]	Sydney, AU		50.00	2019	0.0	0.0
Yalkara Contracting Pty Ltd	Sydney, AU		100.00	2019	6.4	0.0
Zuari Cement Ltd.	Bangalore, IN		100.00	2019	181.6	9.1
Subsidiaries						
Africa-Eastern Mediterranean Basin						
ACH Investments Limited	Ebene, MU		100.00	2019	16.7	0.0
Africim S.A.	Casablanca, MA		51.00	2019	1.5	0.0
Al Mahaliya Ready Mix Concrete W.L.L. [5]	Safat, KW		17.63	2019	2.8	-2.5

Company name	Corporate seat	HC AG direct owner-ship %	Group owner-ship %	Year [1]	Equity in € million [2]	Net income in € million [3]
ATLANTIC CIMENT	Casablanca, MA		51.00	2019	-2.6	-48.5
Austral Cimentos Sofala, SA	Dondo, MZ		100.00	2019	10.1	4.1
BETOSAHA SA [5]	Laâyoune, MA		26.01	2019	0.9	0.0
Calcim S.A.	Cotonou, BJ		89.00	2019	1.3	-0.1
Cimbenin SA	Cotonou, BJ		87.95	2019	15.0	1.0
CimBurkina S.A.	Ouagadougou, BF		80.00	2019	30.2	9.8
Ciments du Maroc S.A.	Casablanca, MA		51.00	2019	420.9	105.8
Ciments du Togo SA	Lomé, TG		99.63	2019	31.7	5.3
DECOM Egyptian Co for Development of Building Materials S.A.E. [5]	Cairo, EG		35.25	2019	10.2	1.8
Gacem Company Limited	Serrekunda, GM		100.00	2019	-0.2	-0.4
Ghacem Ltd.	Tema, GH		93.10	2019	59.5	32.0
GRANUBENIN SA avec CA [4]	Cotonou, BJ		89.90	2019	-0.7	0.0
Gulf Ready Mix Concrete Company W.L.L. [5]	Safat, KW		17.65	2019	6.4	1.0
Hanson (Israel) Ltd	Ramat Gan, IL		99.98	2019	282.7	15.0
Hanson Quarry Products (Israel) Ltd	Ramat Gan, IL		99.98	2019	274.6	10.4
Hanson Yam Limited Partnership	Ramat Gan, IL		99.98	2019	4.7	0.8
HC Trading FZE	Dubai, AE		100.00	2019	1.3	0.4
HeidelbergCement Afrique Service	Lomé, TG		94.43	2019	0.0	0.0
HeidelbergCement Mediterranean Basin Holdings S.L.U. Palestine Ltd.	Ramallah, PS		100.00	2019	-1.0	-0.2
Helwan Cement Company S.A.E.	Helwan/Greater Cairo, EG		67.47	2019	66.0	6.3
Hilal Cement Company KSCP [5]	Safat, KW		34.57	2019	45.8	2.9
Industrie Sakia El Hamra "Indusaha" S.A. [5]	Laâyoune, MA		47.92	2019	41.7	16.6
Interbulk Egypt for Export S.A.E.	Cairo, EG		100.00	2019	0.1	-0.2
Kuwait German Company for RMC W.L.L. [5]	Safat, KW		17.80	2019	-0.3	-1.4
La Cimenterie de Lukala S.A.R.L.	Kinshasa, CD		76.95	2019	6.4	-8.0
La Societe GRANUTOGO SA	Lomé, TG		90.00	2019	2.0	0.0
Liberia Cement Corporation Ltd.	Monrovia, LR		81.67	2019	32.6	8.2
Pioneer Beton Muva Umachzavot Ltd	Ramat Gan, IL		99.98	2019	0.2	0.0
Procimar S.A.	Casablanca, MA		100.00	2019	95.6	10.0
Scantogo Mines SA	Lomé, TG		90.00	2019	28.9	11.8
Sierra Leone Cement Corp. Ltd.	Freetown, SL		50.00	2019	6.3	1.4
Suez Cement Company S.A.E.	Cairo, EG		67.78	2019	200.2	-66.7
Suez for Transportation & Trade S.A.E.	Cairo, EG		67.15	2019	0.6	-0.1
Tadir Readymix Concrete (1965) Ltd	Ramat Gan, IL		100.00	2019	0.0	0.0
Tanzania Portland Cement Public Limited Company	Dar es Salaam, TZ		69.25	2019	89.7	23.0
Teracem Limited	Accra, GH		100.00	2019	1.9	-0.8
Tourah Portland Cement Company S.A.E.	Cairo, EG		63.17	2019	-45.4	-32.8
Union Cement Norcem C.o. (LLC) [5]	Ras Al Khaimah, AE		40.00	2019	3.6	2.6
Universal Company for Ready Mix Concrete Production S.A.E. [5]	Cairo, EG		35.25	2019	23.9	4.7
West Africa Quarries Limited	Tema, GH		83.79	2019	0.6	0.5
Joint Operations						
Western and Southern Europe						
Atlantica de Graneles y Moliendas S.A.	Zierbena-Vizcaya, ES		49.97	2019	-21.1	-0.1
Joint Operations						
North America						
Terrell Materials LLC	Frisco, US		50.00	2019	11.0	3.6
Two Rivers Cement LLC	Camden, US		50.00	2019	14.4	-0.6
Joint Operations						
Asia-Pacific						
Lytton Unincorporated Joint Venture	Toowong, AU		50.00	2019	0.0	0.0

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Joint Ventures						
Western and Southern Europe						
ABE Deponie GmbH	Damsdorf, DE		50.00	2019	3.0	0.9
bihek GmbH	Breisach am Rhein, DE		40.00	2019	0.3	-0.2
Carrières Bresse Bourgogne S.A.	Épervans, FR		33.26	2019	6.9	0.5
CaucasusCement Holding B.V.	's-Hertogenbosch, NL		45.00	2019	173.6	0.0
Dragages et Carrières S.A.	Épervans, FR		50.00	2019	3.6	0.7
Fraimbois Granulats S.à r.l.	Fraimbois, FR		50.00	2019	-0.1	-0.1
GAM Greifswalder Asphaltmischwerke GmbH & Co. KG	Greifswald, DE		30.00	2019	0.5	0.0
H.H. & D.E. Drew Limited	New Milton, GB		49.00	2019	15.2	1.2
Hafenbetriebsgesellschaft mbH & Co KG Stade	Stade, DE		50.00	2019	0.5	0.2
Hanse-Asphalt Gesellschaft mbH	Rostock, DE		30.00	2019	0.9	0.0
Heidelberger Beton Donau-Iller GmbH & Co. KG	Elchingen, DE		80.48	2019	0.8	0.2
Heidelberger Betonpumpen Simonis GmbH & Co. KG	Ubstadt-Weiher, DE		65.29	2019	2.5	0.4
Humber Sand and Gravel Limited	Rugby, GB		50.00	2019	-0.9	0.0
Kieswerk Langsdorf GmbH	Jarmen, DE		62.45	2019	1.0	-0.1
Les Calcaires Girondins S.a.s.	Cenon, FR		50.00	2019	-0.2	-0.4
Les Graves de l'Estuaire S.a.s.	Le Havre, FR		50.00	2019	0.5	-0.3
North Tyne Roadstone Limited	Birmingham, GB		50.00	2019	-1.1	-0.2
Padyear Limited	Maidenhead, GB		50.00	2019	-0.2	0.0
Rewinn B.V.	Amsterdam, NL		50.00	2019	0.6	-0.2
Sandkorn GmbH & Co. KG	Trappenkamp, DE		25.00	2019	0.6	0.8
SCL S.A.	Heillecourt, FR		50.00	2019	-0.8	0.0
Smiths Concrete Limited	Oxford, GB		49.00	2019	11.4	-0.4
SPS S.a.s.	Pont de l'Arche, FR		50.00	2019	5.4	-0.3
TBG Ilm-Beton GmbH & Co. KG	Arnstadt, DE		55.00	2019	0.4	0.0
TBG Rott Kies und Transportbeton GmbH	Kelheim, DE		38.85	2019	0.8	0.1
TBG Transportbeton GmbH & Co. KG Naabbeton	Nabburg, DE		50.00	2019	4.3	3.7
TBG Transportbeton Oder-Spree GmbH & Co. KG	Wriezen, DE		50.00	2019	1.5	0.5
TBG Transportbeton Werner GmbH & Co. KG	Dietfurt a.d. Altmühl, DE		38.85	2019	0.1	0.3
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern, DE		50.00	2019	1.0	1.1
Joint Ventures						
Northern and Eastern Europe-Central Asia						
Betong Øst AS	Kongsvinger, NO		50.00	2019	10.7	4.4
Betong Vest AS	Blomsterdalen, NO		40.00	2019	2.7	-0.2
BT Topbeton Sp. z o.o.	Gorzów Wielkopolski, PL		50.00	2019	6.8	1.2
CEMET S.A.	Warszawa, PL		42.91	2019	20.2	4.1
Devnya Limestone AD, Chernevo	Chernevo Village, BG		49.97	2019	14.2	0.9
Duna-Dráva Cement Kft.	Vác, HU		50.00	2019	161.9	49.8
JSC "Mineral Resources Company"	Ishimbay, RU		50.00	2019	12.9	1.1
PÍSKOVNY MORAVA spol. s r.o.	Němčičky, CZ		50.00	2019	2.0	0.4
Pražské betonpumpy a doprava s.r.o.	Praha, CZ		50.00	2019	2.3	0.2
Tangen Eiendom AS	Brevik, NO		50.00	2019	3.2	0.2
TBG METROSTAV s.r.o.	Praha, CZ		50.00	2019	13.3	1.5
TBG Plzeň Transportbeton s.r.o.	Beroun, CZ		50.10	2019	1.9	0.6
TBG SWIETELSKY s.r.o.	České Budějovice, CZ		51.00	2019	0.9	0.3
Vltavské štěrkopísky, s.r.o.	Chlumín, CZ		50.00	2019	3.7	0.8
Joint Ventures						
North America						
Allied Cement Company, d/b/a CPC Terminals (Limited Partnership Interest)	Sacramento, US		50.00	2019	0.3	-2.4
American Stone Company	Raleigh, US		50.00	2019	3.0	0.4
BP General Partner Ltd. [8]	Winnipeg, CA		50.00	-	-	-

