



Heidelberg Materials UK

Performance and sustainability report 2024

Heidelberg Materials





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Introduction



Introduction by Simon Willis, CEO, Heidelberg Materials UK

2023 has been a pivotal one for the business as we rebranded from Hanson UK to Heidelberg Materials.

Being part of a strong, unified Group makes it easier for us to work together to drive down carbon emissions, promote the circular economy and develop sustainable and innovative building materials to help our customers meet their decarbonisation ambitions.

These aims are reflected in our revised 2030 sustainability commitments. They are centred on Heidelberg Materials Group's sustainability strategy but take key drivers within the UK construction industry into account.

They cover topics under four headings – net zero, circular and resilient, safe and inclusive, and nature positive – and form the basis of all our sustainability activities, giving us clear and measurable goals to build a more sustainable future.

During the year we created a new recycling business line that will help us deliver on these commitments. It recovers construction and demolition waste, processing and reusing it for use in our sustainable building materials, allowing our customers to build more with less. This helps us reduce the use of primary raw materials, which is crucial to reaching net zero.

We also continue to make progress with our plans to remove production emissions across the business. We have taken further steps towards building a carbon capture facility at our Padeswood cement works in north Wales, which will use proven amine-based technology to remove up to 800,000 tonnes of CO₂ emissions each year. In addition, we are also involved in other industry-leading decarbonisation trials using innovative technologies that could prove instrumental in decarbonising our industry in the future.

We recognise that we can't reach our net zero ambitions alone and collaboration with our customers and supply chain remains key. One of the ways we have continued to do this is through our Let's Talk Sustainability webinars, which provide a fantastic platform for those across the sector to share progress and successes in different areas which will all play a part in meeting net zero goals.

Our employees are our biggest asset and play a vital role in the success of our business. We are proud to be recognised by The 5% Club for our commitment to work-based learning and are committed to the health, safety and wellbeing of all of our employees. We also strive to be a responsible operator and manage our activities to maximise the social value we are creating.

Simon Willis



Sustainability highlights



Revised 2030 sustainability commitments and strategy



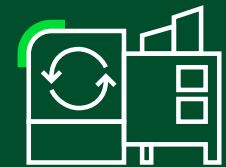
Progress of carbon capture project at Padeswood



Certification to new carbon management standard PAS 2080



Carbon impact of operations for scope 1 CO₂ emissions **down 16.1% since 2016**



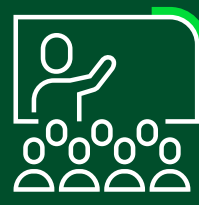
Creation of recycling division



£54 million of social profit generated via social value activities (2022 data)



89% of spend on critical suppliers have an approved ESG rating



Let's Talk Sustainability decarbonisation and biodiversity webinars



Total freshwater consumption (litres/tonne) **down 11.8% against the 2020 baseline**

Heidelberg Materials Group

Heidelberg Materials places sustainability at the core of its activities and, through its products, is playing a leading role in helping the construction sector reach net zero.

Its strategy and sustainability commitments are shaped by the United Nations Sustainable Development Goals (UNSDGs) and support its vision to build a more sustainable future that is net zero, safe and inclusive, nature positive, and circular and resilient.

The Science Based Targets initiative (SBTi) has validated Heidelberg Materials' 2030 carbon reduction targets under its 1.5°C framework. Following the thorough validation procedure, Heidelberg Materials commits to individual scope 1, 2 and 3 targets for 2030, in relation to the baseline year 2020.

Heidelberg Materials has a strong track record in reducing CO₂ emissions. In 2023 it achieved a 28.8% reduction of the specific net CO₂ emissions per tonne of cementitious material compared with 1990 levels.



Heidelberg Materials UK 2030 commitments

We have developed revised UK commitments for 2030 and beyond which reflect the Heidelberg Materials Group sustainability strategy but take the key drivers within the UK construction industry into account.

We have also adopted and linked the UNSDG's to the strategy's key areas to demonstrate we are in line with global action.

At the heart of our UK commitments are the four Heidelberg Materials Group sustainability pillars:

1. Net zero
2. Circular and resilient
3. Safe and inclusive
4. Nature positive

Around 60 indicators have been created to reflect the interests of each sustainability topic; some with specific targets to be achieved by 2030 with the remainder being monitored and reported on an ongoing basis.



Sustainability policy

We have a single sustainability policy, which is regularly reviewed and communicated to employees, contractors, visitors, key stakeholders and our supply chain to inform and promote wider adoption of responsible sustainability practices.










