European Investment Bank

Luxembourg, 23 October 2023

Environmental and Social Data Sheet

Overview

Project Name:	HEIDELBERG MATERIALS SUSTAINABLE RDI
Project Number:	2023-0345
Country:	Germany
Project Description:	The project comprises the promoter's Research, Development and Innovation (RDI) expenditures, over the 4-year period 2023-2026, related to development of innovative products, new product formulations, and process improvements in order to lower energy consumption, conserve resources, strengthen the circular economy, and thereby reduce both CO2 emissions and costs.

EIA required: no

Project included in Carbon Footprint Exercise[1]: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The project activities will be carried out in already existing and authorised R&D facilities with no need for additional permits. The project is not listed under any of the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU and therefore it does not require a screening or an EIA Report.

The project activities are aligned with the promoter's 2030 Sustainability Strategy, which aims to drive decarbonisation and circularity of cement sector by developing low-carbon products while reducing consumption of natural resources and reusing materials. More specifically, R&D activities are expected to provide climate and environment positive impacts through development of composite cements and concretes with less clinker proportion in cement, leading to reduction of energy consumption and CO_2 emissions during production and helping to preserve natural raw materials. Furthermore, the R&D activities are focused on innovative recycling technologies, aiming to develop alternative circular products through reuse of waste concrete in the production as well as through incorporation of CO_2 in the products by means of carbonation. For example, the promoter is developing a low carbon cement product technology by separating demolished concrete into sand, aggregates, and recycled concrete paste (RCP) and using the RCP component, carbonated with CO_2 from clinker production, to replace clinker in new low-carbon cement products.

The project to be financed is considered to be aligned both against low-carbon and resilience goals set out in the Climate Bank Roadmap, and it is sector-aligned under Industry-RDI. Seventy percent of the project costs is expected to contribute to the Bank's Climate Action and Environmental Sustainability policy objective.

[1] Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

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Overall, likely negative environmental effects are assessed as non-significant, in respect to both environment and climate.

EIB Paris Alignment for Counterparties (PATH) Framework

- The counterparty is in scope and screened in the PATH framework, because it has operations in the high-emitting building materials sector.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan.

The promoter's climate commitments are validated by the Science Based Targets initiative (SBTi) and aligned with a 1.5°C pathway (scope 1 and 2 GHGs emissions). Heidelberg Materials has a public decarbonisation plan that includes a 26.7% reduction target of CO_2 emissions per ton of cementitious material by 2030 compared to 2020, corresponding to the reduction of specific net CO_2 emissions to 400 kg per tonne of cementitious material (Scope 1) by 24% and cut of the specific emissions from purchased electricity (Scope 2) by 65%. Heidelberg Materials also commits to reduce absolute Scope 3 GHG emissions by 25% from purchased clinker and cement within the same time frame. Heidelberg Materials targets to achieve Net-Zero emission by 2050 at latest.

Heidelberg Materials has procedures in place to manage physical climate risk at asset level for which they take future climate change adaptation into account.

Other Environmental and Social Aspects

The promoter has implemented the Occupational Health & Safety Policy, which applies to all locations and operations, where the company exercises management control. The promoter targets to maximize the implementation of management systems in accordance with the internationally accepted OHSAS 18001 (Occupational Health and Safety Assessment Series) or ISO 45001 (Health and Safety Management) standards, which have already been implemented in 99% of operational locations.

The promoter is assessed by several ESG ratings and benchmarks (e.g., CDP, MSCI ESG, S&P, Sustainalytics ESG, Moody's ESG solutions and others) as it considers the results in these ratings as an indication of its ESG performance. Furthermore, the promoter is looking for opportunities to incorporate ESG factors in the investment decisions.

Conclusions and Recommendations

The project activities will be carried out in already existing and authorised R&D facilities with no need for additional permits. The project is not listed under any of the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU and therefore it does not require a screening or preparing an EIA Report.

The project per se does not have any significant negative environmental impact. Rather, a number of innovative products/processes resulting from the RDI activities of the project will have positive carbon and environmental impact in the promoter's production assets and portfolio of products through improved resource efficiency, circularity and use of recycled and alternative materials.

Overall, the project is considered acceptable for the Bank financing in environmental and social terms.