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Building Products & Concrete Supply Limited Partnership	Winnipeg, CA		50.00	2019	12.3	3.9
Bulk Silos LLC [8]	Mendota Heights, US		50.00	-	-	-
China Century Cement Ltd.	Hamilton, BM		50.00	2019	64.3	0.0
Jack Cewe Construction Ltd.	Coquitlam, CA		50.00	2019	10.2	2.0
Red Bluff Sand & Gravel, L.L.C.	Birmingham, US		50.00	2019	4.9	0.9
Texas Lehigh Cement Company LP	Austin, US		50.00	2019	123.7	74.9
Upland Ready Mix Ltd.	Campbell River, CA		50.00	2019	1.2	0.1
Joint Ventures						
Asia-Pacific						
Alliance Construction Materials Ltd [8]	Kowloon, HK		50.00	-	-	-
Cement Australia Holdings Pty Ltd	Darra, AU		50.00	2019	119.8	-6.7
Cement Australia Partnership	Darra, AU		50.00	2019	34.3	111.6
Cement Australia Pty Limited	Darra, AU		50.00	2019	0.0	0.0
Easy Point Industrial Ltd.	Hong Kong, HK		50.00	2019	-0.4	0.0
Jidong Heidelberg (Fufeng) Cement Company Limited	Baoji City, CN		48.11	2019	108.1	44.8
Jidong Heidelberg (Jingyang) Cement Company Limited	Xianyang City, CN		50.00	2019	116.9	58.2
M&H Quarries Partnership	Doncaster, AU		50.00	2019	-2.3	-0.1
Metromix Pty Limited	Parramatta, AU		50.00	2019	16.1	-0.8
Penrith Lakes Development Corporation Limited	Castlereagh, AU		20.00	2020	-113.6	-0.6
Squareal Cement Ltd	Hong Kong, HK		50.00	2019	41.4	18.0
Technically Designed Concrete Partnership	Bibra Lake, AU		50.00	2020	0.7	-0.4
Joint Ventures						
Africa-Eastern Mediterranean Basin						
Akçansa Çimento Sanayi ve Ticaret A.S.	Ataşehir/Istanbul, TR	39.72	39.72	2019	103.0	9.7
Associates						
Western and Southern Europe						
Béton Contrôle des Abers S.a.s.	Lannilis, FR		34.00	2019	5.7	0.6
Betonmortelcentrale De Mark B.V.	Oud-Gastel, NL		28.57	2019	1.5	0.2
Betonpumpen-Service Niedersachsen GmbH & Co. KG	Hannover, DE		50.00	2019	0.2	0.2
Betotech GmbH, Baustofftechnisches Labor [6]	Nabburg, DE		72.08	2019	0.2	0.0
Betuwe Beton Holding B.V.	Tiel, NL		50.00	2019	6.6	1.9
C.V. Projectbureau Grensmaas	Born, NL		8.22	2019	8.4	1.1
Cementi della Lucania - F.lli Marroccoli fu Michele S.p.A.	Potenza, IT		30.00	2019	-0.7	-0.1
Cugla B.V.	Breda, NL		50.00	2019	6.0	4.0
Demula N.V.	Laarne, BE		50.00	2019	1.1	1.0
Dijon Béton S.A.	Saint-Apollinaire, FR		15.00	2019	8.6	0.6
Donau Kies GmbH & Co. KG [6]	Fürstenzell, DE		75.00	2019	6.7	1.0
DONAU MÖRTEL - GmbH & Co. KG	Neuburg a. Inn, DE		50.00	2019	0.2	0.0
Ernst Marschall GmbH & Co. KG Kies- und Schotterwerke	Kressbronn, DE		19.96	2019	4.0	1.1
Fertigbeton (FBU) GmbH & Co Kommanditgesellschaft Unterwittbach [6]	Kreuzwertheim, DE		57.14	2019	0.2	0.0
GENAMO Gesellschaft zur Entwicklung des Naherholungsgebietes Misburg-Ost mbH	Hannover, DE	50.00	50.00	2019	0.9	0.7
Generalcave S.r.l. - in liquidazione [4]	Fiumicino, IT		50.00	2019	0.0	0.0
Heidelberger Beton Gersdorf GmbH & Co. KG [6]	Gersdorf, DE		65.00	2019	0.1	0.0
Heidelberger Beton Grenzland GmbH & Co. KG	Marktredwitz, DE		50.00	2019	0.4	1.7
Heidelberger Beton Inntal GmbH & Co. KG [6]	Altötting, DE		68.39	2019	0.6	2.0
Heidelberger Beton Karlsruhe GmbH & Co. KG [4] [6]	Karlsruhe, DE		50.30	2019	1.0	0.3
ISAR-DONAU MÖRTEL-GmbH & Co. KG	Passau, DE		33.33	2019	0.5	0.1
KANN Beton GmbH & Co KG	Bendorf, DE		50.00	2019	0.9	0.0
Kieswerke Flemmingen GmbH [6]	Penig, DE		54.00	2019	3.0	0.4
Kronimus Aktiengesellschaft	Iffezheim, DE	24.90	24.90	2019	29.2	2.7

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Kronimus SAS	Maizières-lès-Metz, FR		43.60	2019	4.2	0.5
KVB Kies- Vertrieb GmbH & Co. KG [4]	Karlsdorf-Neuthard, DE		24.46	2019	0.2	0.0
Maasgrind B.V.	Maasbracht, NL		16.48	2019	0.2	0.1
Maasgrind Ontwikkeling B.V.	Maasbracht, NL		16.48	2019	0.1	0.0
Materiaux Traites du Hainaut S.A.	Antoing, BE		50.00	2019	0.6	0.0
MERMANS BETON N.V.	Arendonk, BE		50.00	2019	-0.3	-0.3
Misburger Hafengesellschaft mit beschränkter Haftung	Hannover, DE	39.66	39.66	2019	1.9	0.2
MM MAIN-MÖRTEL GmbH & Co.KG [6]	Aschaffenburg, DE		84.19	2019	0.1	0.1
Münchner Mörtel GmbH & Co. KG	München, DE		20.00	2019	0.1	0.2
Nederlands Cement Transport Cetra B.V.	Uithoorn, NL		50.00	2019	2.3	0.4
Panheel (Maatschappij tot Exploitatie van het Ontgrondingsproject Panheel) B.V.	Maasbracht, NL		16.48	2019	0.3	0.0
Peene Kies GmbH	Jarmen, DE		24.90	2019	3.3	0.1
Raunheimer Quarzsand GmbH & Co. KG	Raunheim, DE		50.00	2019	1.5	0.7
Raunheimer Sand- und Kiesgewinnung Blasberg GmbH & Co. KG	Raunheim, DE		23.53	2019	0.5	0.5
Recybel S.A.	Flémalle, BE		25.50	2019	0.3	0.5
Recyfuel S.A.	Braine-l'Alleud, BE		50.00	2019	14.3	1.2
Schwaben Mörtel GmbH u. Co. KG	Remseck a. N., DE		30.00	2019	0.5	0.2
Stinkal S.a.s.	Ferques, FR		35.00	2019	-0.9	-1.5
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH	Rohrdorf, DE	23.90	23.90	2019	524.6	47.7
TBG Bayerwald Transportbeton GmbH & Co. KG	Fürstenzell, DE		50.00	2019	0.5	0.1
TBG Deggendorfer Transportbeton GmbH	Deggendorf, DE		33.33	2019	1.0	0.6
TBG Singen GmbH & Co. KG	Singen, DE		36.90	2019	0.2	0.0
TBG Transportbeton Caprano GmbH & Co. KG	Heidelberg, DE		50.00	2019	0.3	0.1
TBG Transportbeton Gesellschaft mit beschränkter Haftung & Co. KG. Hohenlohe	Schwäbisch Hall, DE		25.00	2019	0.3	0.1
TBG Transportbeton GmbH & Co. KG Betonpumpendienst [6]	Nabburg, DE		55.54	2019	0.7	0.9
TBG Transportbeton GmbH & Co.KG Lohr-Beton	Lohr am Main, DE		50.00	2019	0.2	0.1
TBG Transportbeton Reichenbach GmbH & Co. KG [6]	Reichenbach, DE		70.00	2019	0.6	0.0
Transbeton Gesellschaft mit beschränkter Haftung & Co Kommanditgesellschaft	Löhne, DE		27.23	2019	2.4	1.5
Transportbeton Johann Braun GmbH & Co. KG	Tröstau, DE		50.00	2019	0.5	0.4
Transportbeton Meschede GmbH & Co. KG [6]	Meschede, DE		58.02	2019	0.1	0.1
V.o.F. Betoncentrale West-Brabant	Oud-Gastel, NL		50.00	2019	-0.8	-0.7
Van Zanten Holding B.V.	Leek, NL		25.00	2019	4.6	1.3
Zement- und Kalkwerke Otterbein GmbH & Co. KG	Großenlüder-Müs, DE	38.10	38.10	2019	2.0	1.3
Associates						
Northern and Eastern Europe-Central Asia						
LOMY MOŘINA spol. s r.o.	Mořina, CZ		48.95	2019	13.8	0.3
Ribe Betong AS	Kristiansand, NO		40.00	2019	3.2	1.5
SP Bohemia, k.s. [6]	Králův Dvůr, CZ		75.00	2019	9.8	0.4
Sylteosen Betong AS	Elnesvågen, NO		39.94	2019	2.5	0.2
TBG Louny s.r.o.	Louny, CZ		33.33	2019	1.1	0.3
TBG PKS a.s.	Žďár nad Sázavou, CZ		29.70	2019	3.1	0.3
TBG PODIVÍN s.r.o.	Brno, CZ		33.00	2019	0.7	-0.1
Vassiliko Cement Works Ltd.	Nicosia, CY		25.94	2019	240.8	20.3
Associates						
North America						
Cemstone Products Company	Mendota Heights, US		47.09	2019	59.1	5.7
Cemstone Ready-Mix, Inc.	Mendota Heights, US		44.01	2019	9.2	0.8
Chaney Enterprises 2, LLC [8]	Lothian, US		25.00	-	-	-
Chaney Enterprises Limited Partnership	Lothian, US		25.00	2019	52.5	21.7
Innocon Inc.	Richmond Hill, CA		45.00	2019	8.6	-0.8
Innocon Partnership	Richmond Hill, CA		45.00	2019	-12.6	-1.8

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RF Properties East, LLC	Lothian, US		25.00	2019	-0.1	0.0
RF Properties, LLC	Lothian, US		25.00	2019	0.9	-0.2
Southstar Limited Partnership	Lothian, US		25.00	2019	75.6	4.7
Sustainable Land Use, LLC	Lothian, US		25.00	2019	10.9	3.5
Associates						
Asia-Pacific						
PT Bhakti Sari Perkasa Bersama	Bogor, ID		15.30	2019	0.6	0.3
PT Cibinong Center Industrial Estate	Bogor, ID		25.50	2019	6.3	1.6
PT Jaya Berdikari Cipta	Bogor, ID		25.49	2019	0.0	0.0
PT Pama Indo Mining	Jakarta, ID		20.39	2019	3.9	0.7
Associates						
Africa-Eastern Mediterranean Basin						
Asment Temara S.A.	Témara, MA		37.01	2019	85.0	31.8
CEMZA (PTY) LTD	Midrand, ZA		40.00	2020	9.7	-0.8
Fortia Cement S.A.	Lomé, TG		50.00	2019	7.1	-1.8
Tecno Gravel Egypt S.A.E.	Cairo, EG		30.50	2019	2.5	0.4

The following subsidiaries are reflected in the consolidated financial statements at cost due to their immateriality.