Net zero

Our policy

We drive decarbonisation and provide low carbon products



CO₂ and energy


Our headline CO ₂ and energy commitments	Our progress
 <p>Reduce scope 1, 2 and 3 emissions in line with Heidelberg Materials Group SBTi</p>	<p>We have set specific UK targets within our 2030 commitments as detailed in this report that will contribute towards the Heidelberg Materials Groups' carbon reduction ambitions.</p>
 <p>CCS plant at Padeswood to be operational and feasibility studies carried out for Ketton and Ribblesdale</p>	<p>We have significantly invested in our Padeswood cement works and, with government support, intend to have carbon capture and storage facilities at the site operational by 2028. Feasibility studies for Ketton and Ribblesdale will be carried out over the coming years.</p>
 <p>Reduce scope 1 emissions from UK operations by 15% from 2016 baseline</p>	<p>The carbon impact of our operations for Scope 1 emissions is down 16.1% from 46.2 kg CO₂/tonne in 2016 to 38.8kg CO₂/tonne in 2023.</p>
 <p>Reduce CO₂ by 15% in concrete, asphalt and cement from 2019 baseline</p>	<p>The sum of scope 1 and 2 CO₂ emissions per tonne of product is down 52.7% in concrete, 8.6% in asphalt (excluding MQP) and 12.4% in cement. For the UK, scope 1 and 2 CO₂ emissions are down 21.0% per tonne of product.</p> <p>EPDs are being updated for these products to show the impact of these reductions.</p>
 <p>Reduce scope 3 emissions in delivery transport by 15% from 2019 baseline</p>	<p>Delivery transport CO₂ emissions/tonne are 6.1% down from the 2019 baseline.</p>

Our policy

We drive decarbonisation and provide low carbon products



Sustainable revenue

Our headline CO ₂ and energy commitments	Our progress
 <p>Achieve 50% of our gross revenue from sustainable products that are either low carbon or circular</p>	<p>Sustainable low carbon and circular products reporting continues to be developed at Group level with the following data available for 2023:</p> <ul style="list-style-type: none">• Cement: 35% (low carbon)• Concrete: 79% (low carbon)• Aggregate: 0.24% (circular)• Asphalt: not available <p>Data not available at UK level at present.</p>

Net zero in action

Padeswood CCS progress continues

Our plans to build a carbon capture plant at our Padeswood cement works in north Wales continued to move forward. In March, the project progressed to the due diligence and negotiation phase through the Governments' Phase-2 cluster sequencing programme, giving us the confidence to start the process of finding our front-end engineering and design partner.

C-Capture trial at Ketton cement works

Our carbon capture feasibility study with C-Capture at our Ketton cement works was completed, with trials due to start in April 2024. It uses a solvent to selectively capture CO₂, which can then be compressed and sent for storage in safe, geological reserves or used in other areas such as the fertiliser and oil and gas industries.

Calcined clay

We were one of the industrial partners in a MPA-led project which assessed the suitability of reclaimed UK clays for calcination. The two-year project has successfully demonstrated how clays from a wide range of sources, including our Ketton quarry, can be turned into reactive SCMs (supplementary cementitious materials), marking another stepping stone in our development of a range of SCMs suitable to produce low carbon concrete.

Moving aggregate by rail

We operate a network of rail connected quarries and depots across the country and transport more than 6 million tonnes of aggregate by rail each year, reducing the number of vehicles on our roads and cutting carbon emissions.

Digital concrete maturity system aids carbon reduction

We introduced SmartRock, a new wireless concrete maturity system, to help our customers save time and money, and reduce carbon emissions.

Hydrogen fuelled net zero asphalt production trial

The Government committed £6.1 million to support the Bay Hydrogen Hub, which aims to develop a final design for hydrogen production, distribution and end use technology to replace the use of fossil fuels. Part of the project will include the trial of hydrogen to deliver net zero asphalt production at scale at our Criggion asphalt plant in mid Wales.

Carbon management certification

We became one of the first heavy building materials manufacturers in the UK to reach the updated PAS 2080:2023 standard on managing and reducing whole-life carbon in the built environment.