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Immaterial subsidiaries						
Western and Southern Europe						
Azienda Agricola Lodoletta S.r.l.	Bergamo, IT		75.00	2019	0.7	0.2
Betotech Baustofflabor GmbH	Heidelberg, DE	100.00	100.00	2019	0.2	0.1
CSPS Trustees Limited [8]	Maidenhead, GB		100.00	-	-	-
Donau Kies Verwaltungs GmbH	Fürstenzell, DE		75.00	2019	0.0	0.0
Drew Group Holdings Limited [9]	New Milton, GB		100.00	-	-	-
Entreprise Lorraine d'Agriculture - ELDA S.à r.l.	Heillecourt, FR		100.00	2019	0.1	0.0
Etablissement F.S. Bivois SARL	Strasbourg, FR		60.00	2019	0.2	0.3
Foundamental GmbH	Berlin, DE		100.00	2019	0.0	0.0
Garonne Labo S.à r.l. [5]	St Léger, FR		40.05	2019	0.0	0.0
Hanson (ER-No 3) Limited [8]	London, GB		100.00	-	-	-
HConnect 2 GmbH [9]	Heidelberg, DE		100.00	-	-	-
HConnect GmbH	Heidelberg, DE		100.00	2019	0.0	0.0
HeidelbergCement Construction Materials Italia S.r.l.	Bergamo, IT		100.00	2019	0.0	0.0
HeidelbergCement Grundstücksverwaltungsgesellschaft mbH	Heidelberg, DE	100.00	100.00	2019	0.1	0.0
HeidelbergCement Logistik Verwaltungs-GmbH	Polch, DE	70.00	100.00	2019	0.1	0.0
HeidelbergCement Shared Services GmbH	Leimen, DE	100.00	100.00	2019	1.7	0.2
HeidelbergCement, Funk & Kapphan Grundstücksverwaltungsgesellschaft mbH	Heidelberg, DE	80.00	80.00	2019	0.0	0.0
Heidelberger Beton Donau-Naab Verwaltungsgesellschaft mbH	Burglengenfeld, DE		77.70	2019	0.0	0.0
Heidelberger Beton Gersdorf Verwaltungs- und Beteiligungs-GmbH	Gersdorf, DE		65.00	2019	0.0	0.0
Heidelberger Beton Personal-Service GmbH	Heidelberg, DE		100.00	2019	0.1	0.0
Heidelberger Betonelemente Verwaltungs-GmbH	Chemnitz, DE		83.00	2019	0.1	0.0
Lindustries (D) Limited [8]	London, GB		100.00	-	-	-
Lithonplus Verwaltungs-GmbH	Lingenfeld, DE		60.00	2019	0.0	0.0
Matériaux de Boran S.A.	Tourcoing, FR		99.76	2019	0.0	0.0
MS "Wesertrans" Verwaltungsgesellschaft mbH	Elsfleth, DE		75.00	2019	0.0	0.0
NOHA Norddeutsche Hafenumschlagsgesellschaft mbH	Cadenberge, DE		60.00	2019	0.1	0.0
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung	Paderborn, DE		100.00	2019	0.0	0.0
Rederij Cement-Tankvaart B.V.	Terneuzen, NL		66.64	2019	5.0	0.8
SBIC Limited [8]	Gibraltar, GI		100.00	-	-	-

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SCE de la Grange d'Etaule	Gray, FR		100.00	2019	0.0	0.0
SCI Bicowal	Strasbourg, FR		60.00	2019	0.0	0.0
SCI de Balloy	Avon, FR		100.00	2019	0.0	0.0
SCI du Colombier	Rungis, FR		63.00	2019	0.0	0.0
Société Civile d'Exploitation Agricole de l'Avesnois	Guerville, FR		80.00	2019	0.0	0.0
Société d'Extraction et d'Aménagement de la Plaine de Marolles SEAPM S.a.s.	Avon, FR		56.40	2019	1.0	-0.1
SPRL Ferme de Wisempierre	Antoing, BE		100.00	2019	1.7	0.0
TBG Ilm-Beton Verwaltungs-GmbH	Arnstadt, DE		55.00	2019	0.0	0.0
TBG Transportbeton Reichenbach Verwaltungs-GmbH	Reichenbach, DE		70.00	2019	0.0	0.0
TBM Transportbeton-Gesellschaft mbH Marienfeld & Co. KG	Harsewinkel, DE		87.50	2019	0.1	0.0
TBM Transportbeton-Gesellschaft mit beschränkter Haftung Marienfeld	Harsewinkel, DE		87.50	2019	0.0	0.0
WIKING Baustoff- und Transport Gesellschaft mit beschränkter Haftung [8]	Geseke, DE		100.00	-	-	-
WIKING Baustoff- und Transport GmbH & Co. Kommanditgesellschaft [8]	Geseke, DE		100.00	-	-	-
Immaterial subsidiaries						
Northern and Eastern Europe-Central Asia						
8 Vershin LLP	Almaty, KZ		100.00	2019	0.1	0.0
Agromir Sp. z o.o.	Górażdże, PL		100.00	2019	0.0	0.0
Agrowelt Sp. z o.o.	Górażdże, PL		100.00	2019	0.7	0.0
Azer-E.S. Limited Liability Company	Baku, AZ	100.00	100.00	2019	3.7	0.1
Bukhtarma TeploEnergo LLP	Oktyabrskiy village, KZ		100.00	2019	0.0	0.0
Bukhtarma Vodokanal LLP	Oktyabrskiy village, KZ		100.00	2019	0.1	0.0
Center Cement Plus Limited Liability Partnership	Nur-Sultan, KZ		100.00	2019	0.9	0.0
Centrum Technologiczne Betotech Sp. z o.o.	Dąbrowa Górnicza, PL		100.00	2019	0.2	0.0
Českomoravská těžařská, s.r.o.	Mokrá-Horákov, CZ		100.00	2019	0.0	0.0
Donau Kies Bohemia Verwaltungs, s.r.o.	Pilsen, CZ		75.00	2019	0.0	0.0
Eurotech Cement S.h.p.k.	Durrës, AL		92.41	2019	-1.3	-0.1
Fastighets AB Lövholmen 1	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 2	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 3	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 4	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 5	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 6	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 7	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 8	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 9	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 10	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets AB Lövholmen 11	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets Söder om Kalkbrottet 1 AB	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets Söder om Kalkbrottet 2 AB	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets Söder om Kalkbrottet 3 AB	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets Söder om Kalkbrottet 4 AB	Stockholm, SE		100.00	2019	0.0	0.0
Fastighets Söder om Kalkbrottet Holding AB	Stockholm, SE		100.00	2019	0.0	0.0
Geo Nieruchomości Sp. z o.o.	Górażdże, PL		100.00	2019	0.1	0.0
Global IT Center, s.r.o.	Brno, CZ		100.00	2019	3.9	0.4
LLC HC Yug	Podolsk, RU		100.00	2019	0.0	-0.3
MIXT Sp. z o.o.	Górażdże, PL		100.00	2019	0.8	0.0
Podgrodzie Sp. z o.o.	Raciborowice Górne, PL		100.00	2019	1.6	-0.2
Polgrunt Sp. z o.o.	Górażdże, PL		100.00	2019	1.9	0.7
Shqiperia Cement Company Shpk	Tirana, AL		100.00	2019	0.7	-0.1
TRANS-SERVIS,spol. s r.o.	Králův Dvůr, CZ		100.00	2019	1.3	0.1

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Immaterial subsidiaries						
North America						
Hanson (ER-No 16) Inc. [8]	Wilmington, US		100.00	-	-	-
Industrial Del Fresno SA [8]	San Miguel de Allende, MX		76.00	-	-	-
Kidde Industries, Inc. [8]	Wilmington, US		100.00	-	-	-
Lucas Coal Company, Inc [8]	Harrisburg, US		100.00	-	-	-
Magnum Minerals, Inc. [8]	Harrisburg, US		100.00	-	-	-
Mediterranean Carriers, Inc.	Panama City, PA		100.00	2019	-2.6	0.0
Piedras y Arenas Baja SA de CV [8]	Tijuana, MX		100.00	-	-	-
PUSH NA Holdings, Inc. [8]	Wilmington, US		100.00	-	-	-
SunCrete Rooftile, Inc. [8]	Sacramento, US		100.00	-	-	-
Total Limited [8]	Wilmington, US		100.00	-	-	-
Immaterial subsidiaries						
Asia-Pacific						
PT Kencana Terang Sejahtera	Jakarta, ID		50.98	2019	0.1	0.0
PT Makmur Lestari Abadi	Jakarta, ID		50.98	2019	0.2	0.0
PT Makmur Lestari Sentosa	Jakarta, ID		50.98	2019	12.0	0.0
PT Sinar Sakti Agung	Jakarta, ID		50.98	2019	0.0	0.0
Vesprapat Holding Co., Ltd. [4][5][8]	Bangkok, TH		49.00	-	-	-
Immaterial subsidiaries						
Africa-Eastern Mediterranean Basin						
C.N.A. - Cimentos Nacionais de Angola S.A. [8]	Luanda, AO		56.00	-	-	-
Cimento de Bissau, Limitada [8]	Bissau, GW		99.00	-	-	-
FOUNDATION HEIDELBERGCEMENT TOGO [8]	Lomé, TG		93.21	-	-	-
Intercom Libya F.Z.C. [8]	Misrata, LY		100.00	-	-	-
Suez for Import & Export Co S.A.E.	Cairo, EG		67.15	2019	0.0	0.0
Terra Cimentos LDA [8]	Dondo, MZ		100.00	-	-	-

The following joint ventures and associates are reflected in the consolidated financial statements at cost due to their immateriality.

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Immaterial joint ventures and associates						
Western and Southern Europe						
Alzagri NV	Brugge, BE		50.00	2019	0.6	0.0
Asto Holding B.V. [9]	Raamsdonksveer, NL		33.32	-	-	-
Asto Investment B.V.	Raamsdonksveer, NL		33.32	2019	0.8	0.1
Auxerre Béton S.à r.l.	Guerville, FR		50.00	2019	0.3	0.2
Baustoff- und Umschlags-GmbH	Mosbach, DE		33.33	2019	0.3	0.0
Betonpumpen-Service Niedersachsen Verwaltungs-GmbH	Hannover, DE		50.00	2019	0.0	0.0
Calcaires de la Rive Gauche I SPRL	Nivelles, BE		35.00	2019	4.2	-0.3
Cava delle Capannelle S.r.l.	Almenno San Bartolomeo, IT		49.00	2019	0.4	-0.2
CI4C GmbH & Co. KG [9]	Heidenheim an der Brenz, DE	25.00	25.00	-	-	-
Consorzio Stabile San Francesco S.C.A.R.L.	Foligno, IT		42.00	2019	0.1	0.0
Deltapav S.r.l.	Samarate, IT		30.00	2019	0.3	0.1
DONAU MÖRTEL-Verwaltungs und-GmbH	Passau, DE		50.00	2019	0.0	0.0
Eurocalizas S.L. [8]	Meruelo, ES		33.31	-	-	-
Fertigbeton (FBU) Gesellschaft mit beschränkter Haftung [6]	Kreuzwertheim, DE		57.14	2019	0.0	0.0
GAM Greifswalder Asphaltmischwerke VerwaltungsGmbH	Greifswald, DE		30.00	2019	0.0	0.0
GIE des Terres de Mayocq	Le Crotoy, FR		32.49	2019	0.0	0.0
GIE GM [6]	Guerville, FR		63.00	2019	0.0	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
GIE Loire Grand Large	Saint-Herblain, FR		26.00	2019	0.0	0.0
GIE Manche Est	Rouxmesnil-Bouteilles, FR		20.00	2019	0.0	0.0
GIE Sud Atlantique	La Rochelle, FR		50.00	2019	-0.1	0.0
Granulats Marins de Normandie GIE	Le Havre, FR		32.50	2019	0.0	0.0
Hafen- und Lagergesellschaft Greifswald mbH	Greifswald, DE		30.00	2019	0.1	0.1
Hafenbetriebs- und Beteiligungs-GmbH, Stade	Stade, DE		50.00	2019	0.1	0.0
Heidelberger Beton Donau-Iller Verwaltungs-GmbH [6]	Elchingen, DE		80.65	2019	0.1	0.0
Heidelberger Beton Grenzland Verwaltungs-GmbH	Marktredwitz, DE		50.00	2019	0.0	0.0
Heidelberger Beton Inntal Verwaltungs-GmbH [6]	Altötting, DE		68.39	2019	0.0	0.0
Heidelberger Beton Kurpfalz GmbH & Co. KG [4] [6]	Eppelheim, DE		64.73	2019	3.0	1.7
Heidelberger Beton Kurpfalz Verwaltungs-GmbH [4] [6]	Eppelheim, DE		64.73	2019	0.0	0.0
Heidelberger Betonpumpen Simonis Verwaltungs-GmbH [6]	Ubstadt-Weiher, DE		65.25	2019	0.0	0.0
Hormigones Mecanizados, S.A.	Palma de Mallorca, ES		33.33	2019	-0.6	0.0
Hormigones Olazti S.A [8]	Olazagutia, ES		24.99	-	-	-
Hormigones Txingudi S.A.	San Sebastián, ES		33.31	2019	0.1	0.0
ISAR-DONAU MÖRTEL-Verwaltungs-GmbH	Plattling, DE		33.33	2019	0.0	0.0
KANN Beton Verwaltungsgesellschaft mbH	Bendorf, DE		50.00	2019	0.1	0.0
KVB Verwaltungs- und Beteiligungs-GmbH [4]	Karlsdorf-Neuthard, DE		24.41	2019	0.0	0.0
Les Calcaires Sud Charentes SCI	Cherves-Richemont, FR		34.00	2019	-0.2	0.0
Les Quatre Termes S.a.s.	Salon-de-Provence, FR		50.00	2019	0.1	0.0
Les Sables de Mezieres S.a.s.	Saint-Pierre-des-Corps, FR		50.00	2019	0.1	0.1
Lippe-Kies GmbH & Co. KG	Delbrück, DE		50.00	2019	0.1	0.0
Lippe-Kies Verwaltungs GmbH	Delbrück, DE		50.00	2019	0.0	0.0
Mantovana Inerti S.r.l.	Castiglione delle Stiviere, IT		50.00	2019	2.3	0.2
Mendip Rail Limited	Markfield, GB		50.00	2019	0.6	-0.2
MM MAIN-MÖRTEL Verwaltungsgesellschaft mbH [6]	Aschaffenburg, DE		84.19	2019	0.0	0.0
MS "Wesertrans" Binnenschiffsreederei GmbH & Co. KG [6]	Elsfleth, DE		68.75	2019	0.0	0.0
Münchner Mörtel Verwaltungsges. mbH	München, DE		20.00	2019	0.0	0.0
Neuciclaje S.A.	Bilbao, ES		49.97	2019	0.1	-0.1
Nordhafen Stade-Bützfleth Verwaltungsgesellschaft mbH	Stade, DE		20.00	2019	0.0	0.0
Otterbein Gesellschaft mit beschränkter Haftung	Großenlüder-Müs, DE	20.00	20.00	2019	0.0	0.0
Peters Cement Overslagbedrijf B.V.	Raamsdonksveer, NL		33.32	2019	1.8	0.1
Raunheimer Quarzsand Verwaltungsgesellschaft mbH	Raunheim, DE		50.00	2019	0.0	0.0
S.A.F.R.A. S.r.l. - in liquidazione [4] [8]	Bologna, IT		33.33	-	-	-
San Francesco S.c.a.r.l. in liquidazione [4]	Foligno, IT		45.71	2019	0.5	0.0
Sandkorn Verwaltungs GmbH	Nortorf, DE		25.00	2019	0.1	0.0
Schwaben-Mörtel Beteiligungs GmbH	Remseck a. N., DE		30.00	2019	0.0	0.0
SCI de Barbeau	Bray-sur-Seine, FR		49.00	2019	0.0	0.0
SCI des Granets	Cayeux-sur-Mer, FR		33.33	2019	0.0	0.0
SCI Les Calcaires de Taponnat	Cherves-Richemont, FR		50.00	2019	0.0	0.0
Société Civile Bachant le Grand Bonval [6]	Guerville, FR		80.00	2019	0.0	0.0
Société Foncière de la Petite Seine S.a.s.	Saint-Sauveur-lès-Bray, FR		42.25	2019	0.1	0.0
TBG Bayerwald Verwaltungs-GmbH	Fürstenzell, DE		50.00	2019	0.0	0.0
TBG Singen Verwaltungs-GmbH	Singen, DE		36.90	2019	0.0	0.0
TBG Transportbeton Caprano Verwaltungs-GmbH	Heidelberg, DE		50.00	2019	0.0	0.0
TBG Transportbeton Gesellschaft mit beschränkter Haftung	Schwäbisch Hall, DE		25.00	2019	0.0	0.0
TBG Transportbeton Lohr Verwaltungsgesellschaft mbH	Lohr am Main, DE		50.00	2019	0.0	0.0
TBG Transportbeton Oder-Spree Verwaltungs-GmbH	Wriezen, DE		50.00	2019	0.0	0.0
TBG Transportbeton Verwaltungsgesellschaft mbH	Nabburg, DE		50.00	2019	0.0	0.0
TBG Transportbeton Werner Verwaltungsgesellschaft mbH	Dietfurt a.d. Altmühl, DE		38.85	2019	0.0	0.0
terravas GmbH	Königs Wusterhausen, DE		50.00	2019	0.0	0.0
Transbeton Gesellschaft mit beschränkter Haftung	Löhne, DE		27.23	2019	0.0	0.0

Company name	Corporate seat	HC AG direct ownership %	Group ownership %	Year [1]	Equity in € million [2]	Net income in € million [3]
Transportbeton Johann Braun Geschäftsführungs GmbH	Tröstau, DE		50.00	2019	0.0	0.0
Transportbeton Meschede Gesellschaft mit beschränkter Haftung	Meschede, DE		43.51	2019	0.0	0.0
Urzeit Weide GbR	Schelklingen, DE	50.00	50.00	2019	0.1	0.0
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern, DE		50.00	2019	0.0	0.0
Immaterial joint ventures and associates						
Northern and Eastern Europe-Central Asia						
Bukhtarma Teplo Tranzit LLP	Oktyabrskiy village, KZ		20.00	2019	-0.1	0.0
Dobrotitsa BSK AD - in liquidation [4]	Dobrich, BG		26.38	2019	-1.1	-0.1
Kalkkaia AS	Verdal, NO		50.00	2019	2.0	0.0
Velkolom Čertovy schody, akciová společnost	Tmaň, CZ		50.00	2019	6.9	0.1
Immaterial joint ventures and associates						
North America						
KHB Venture LLC [8]	Waltham, US		33.33	-	-	-
Newbury Development Associates, LP [8]	Bridgeville, US		35.00	-	-	-
Newbury Development Management, LLC [8]	Bridgeville, US		35.00	-	-	-
Woodbury Investors, LLC [8]	Atlanta, US		50.00	-	-	-
Immaterial joint ventures and associates						
Asia-Pacific						
Diversified Function Sdn Bhd	Kuala Lumpur, MY		50.00	2019	-0.1	0.0
Pornphen Prathan Company Limited [4] [8]	Bangkok, TH		49.70	-	-	-
Sanggul Suria Sdn Bhd	Kuala Lumpur, MY		45.00	2019	0.0	0.0
Immaterial joint ventures and associates						
Africa-Eastern Mediterranean Basin						
Ceval GIE	Casablanca, MA		22.00	2019	0.0	0.0
Italcementi for Cement Manufacturing - Libyan J.S.C. [8]	Tripoli, LY		50.00	-	-	-
Maestro Drymix S.A.	Casablanca, MA		25.50	2019	0.6	-0.4
Suez Lime S.A.E.	Cairo, EG		33.84	2019	0.4	0.0

1) Last fiscal year for which financial statements are available.
2) Translated with the closing rate of the fiscal year for which financial statements are available.
3) Translated with the average rate of the fiscal year for which financial statements are available.
4) In liquidation
5) Controlling influence through contractual arrangements and/or legal regulations
6) Absence of controlling influence through contractual arrangements and/or legal regulations
7) The company makes use of the exemption from disclosure obligations in accordance with section 264 (3) or with section 264b of the German Commercial Code (HGB).
8) Information on equity and earnings is omitted pursuant to section 313 (3) or to section 286 (3), sentence 1, no. 1 of the German Commercial Code (HGB) if such information is of minor relevance for a fair presentation of the financial position, cash flows and profitability of HeidelbergCement AG.
9) Company founded last year. Therefore, no annual financial statement available yet.

Heidelberg, 17 March 2021

HeidelbergCement AG

The Managing Board

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent auditor's report

To HeidelbergCement AG, Heidelberg

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions
We have audited the consolidated financial statements of HeidelbergCement AG, Heidelberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of HeidelbergCement AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,
- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation, with the exception of a tax advisory engagement in connection with the fulfillment of payroll tax obligations for an employee seconded by the Company to a subsidiary located abroad that was not completed on time. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Recoverability of goodwill

2 Accounting treatment of deferred taxes

3 Obligations arising from tax matters

4 Pension provisions

Our presentation of these key audit matters has been structured in each case as follows:
a) Matter and issue
b) Audit approach and findings
c) Reference to further information

Hereinafter we present the key audit matters:

1 Recoverability of goodwill

a) In the Company's consolidated financial statements goodwill amounting in total to EUR 8,588.8 million (26.6 % of total assets or 59.0 % of equity) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors as well as the expected effects of the ongoing Corona crisis on the business activities of the Group are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that, even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs in total EUR 2,693.7 million, in particular at the cashgenerating units United Kingdom, France, Benelux, Malaysia and Italy.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we also evaluated the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company and carried out our own sensitivity analyses for those groups of cash-generating units with low headroom (recoverable amount compared to carrying amount) in order to estimate any potential impairment risk related to key assumptions of the measurement. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c) The Company's disclosures relating to the "Intangible assets" balance sheet item are contained in section "9.1 Intangible Assets" of the notes to the consolidated financial statements.

2 Accounting treatment of deferred taxes

a) In the consolidated financial statements of the Company deferred tax assets amounting to EUR 343.2 million after netting are reported. Deferred tax assets amounting to EUR 1,279.1 million are recognized before netting with matching deferred tax liabilities. The deferred tax assets were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses as well as interest carryforwards to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted business plan. No deferred tax assets were recognized in respect of deductible temporary differences (EUR 74.2 million), tax losses (EUR 2,671.0 million), as well as interest carryforwards (EUR 737.9 million) since it is not probable that they will be utilized for tax purposes by means of offset against taxable profits.

From our point of view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

b) As part of our audit, we assessed, among other things, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses and interest carryforwards on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures relating to deferred taxes are contained in section "7.11 Income taxes" of the notes to the consolidated financial statements.

3 Obligations arising from tax matters

a) As an international building materials group, HeidelbergCement AG is subject to various local tax regulations and the requirements of the competent tax authorities in the respective countries in which it operates due to its extensive portfolio of equity investments and cross-border service relationships with affiliated companies. The recognition and measurement of current and non-current income tax obligations as well as the determination and disclosure of contingent liabilities are based to a large extent on estimates and assumptions made by the executive directors. Against this background and due to the amounts of these items, these matters were of particular significance in the context of our audit.

b) As part of our audit, we assessed, among other things, the internal processes and controls for recording and evaluating tax matters and the accounting presentation of obligations arising from tax matters. In the knowledge that estimated values result in an increased risk of accounting misstatements and that the estimates and assumptions made by the executive directors have a direct and significant impact on consolidated net profit/loss for the year, we evaluated the appropriateness of the determination of the obligations and the accounting presentation of tax matters in the financial statements. We also involved our internal specialists from the Tax department in the audit team. With regard to the recognition and measurement of obligations, we in particular inspected the Company's correspondence with the respective tax authorities, critically examined the Company's risk assessments of ongoing tax audits and individual tax matters, and assessed expert opinions obtained from third parties. Furthermore, we also held meetings with the Company's tax department in order to receive updates on current developments with regard to the material tax matters and the reasons for the corresponding estimates. As at balance sheet date, we also obtained confirmations from external tax advisors that support the executive directors' estimates. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures relating to the current and non-current income tax liabilities are contained in section "7.11 Income taxes" of the notes to the consolidated financial statements and the disclosures on contingent liabilities in section 11.2 of the notes to the consolidated financial statements and additionally in the paragraph on "Tax risks" in the "Risk and opportunity report" section of the group management report.

4 Pension provisions

a) In the consolidated financial statements of the Company a total amount of EUR 1,119.6 million (3.5 % of consolidated total assets) is reported under the "Pension provisions" balance sheet item. The pension provisions comprise the obligations from defined benefit pension plans amounting to EUR 5,374.9 million, plan assets of EUR 4,990.8 million plus the plan asset ceiling of EUR 30.3 million and the assets from overfunded pension funds amounting to EUR 705.2 million. Obligations under defined benefit plans are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy and staff turnover. The discount rate must be determined by reference to market yields on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient long-term corporate bonds do not exist. The plan assets are measured at fair value, which in turn involves making estimates that are subject to estimation uncertainties.

From our point of view, these matters were of particular significance in the context of our audit because the recognition and measurement of this significant item in terms of its amount are based to a large extent on estimates and assumptions made by the Company's executive directors.

b) As part of our audit we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts. We also examined the specific features of the actuarial calculations and assessed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for compliance with the standard and appropriateness, in addition to other procedures. In addition, we analyzed the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the purposes of our audit of the fair value of the plan assets we obtained bank and fund confirmations, assessed the methods on which the respective valuation was based and the valuation parameters applied on a sample basis, and assessed relevant expert valuations from an audit point of view.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

c) The Company's disclosures relating to the pension provisions are contained in section "9.13 Pension Provisions" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f and § 315d HGB included in section "Corporate Governance statement" of the group management report
- the non-financial statement pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB included in section "Non-financial statement" of the group management report, including the related disclosures in the group management report marked with "(NFS)"

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file HeidelbergCement_AG_KA_ZLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on 4 June 2020. We were engaged by the supervisory board on 27 August 2020. We have been the group auditor of the HeidelbergCement AG, Heidelberg, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Tilgner.

Frankfurt am Main, 17 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Ulrich Störk	Thomas Tilgner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Independent practitioner's report on a limited assurance engagement on non-financial reporting [1)]

To HeidelbergCement AG, Heidelberg

We have performed a limited assurance engagement on the combined non-financial statement pursuant to §§ (Articles) 289b Abs. (paragraph) 1 and 315b Abs. 1 HGB ("Handelsgesetzbuch": "German Commercial Code") contained in the section "Non-financial Statement" of the combined management report of HeidelbergCement AG, Heidelberg, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Statement").

Responsibilities of the Executive Directors
The executive directors of the Company are responsible for the preparation of the Non-financial Statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Statement that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm
We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility
Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Statement based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Statement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2020 has not been prepared in all material aspects in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

1) PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Statement regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Statement
- Identification of the likely risks of material misstatement of the Non-financial Statement
- Analytical evaluation of selected disclosures in the Non-financial Statement
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the combined management report
- Evaluation of the presentation of the non-financial information
- Use of the work of a practitioner´s verification of indicators on accident trends, climate protection and emission control accordingly to the criteria as set out by GCCA (Global Cement and Concrete Association).

Assurance Conclusion
Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report
We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 17 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke Wirtschaftsprüfer (German public auditor)	ppa. Annette Maria Daschner

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which has been combined with the management report of HeidelbergCement AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 17 March 2021

HeidelbergCement AG

The Managing Board

Dr. Dominik von Achten

Dr. Lorenz Näger

Kevin Gluskie

Hakan Gurdal

Ernest Jelito

Jon Morrish

Chris Ward

5 i Additional information

Glossary

Aggregates
Aggregates in the form of sand, gravel and crushed rock are used principally for concrete manufacturing or for road construction and maintenance.

Alternative fuels
Combustible substances and materials used in place of fossil fuels in the clinker-burning process, such as used tyres, biomass or household waste.

Alternative raw materials
By-products or waste from other industries, whose chemical components make them suitable substitutes for natural raw materials. Alternative raw materials are used both in the production of clinker, the most important intermediate product in cement production, and as additives in cement grinding, in order to conserve natural raw material resources and reduce the proportion of energy-intensive clinker in cement, the end product.

Asphalt
Asphalt is manufactured from a mixture of graded aggregates, sand, filler and bitumen. It is used primarily for road construction and maintenance.

Biodiversity
Biodiversity or biological diversity is the genetic diversity within species, diversity between species and diversity of ecosystems.

Blast furnace slag
Finely ground, glassy by-product from steel production. Additive for cement.

Cement
Cement is a hydraulic binder, i.e. a finely ground inorganic material that sets and hardens by chemical interaction with water and that is capable of doing so also under water. Cement is mainly used to produce concrete. It binds the sand and gravel into a solid mass.

Cementitious materials
HeidelbergCement reports specific net CO_2 emissions in kg per tonne of cementitious material. In addition to cement, this includes materials with cement-like properties. HeidelbergCement uses predominantly ground granulated blast furnace slag (by-product of the steel industry) as alternative raw material to replace clinker as far as possible.

Cement mill
Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is ground into cement, with the addition of gypsum and anhydrite, as well as other additives, such as limestone, blast furnace slag or fly ash, depending on the type of cement.

Clinker (cement clinker)
Intermediate product in the cement production process that is made by heating a finely-ground raw material mixture to around 1,450° C in the cement kiln. For the manufacture of cement, the greyish-black clinker nodules are extremely finely ground. Clinker is the main ingredient in most cement types.

Commercial Paper
Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs.

Composite cement
In composite cements, a proportion of the clinker is replaced with alternative raw materials, usually by-products from other industries, such as blast furnace slag or fly ash. Decreasing the proportion of energy-intensive clinker in cement is of critical importance for reducing energy consumption and CO_2 emissions as well as for preserving natural raw materials.

Concrete
Building material that is manufactured by mixing cement, aggregates (gravel, sand or crushed stone) and water.

Dynamic gearing ratio
Ratio of net debt to result from current operations before depreciation and amortisation (RCOBD).

EMTN programme
An EMTN (Euro Medium Term Note) programme represents a framework agreement made between the company and the banks appointed to be dealers. HeidelbergCement has the option of issuing debenture bonds up to a total volume of €10 billion under its EMTN programme.

Fly ash
Solid, particulate combustion residue from coal-fired power plants. Additive for cement.

Grinding plant
A grinding plant is a cement production facility without clinker-burning process. Delivered clinker and selected additives, depending on the type of cement, are ground into cement. Grinding plants are particularly operated at locations where suitable raw material deposits for cement production are not available.

Net debt
The sum of all non-current and current financial liabilities minus cash and cash equivalents and short-term derivatives.

Rating (credit rating).
Classification of the credit standing of debt instruments and their issuers. Specialised agencies such as Moody's Investors Service and S&P Global Rating produce such ratings. Ratings range from AAA or Aaa as the highest credit standing to C or D as the lowest.

Ready-mixed concrete
Concrete that is manufactured in a ready-mixed concrete facility and transported to the building site using ready-mix trucks.

Result from current operations before/after depreciation and amortisation
The result from current operations before depreciation and amortisation (RCOBD) and result from current operations (RCO) correspond to the operating income before depreciation (OIBD) and operating income (OI) reported in previous years. The change of name occurred due to the application of an ESMA directive (European Securities and Markets Authority).

Sustainability
Sustainable development signifies a development that fulfils the economic, ecological and social needs of people alive today without endangering the ability of future generations to fulfil their own needs.

Syndicated loan
Large-sized loan which is distributed (syndicated) among several lenders for the purpose of risk spreading.

Cement capacities as well as aggregates reserves and resources

Cement capacities [1]

	Million tonnes
Western and Southern Europe	
Belgium	**4.0**
France	**7.5**
Germany	**11.3**
Italy	**10.5**
Netherlands	**2.4**
Spain	**2.7**
United Kingdom	**5.7**
	44.1
Northern and Eastern Europe-Central Asia	
Bulgaria	**2.4**
Czechia	**2.8**
Estonia	**0.9**
Greece	**0.9**
Kazakhstan	**4.0**
Norway	**1.9**
Poland	**5.2**
Romania	**6.1**
Russia	**4.7**
Sweden	**2.7**
	31.6
North America	
Canada	**4.2**
USA	**12.8**
	17.0
Asia-Pacific	
Bangladesh	**3.7**
Brunei	**0.4**
India	**11.9**
Indonesia	**25.5**
Thailand	**5.9**
	47.4
Africa-Eastern Mediterranean Basin	
Benin	**0.5**
Burkina Faso	**1.5**
DR Congo	**0.9**
Egypt	**9.9**
Ghana	**4.3**
Liberia	**0.7**
Morocco	**4.8**
Mozambique	**0.3**
Sierra Leone	**0.5**
Tanzania	**1.9**
Togo	**1.0**
	26.3
Total HeidelbergCement	**166.4**

Cement capacities of joint ventures [2]

	Million tonnes
Australia	**2.4**
Bosnia-Herzegovina	**0.4**
China	**8.2**
Georgia	**1.0**
Hungary	**1.7**
South Africa	**0.3**
Turkey	**3.0**
USA (Texas)	**0.6**
Total joint ventures	**17.6**
HeidelbergCement incl. joint ventures	**184.0**

Aggregates reserves and resources [3]

Billion tonnes	Reserves	Resources	Total
Western and Southern Europe	1.1	2.0	**3.1**
Northern and Eastern Europe-Central Asia	0.8	0.6	**1.3**
North America	4.6	7.4	**12.1**
Asia-Pacific	1.2	1.5	**2.7**
Africa-Eastern Mediterranean Basin	0.02	0.05	**0.1**
HeidelbergCement total	7.7	11.5	**19.2**

1) Operational capacities based on 80 % calendar time utilisation
2) Cement capacities according to our ownership
3) Defined in the PERC Reporting Standard for mineral reserves and resources, see page 73 in the Risk and opportunity report.

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Contents

Imprint

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany

Concept and realisation
Group Communication & Investor Relations HeidelbergCement
ServiceDesign Werbeagentur GmbH, Heidelberg, Germany
Target Languages GmbH, Heidelberg, Germany

Photographs
Matthias Müller, Ilvesheim, Germany, pages 5, 8, and 14/15

Translation of the Annual Report 2020. The German version is binding.

This Annual Report - in German and English - is only available electronically on the Internet: www.heidelbergcement.com.
There, you will also find the 2020 financial statements of HeidelbergCement AG and further information about HeidelbergCement

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The Annual Report 2020 was published on 18 March 2021.

Financial calendar	
Group annual accounts 2020	18 March 2021
Press conference on annual accounts	18 March 2021
First quarter 2021 results	6 May 2021
Annual General Meeting	6 May 2021
Second quarter 2021 results	29 July 2021
Third quarter 2021 results	4 November 2021

MATERIAL
TO BUILD OUR FUTURE

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany
www.heidelbergcement.com

Til generalforsamlingen i Norbetong AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Norbetong AS' årsregnskap som består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
https://revisorforeningen.no/revisjonsberetninger

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 4. mai 2021
PricewaterhouseCoopers AS

Gorm F. Nymark
Statsautorisert revisor
(elektronisk signert)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	***Method***	***Date***
Nymark, Gorm Frode	BANKID	2021-07-02 11:11

NORBETONG AS

Årsrapport for 2020

Årsberetning

Årsregnskap
- Resultatregnskap
- Balanse
- Kontantstrømoppstilling
- Noter

Revisjonsberetning

NORBETONG AS

Årsberetning 2020

NORBETONG AS
Adresse: Lilleakerveien 2A, 0283 OSLO
Org.nr: 934468740 MVA

Virksomhet

NorBetong AS er Norges ledende produsent av ferdigbetong. Selskapet driver produksjon og salg av ferdigbetong fra faste anlegg i Sør-Norge, og fra mobile anlegg med fleksibel anvendelse. NorBetong AS skal være ledende i Norge innenfor sine virksomhetsområder.

NorBetong AS er eiet av det tyske selskapet HeidelbergCement AG, som er en av verdens ledende produsenter av sement og en betydelig aktør innenfor tyngre byggevarer.

Årsregnskapet er i samsvar med regnskapsloven § 3-3a og § 4-5 avlagt under forutsetning om fortsatt drift, styret bekrefter at denne forutsetningen er til stede. Det har ikke funnet sted hendelser som er av vesentlig betydning for årsregnskapet etter avslutningen av regnskapsåret.

Marked/Økonomi

NorBetong AS hadde i 2020 en omsetning på kr 807,9 mill. mot kr 801,7 mill. i 2019, en økning på 0,8%. Leveransene gikk ned med 4,6%, men resultatet fra drift bedret seg med 12,9 mill på grunn av bedre marginer og lavere driftskostnader.
Resultat før skatt i 2020 gikk ned på grunn av tap ved salg av aksjer i datterselskap, samt lavere mottatt utbytte og endte på kr 1,9 mill. mot et resultat før skatt på kr 44 mill. i 2019.

NorBetong AS fusjonerte inn selskapet HeidebergCement Pumps and Trucks AS i desember 2020.

Markedsutsiktene for 2021 forventes å ligge på samme nivå som i 2020.
Covid-19 kan imidlertid påvirke dette negativt. Ledelsen og gruppen følger nøye opp utviklingen av pandemien og vurderer løpende om tiltak skal iverksettes.
Pandemien har gjennom året hatt liten finansiell påvirkning på bedriften, alle fabrikker har vært operative og det har ikke vært permitteringer. Norbetong har benyttet seg av tilskuddsordninger og motatt totalt kr 47 tusen.

Det gjøres løpende vurderinger og tapsføringer av kundefordringene.
Pr. desember 2020 er ingen store poster eller kunder vurdert som usikre.

Det er som følge av eierstruktur liten risiko knyttet til selskapet (finansiell risiko, kreditt risiko og likviditetsrisiko). Likviditetssituasjonen i selskapet er tilfredsstillende.
Styret mener at årsregnskapet gir et riktig bilde av NorBetong AS sine eiendeler og gjeld, finansielle stilling og resultat, og bekrefter at forutsetning om fortsatt drift er tilstede.

Organisasjon, miljø og personale

Pr. 31. desember 2020 var det 79,26 årsverk knyttet til virksomheten i NorBetong AS, mot 74,26 ved utgangen av 2019. Sykefraværet i selskapet var på til sammen 1063 dager i 2020, dette utgjør 7,82 % av total arbeidstid i selskapet. Det ble i 2020 registrert 1 skade og totalt 60 skadefraværsdager.

Arbeidsmiljøet i bedriften må anses som godt og det arbeides kontinuerlig med å opprettholde de gode forholdene. Virksomheten i selskapet er ikke i særlig grad forbundet med risiko for forurensing av det ytre miljø. Det er iverksatt og det arbeides kontinuerlig med tiltak for å sikre mot forurensingen av miljøet. Oppfølging av formålet i diskriminerings- og tilgjengelighetsloven skjer som en del av det løpende HR arbeidet gjennom AMU i virksomheten.

NorBetong AS har en overvekt av menn blant sine ansatte med en andel på 92,7%, noe som i

NORBETONG AS

hovedsak kan forklares med bransjemessige tradisjoner og stor stabilitet blant de ansatte. NorBetong AS praktiserer full likestilling mellom kvinner og menn.

NorBetong AS arbeider for å fremme Diskrimineringslovens formål innenfor virksomheten. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, utviklingsmuligheter og beskyttelse mot trakassering. Dette inkluderer også en ambisjon om å være en arbeidsplass hvor det ikke forekommer diskriminering på grunn av nedsatt funksjonsevne.

Arbeidet for å bedre helse, miljø og sikkerhet vil fortsatt bli høyt prioritert i konsernet.

Ytre miljø

Utslipp fra produksjonsanleggene, inkludert stoffer som kan innebære miljøskader, er innenfor de krav som myndighetene stiller. Betongtransporten og betongpumpingen påvirker det ytre miljø i svært liten grad og bilparken består av moderne lastebiler med lavutslippsmotorer. Konsernets virksomhet er ikke regulert av konsesjoner eller pålegg.

NorBetong AS er miljøsertifisert ihht. NS-ISO14001 og har i gjennom dette jobbet kontinuerlig med miljøtiltak ihht. miljøplanen som er laget.

Egenkapital

Egenkapitalen var ved utgangen av året kr 937,1 mill., sammenlignet med kr 934,2 mill. året før. Selskapet egenkapitalandel er innenfor det intervallet som selskapets ledelse anser som akseptabelt.

Oslo, .3 mai 2021

Styret for NORBETONG AS

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Thor Harry Bjerge	**Jan-Gábor Turi**	**Otto Poulsen**
Styremedlem	Styremedlem	Administrerende direktør

NORBETONG AS
Resultatregnskap

Alle tall i NOK	Note	2020	2019
Driftsinntekter			
Salgsinntekt	2	804 162 340	797 481 276
Annen driftsinntekt	9	3 770 849	4 232 346
Sum driftsinntekter		807 933 189	801 713 622
Driftskostnader			
Varekostnad		439 904 207	443 339 468
Lønnskostnad	3	86 191 767	79 090 277
Avskrivning av driftsmidler	9	14 219 146	13 697 450
Annen driftskostnad	5, 7	239 475 899	250 333 610
Sum driftskostnader		779 791 019	786 460 805
Driftsresultat		28 142 170	15 252 817
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		3 095 866	21 333 500
Renteinntekt fra foretak i samme konsern		2 433 563	6 918 882
Annen renteinntekt		1 049 086	1 585 762
Annen finansinntekt		247 928	61 483
Rentekostnad til foretak i samme konsern		11 568	0
Annen rentekostnad		201 896	984 154
Annen finanskostnad		32 824 468	168 064
Resultat av finansposter	6	-26 211 489	28 747 409
Ordinært resultat før skattekostnad		1 930 681	44 000 226
Skattekostnad	8	1 455 224	2 715 908
Årsoverskudd		475 457	41 284 318
Overføringer og disponeringer			
Avsatt konsernbidrag		0	27 300 000
Avsatt til annen egenkapital		475 456	13 984 318
Sum disponert		475 456	41 284 318

NORBETONG AS
Balanse

Alle tall i NOK	Note	2020	2019
Anleggsmidler			
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom	9	82 537 328	86 080 676
Maskiner og anlegg	9	92 605 745	87 759 019
Driftsløsøre, inventar o.a. utstyr	9	1 321 134	1 099 041
Sum varige driftsmidler		176 464 207	174 938 736
Finansielle anleggsmidler			
Investeringer i datterselskap	10	161 311 951	220 800 051
Investeringer i tilknyttet selskap	10	46 020 000	46 020 000
Pensjonsmidler		6 125 967	7 595 406
Andre langsiktige fordringer	4, 12	3 664 187	3 346 272
Sum finansielle anleggsmidler		217 122 105	277 761 729
Sum anleggsmidler		393 586 312	452 700 465
Omløpsmidler			
Varer	13	9 724 668	9 448 249
Fordringer			
Kundefordringer	11	115 179 328	121 940 894
Andre fordringer	11	591 737 862	550 134 317
Sum fordringer		706 917 190	672 075 211
Bankinnskudd, kontanter o.l.	14	103 563	103 563
Sum omløpsmidler		716 745 421	681 627 023
Sum eiendeler		1 110 331 733	1 134 327 488

NORBETONG AS

Balanse

Alle tall i NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	15, 16	124 800 000	124 800 000
Sum innskutt egenkapital		124 800 000	124 800 000
Opptjent egenkapital			
Annen egenkapital	16	812 333 732	809 370 727
Sum opptjent egenkapital		812 333 732	809 370 727
Sum egenkapital		937 133 732	934 170 727
Gjeld			
Avsetninger for forpliktelser			
Utsatt skatt	8	19 950 448	25 136 393
Sum avsetning for forpliktelser		19 950 448	25 136 393
Kortsiktig gjeld			
Leverandørgjeld	11	114 153 574	108 621 743
Betalbar skatt	8	4 627 654	2 345 335
Skyldige offentlige avgifter		19 806 357	16 433 263
Annen kortsiktig gjeld	11	14 659 968	47 620 027
Sum kortsiktig gjeld		153 247 553	175 020 368
Sum gjeld		173 198 001	200 156 761
Sum egenkapital og gjeld		1 110 331 733	1 134 327 488

31 dec 2020

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Giv Kouzekanani Brantenberg
Styrets formann

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Jan Gånge
Styremedlem

DocuSigned by: Per Berglund
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Jan-Gábor Turi
Styremedlem

DocuSigned by: Otto Poulsen
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Otto Poulsen
Administrerende direktør

NORBETONG AS

Kontantstrømoppstilling

Alle tall i NOK	Note	2020	2019
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		1 930 681	44 000 226
Utbytte fra tilknyttede selskap		-3 095 866	-21 333 500
Periodens betalte skatt		-2 217 646	-1 173 401
Tap/gevinst ved salg av anleggsmidler		-1 299 900	-11 000
Ordinære avskrivninger		14 219 146	13 697 451
Nedskrivning anleggsmidler		57 450 000	0
Endring i varelager, debitorer og kreditorer		12 016 979	19 999 455
Forskjeller i pensjonsmidler/-forpliktelser		1 777 439	-3 619 050
Endring i andre tidsavgrensningsposter		-35 693 797	69 919 080
Netto kontantstrøm fra operasjonelle aktiviteter		45 087 036	121 479 261
Kontantstrømmer fra investeringsaktiviteter			
Netto innbetalinger ved salg og utbetalinger ved kjøp		-14 607 062	-25 813 802
Utbetalinger ved kjøp av aksjer		0	-14 000 000
Innbetalt på kortsiktige og langsiktige fordringer		1 424 160	0
Netto kontantstrøm fra investeringsaktiviteter		-13 182 902	-39 813 802
Kontantstrømmer fra finansieringsaktiviteter			
utbetalinger av utbytte/konsernbidrag		-35 000 000	-103 000 000
Innbetaling av utbytte tilknyttede selskap		3 095 866	21 333 500
Netto kontantstrøm fra finansieringsaktiviteter		-31 904 134	-81 666 500
Netto endring i likvider i året		0	-1 041
Kontanter og bankinnskudd per 01.01		103 563	104 604
Kontanter og bankinnskudd per. 31.12		103 563	103 563

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

Konsernregnskap
NorBetong AS er et heleid datterselskap i HeidelbergCement Group. I henhold til regnskapsloven § 3-7 er det ikke utarbeidet konsernregnskap for selskapet.

For henvendelser vedrørende konsemregnskap, kontakt morselskapet: HeidelbergCement AG, Berliner Strasse 6, D-69120 Heidelberg, Tyskland.

Datterselskap/tilknyttet selskap
Datterselskapet og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Investeringene er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Mottatt utbytte inntektsføres som det er avsatt i avgivende selskap, dersom det er overveiende sannsynlig at utbytte blir vedtatt og er opptjent i eierperioden.

Valuta
Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet.
Pengeposter i utenlandsk valuta er vurdert etter balansedagens kurs. Valutakursendringer resultatføres løpende i regnskapsperioden.

Salgsinntekter
Inntekter fra salg av varer resultatføres når levering har funnet sted og risiko er overført. Tjenester inntektsføres i takt med utførelsen.

Skatt
Skattekostnaden i resultatregnskapet består av betalbar skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22 % i år 2020 (22 % i år 2019) på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til egenkapitaltransaksjoner.

Klassifisering og vurdering av balanseposter
Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Varige driftsmidler
Varige driftsmidler balanseføres og avskrives over driftsmidlets forventede levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmiddelet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Driftsmidler som ikke er ferdig installert og satt i drift ved årsskiftet betegnes som anlegg under utførelse og blir ikke avskrevet før de tas i bruk.

Goodwill
Goodwill oppstått ved kjøp av virksomheter er bokført til kostpris redusert med lineære avskrivninger beregnet på bakgrunn av forventet levetid.

Varebeholdninger
Varelager regnskapsføres til det laveste av anskaffelseskost og virkelig verdi. Anskaffelseskost tilordnes ved bruk av FIFO metoden og inkluderer utgifter påløpt ved anskaffelse av varene og kostnader for å bringe varene til nåværende tilstand og plassering.

Fordringer
Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap på krav.

Leasing
Kostnader knyttet til operasjonell leasing kostnadsføres i tilhørende periode, mens finansielle leieavtaler balanseføres.

Pensjoner
NorBetong AS har kollektiv pensjonsordning (sikrede pensjoner) for sine ansatte som gir en bestemt fremtidig pensjonsytelse (ytelsesplan). Pensjonsytelsene er basert på antall opptjeningsår og lønnsnivået ved pensjonsalder. De ansatte i NorBetong AS har også rett til avtalefestet pensjon fra fylte 62 år.

Pensjonsforpliktelsene er vurdert til nåverdien av fremtidige pensjonsytelser som er opptjent på balansedagen og er beregnet av uavhengig aktuar hensyntatt selskapets forutsetninger om diskonteringsrente, fremtidig lønnsvekst og pensjonsregulering. Diskonteringsrenten fastsettes med utgangspunkt i rente på langsiktige norske foretaksobligasjoner. Pensjonsmidlene er vurdert til virkelig verdi, og fratrukket i netto pensjonsforpliktelser i balansen.

Netto pensjonskostnad består av årets beregnede pensjonsopptjening, beregnet rentekostnad av pensjonsforpliktelsene fratrukket beregnet renteinntekt av pensjonsmidlene, samt arbeidsgiveravgift av usikrede eller underfinansierte ordninger. Netto pensjonskostnad inngår i lønnskostnadene.

Estimatavvik føres løpende mot egenkapitalen.

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

Konsernkonto
Bankkontiene til NorBetong AS inngår i konsernets kontosystem, hvor HeidelbergCement AG er kontoinnehaver. Saldo er presentert som kortsiktig fordring på konsern, og ikke som bankinnskudd.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Det innebærer at en i analysen tar utgangspunkt i selskapets årsresultat for å kunne presentere kontantstrømmer tilført fra henholdsvis ordinær drift, investeringsaktiviteter og finansieringsaktiviteter. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Valutagevinst og - tap presenteres som finansposter.

Note 2 - Salgsinntekter

	2020	2019
Geografisk fordeling		
Norge	804 162 340	797 481 276

Salgsinntektene består av salg av ferdigbetong i Norge i sin helhet.

Note 3 - Lønnskostnader, antall ansatte, godtgjørelse, lån til ansatte og godtgjørelse til revisor

Lønnskostnader	2020	2019
Lønninger	67 582 984	61 301 583
Arbeidsgiveravgift	9 076 578	9 430 277
Pensjonskostnader	5 817 704	5 344 805
Andre ytelser	3 714 500	3 013 611
Sum	86 191 766	79 090 276

Selskapet har i regnskapsåret sysselsatt totalt 79 årsverk.

Ytelser til ledende personer

	Daglig leder	
Lønn	1 494 096	0
Pensjonsutgifter	56 854	0
Bonuser	501 466	0
Annen godtgjørelse	126 254	0

Administrerende direktør deltar i selskapets pensjonsordning og i bonusordningen for ledere i HeidelbergCement Northern Europe. Størrelsen på bonus avhenger av selskapets inntjening og oppnåelse av individuelle mål.

Ledende ansatte har ikke hatt opsjonsavtale eller annen aksjebasert avlønning i 2020.

NORBETONG AS

Noter til regnskapet for 2020

Alle tall i NOK

	2020
Godtgjørelse til revisor	430 701

Revisjons honorar er ekslusiv MVA.

Godtgjørelse til revisor:

Det er i 2020 fakturert (eks. mva) kr. 290 701 i ordinært revisjonshonorar, kr. 100 000 til skatterådgivning og kr. 40 000 for annen bistand.

Note 4 - Lån til ansatte

Lån til selskapets ansatte utgjør pr. 31.12.2020 kr 3 664 187.

Lånene er rente- og avdragsfrie, og nedskrives over 5/20 år med like store deler årlig. Avskrivningsbeløp og rentefordel innberettes som lønn.

Det er ikke ytet lån eller stilt garantier til daglig leder, styreleder eller andre nærstående parter. Ingen lån eller garantier utgjør mer enn 5 % av selskapets aksjekapital.

Note 5 - Spesifikasjon andre driftskostnader

	2020	2019
Frakt og distribusjonskostnader	142 130 568	146 382 126
Reparasjon og vedlikehold, fremmede tjenester, honorarer	19 877 467	18 893 888
Leiekostnader	21 535 031	18 936 543
Energikostnader	6 629 582	7 968 623
Andre driftskostnader	49 303 254	58 152 426
Sum	239 475 902	250 333 606

Note 6 - Finans

Finansinntekter	2020	2019
Utbytte	5 795 966	21 333 500
Renteinntekt fra foretak i samme konsern	2 433 563	6 918 882
Annen renteinntekt	1 049 086	1 585 762
Agio	247 928	61 483
Försäljning finansiella anläggningar	1 299 900	0
Korrigering utbytte från fg år	-4 000 000	0
	6 826 443	29 899 627

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Finanskostnader		
Rentekostnader fra foretak i samme konsern	11 568	0
Annen rentekostnad	201 896	984 154
Disagio	299 668	142 064
Annen finanskostnad	24 800	26 000
Nedskrivning aksjer i konsoliderte selskaper	32 500 000	0
	33 037 932	1 152 218

Note 7 - Leieavtaler

Selskapet har operasjonelle leasingavtaler på deler av maskinparken. Leasingavtalene har en varighet på 1-5 år.

	2020	2019
Leasing		
Operasjonell leasing	10 614 428	7 583 650

Note 8 - Skatt

Årets skattekostnad fordeler seg på:	2020	2019
Betalbar skatt (22% av grunnlag for betalbar skatt i resultatregnskapet)	4 627 674	10 045 335
For mye, for lite avsatt i fjor	2 081 255	-1 432 898
Skatt estimatavvik direkte balanseført	-67 760	1 780 020
Endring i utsatt skatt/skattefordel	-5 185 945	-7 676 549
Årets totale skattekostnad	1 455 224	2 715 908

Beregning av årets skattegrunnlag:	2020	2019
Resultat før skattekostnad	1 930 681	44 000 226
Permanente forskjeller	-4 776 277	-6 586 455
Estimatavvik pensjon direkte balanseført	308 000	-8 091 000
Endring i IB som følge av endret skatt	0	-5 232 282
Endring i forskjeller som inngår i grunnlag for utsatt skatt/skattefordel	23 572 478	34 893 404
Alminnelig inntekt	21 034 882	58 983 893
Avgitt konsernbidrag	0	-35 000 000
Årets skattegrunnlag	21 034 882	23 983 893
Betalbar skatt (22%) av årets skattegrunnlag	4 627 674	5 276 456

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Oversikt over midlertidige forskjeller	**2020**	**2019**
Driftsmidler inkl goodwill	20 569 922	48 443 848
Fordringer	-1 547 814	-872 614
Gevinst- og tapskonto	65 535 779	81 919 723
Andre forskjeller	0	-22 830 031
Pensjoner	6 125 967	7 595 406
Netto midlertidige forskjeller	90 683 854	114 256 332
Utsatt skatt/skattefordel i regnskapet (22 %)	19 950 448	25 136 393

Hvordan betalbar skatt fremkommer i balansen	**2020**	**2019**
Betalbar skatt i skattekostnaden	4 627 674	10 045 335
Skattevirkning i konsernbidrag, stiftelses-/emisjonskostnader	0	-7 700 000
Betalbar skatt i balansen	4 627 674	2 345 335

Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt	**2020**
22% skatt av resultat før skatt	424 750
For mye, for lite avsatt i fjor	2 081 255
Permanente forskjeller (22%)	-1 050 781
Beregnet skattekostnad	1 455 224

Note 9 - Varige driftsmidler

	Goodwill	Tomter, bygninger og annen eiendom	Maskiner og anlegg	Anlegg under utførelse lignende	Driftsløsøre, inventar, verktøy mm.	Sum
Anskaffelseskost 01.01	48 079 156	121 374 720	261 774 138	3 411 143	21 324 188	455 963 345
Tilgang kjøpte driftsmidler	0	653 415	5 224 821	9 438 219	590 507	15 906 962
Anskaffelseskost 31.12	48 079 156	122 028 135	266 998 959	12 849 362	21 914 695	471 870 307
Akk.avskrivning 31.12	-48 079 156	-39 490 807	-187 242 576	0	-20 593 561	-295 406 100
Balanseført pr. 31.12	0	82 537 328	79 756 383	12 849 362	1 321 134	176 464 207
Årets avskrivninger	0	4 196 763	9 657 250	0	365 133	14 219 146
Økonomisk levetid	5-10 år	10-33 år	10-15 år	Avskrives ikke	5 år	
Avskrivningsplan	Lineær	Lineær	Lineær		Lineær	

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Note 10 - Datterselskap, tilknyttet selskap m v

Datterselskap	Kontor	Eier-andel	Resultat 2020	Egenkapital pr. 31.12	Balanseført verdi pr. 31.12
NorStone AS	Sandnes	100 %	3 130 574	31 769 885	110 656 901
Betong Sør AS	Kristiansand	100 %	3 658 878	18 172 507	22 655 050
Sola Betong AS	Tananger	67 %	2 524 000	9 044 000	28 000 000
Sum			9 313 452	58 986 392	161 311 951

Tilknyttet Selskap	Kontor	Eier-andel	Resultat 2020	Egenkapital pr. 31.12	Balanseført verdi pr. 31.12
Betong Øst AS	Kongsvinger	50 %	56 336 659	106 309 691	5 000 000
Betong Vest AS	Blomsterdalen	40 %	1 188 410	30 526 075	27 000 000
ISPS Terminal Sjursöy Nord AS	Oslo	0 %	0	0	20 000
Sylteosen Betong AS	Elnesvågen	40 %	1 642 674	23 892 231	14 000 000
Sum			59 167 743	160 727 997	46 020 000

Investeringer i datterselskap og tilknyttede selskap vurderes etter kostmetoden i selskapsregnskapet.

Det er mottatt TNOK 5 796 TNOK i utbytte fra Betong Øst Trøndelag AS. Utbytte er ført som finansinntekt.

Årsresultat og egenkapital i datterselskap oppgitt 100 %. For tilknyttede selskap er det benyttet midlertidige tall da årsresultatet ikke er klart.

Note 11 - Mellomværende med selskap i samme konsern og tilknyttede selskap

Totalt varekøp fra konsern utgør 258 118 TNOK.
Totalt salg till konsern utgør 13 914 TNOK.

Fordringer	2020	2019
Kundefordringer	4 025 105	2 964 558
Andre fordringer	568 439 305	516 465 769
Sum	572 464 410	519 430 327

Gjeld	2020	2019
Leverandørgjeld	53 358 726	45 242 198
Annen kortsiktig gjeld	866 063	35 000 000
Sum	54 224 789	80 242 198

Note 12 - Fordringer og gjeld

Fordringer med forfall senere enn ett år	2020	2019
Lån til ansatte	3 664 187	3 346 272

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Sum	3 664 187	3 346 272

Note 13 - Varer

	2020	2019
Lager av råvarer m.m.	9 724 668	9 448 249
Sum	9 724 668	9 448 249

Note 14 - Bankinnskudd

Som sikkerhet for ansattes skattetrekksmidler har selskapets bankforbindelse avgitt en bankgaranti på TNOK 5 000. Skyldig skattetrekk pr 31.12.2020 utgjorde TNOK 3 248.

Konsernets likviditet er organisert i en konsernkontoordning. Dette innebærer at datterselskapenes kontantbeholdning formelt sett er fordringer på morselskapet. NorBetong AS bankinnskudd i konsernkontoordningen er klassifisert som konsernfordringer.

Note 15 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	Pålydende	Balanseført
Ordinære aksjer	1 950 000	64	124 800 000

Det er kun en aksjeklasse.

Oversikt over aksjonærene i selskapet pr. 31.12:

	Ordinære aksjer	Eier-andel	Stemme-andel
HeidelbergCement Norway AS	1 950 000	100 %	100 %

Note 16 - Egenkapital

	Aksjekapital	Annen egenkapital	Sum
Egenkapital 01.01.20	124 800 000	809 370 727	934 170 727
Årets resultat	0	475 457	475 457
ifrs 16 tidigare år	0	236 541	236 541
Estimatavvik pensjoner	0	240 241	240 241
Fusjonsresultater	0	2 010 766	2 010 766
Egenkapital 31.12.20	124 800 000	812 333 732	937 133 732

Estimatavvik ved beregning av pensjoner føres direkte mot egenkapitalen. Egenkapitaleffekten av estimatavvik og avgitt konsernbidrag er etter skatt.

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Note 17 - Pensjoner

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.
Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Selskapet har pensjonsordninger som omfatter i alt 122 personer.

	2020	2019
Nåverdi av årets pensjonsopptjening, inkl. arbeidsgiveravgift	2 179 000	2 074 000
Rentekostnad av pensjonsforpliktelsen	1 215 000	1 408 000
Renteinntekt av pensjonsmidlene	-1 391 000	-1 887 000
Netto pensjonskostnad	2 003 000	1 595 000

	2020	2019
Opptjente pensjonsforpliktelser pr31.12	58 768 000	53 747 000
Beregnede pensjonsforpliktelser	58 768 000	53 747 000
Pensjonsmidler (til markedsverdi) pr31.12	64 895 000	61 343 000
Netto pensjonsforpliktelse (pensjonsmidler)	-6 127 000	-7 596 000

	Forplikt.	Forplikt.
Økonomiske forutsetninger:	2020	2019
Diskonteringsrente	1,70%	2,30%
Forventet lønnsregulering	1,75%	2,00%
Forventet G-regulering	2,25%	2,50%
Forventet avkastning pensjonsmidler	0,00%	2,80%
	0,00%	0,00%

Estimatavvik regnskapsføres løpende ved føring direkte mot egenkapitalen.

De aktuarmessige forutsetningene er basert på vanlige benyttede forutsetninger innen forsikring når det gjelder demografiske faktorer.

Som erstatning for den gamle AFP-ordningen som ble avviklet i 2010 er det etablert en ny AFP-ordning. Den nye AFP- ordningen er, i motsetning til den gamle, ikke en førtidspensjonsordning, men en ordning som gir et livslangt tillegg på den ordinære pensjonen. Den nye AFP-ordningen er en ytelsesbasert flerforetakspensjonsordning, og finansieres gjennom premier som fastsettes som en prosent av lønn. Foreløpig foreligger ingen pålitelig måling og allokering av forpliktelse og midler i ordningen. Regnskapsmessig blir ordningen behandlet som en innskuddsbasert pensjonsordning hvor premiebetalinger kostnadsføres løpende. Det er ikke fondsoppbygging i ordningen, og det forventes at premienivået vil øke de kommende årene.

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Note 18 - Hendelser etter balansedagen

Ledelsen og gruppen følger nøye opp utviklingen av Covid-19 og gjør løpende risikovurderinger og vurderinger av om det skal iverksettes tiltak.
Foreløpig har det ikke vært behov for å iverksette tiltak, men dersom man merker en reduksjon i etterspørsel eller leveranser fra underleverandører kan det bli aktuelt med permitteringer av ikke-kritisk personell, kostnadsbesparelser eller benytte seg av statens støtteordninger.
Ledelsen har utarbeidet og styret har fått fremlagt oppdaterte likviditetsbudsjetter og analyser som viser at selskapets likviditet er tilfredsstillende og at eventuelle tiltak som må implementeres vil være tilstrekkelig til å opprettholde fortsatt drift på et tilfredsstillende nivå.