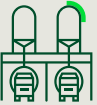
Circular and resilient




Our policy

We drive circularity to reduce and reuse materials and natural resources

Circular economy

Headline circular economy commitments	Our progress
 <p>Offer 50% circular alternatives for our concrete products</p>	<p>Over 50% of concrete supplied by Heidelberg Materials UK exceeded our sustainable revenue criteria and we reduced our average kg CO₂/m³ by 14kg versus 2021. In addition, we introduced a carbon footprint tool to our quotation system to be more transparent for our customers and provide useful data on the A1-A3 global warming potential of our concrete.</p> <p>In relation to circularity and reducing our use of virgin aggregate, we supplied concrete incorporating recycled crushed concrete aggregate from one plant and introduced recycled aggregate into two others. We will continue to focus on our low carbon concrete offering and introducing more recycled material options for our customers.</p>

Sustainable revenue

Our headline sustainable revenue commitments	Our progress
 <p>Achieve 50% of our gross revenue from sustainable products that are either circular or low carbon</p>	<p>Sustainable low carbon and circular products reporting continues to be developed at group level with the following data available for 2023:</p> <ul style="list-style-type: none"> • Cement: 35% (low carbon) • Concrete: 79% (low carbon) • Aggregate: 0.24% (circular) • Asphalt: not available <p>Data not available at UK level at present.</p>

Circular and resilient in action

New recycling business line

Promoting circularity by recycling, reusing and reducing the use of primary raw materials is crucial to reaching net zero. To facilitate this, we have created a new recycling business line, headed by Managing Director James Whitelaw, as part of our strategy to conserve natural materials and promote the circular economy.

Investment made in mobile cold recycling plant

We have invested in a mobile cold recycling mixing plant, which can use both reclaimed and primary aggregate to produce cold mix materials, which provide a lower carbon solution for road construction and maintenance projects. It allows us to complement our existing range of sustainable solutions with the option of cold mix products, saving energy and associated CO₂ emissions.

Acquisition progress

We continued to progress our acquisition of Mick George Limited (MGL) following the acceptance by the Competition and Markets Authority of our remedies to its competition concerns. MGL specialises in recycling and waste management services and the acquisition will significantly strengthen our circular materials offering.



A woman with dark hair in a ponytail, wearing glasses and a black headset with a microphone, is smiling and looking towards a computer monitor. She is wearing a green polo shirt with a logo on the chest. The background is a blurred office environment with a window showing greenery outside. On the right side of the image, there are two overlapping shapes: a dark green rounded rectangle and a yellow rounded rectangle.


**Safe and
inclusive**




Our policy

We place the health and wellbeing of employees, communities, and suppliers at the core of our business operations

Fairness, awareness, inclusion and respect (FAIR)

Our headline FAIR commitments	Our progress
 100% completion of the annual HR people strategy to enhance fairness, awareness, inclusion and respect (FAIR)	The existing people strategy has been developed to cover some results for 2023 and developments for 2024 and 2025 and is led by our HR director. This includes many elements to enhance FAIR within Heidelberg Materials UK.

Health, safety and wellbeing (HS&W)



Our headline HS&W commitments	Our progress
 Implement divisional risk reduction plans by 2025 and have an embedded risk-based H&S management system by 2030	Divisional risk reduction plans have been developed within the context of the integrated management system (IMS). These will continue to be improved to embed the risk-based H&S management system.



Our policy

We place the health and wellbeing of employees, communities, and suppliers at the core of our business operations

Social value

Our headline social value commitments	Our progress
 <p>100% of higher risk sites have community engagement plans by 2025 and all sites by 2030</p>	<p>New criteria are being developed to enhance our community engagement plans across the business, which will result in greater transparency of our activities within the communities we operate in. These will be incorporated into our existing integrated management system.</p>
 <p>One day per employee of paid leave offered for volunteering and 50% of employees uptake annually</p>	<p>We have a policy in place offering all employees one day of paid leave per year to carry out volunteering activities. In 2023 6.6% of our employees undertook a volunteering day and systems are being developed to make take up and recording of these days easier.</p>

Responsible sourcing

Our headline responsible sourcing commitments	Our progress
 <p>80% of spend on critical suppliers that have an approved ESG rating</p>	<p>Our critical suppliers have been identified by Heidelberg Materials Group and our procurement department is working to ensure they have reached an overall green ESG rating based on external 3rd party assessment from our ESG risk partners IntegrityNext. In 2023 we achieved a level of 89% which exceeds our 2030 commitment.</p>

Safe and inclusive in action

The highest standard for work-based training

We have been awarded Platinum membership of The 5% Club. The new top standard was introduced to mark the campaign's 10th anniversary in 2023 and demonstrates our commitment to investing in our workforce through a broad range of 'earn and learn' programmes.

Setting the standard for nuclear safety

We are one of the first companies in the UK to be certified to the new ISO 19443 standard, which seeks to drive nuclear safety culture, confirming our status as a leading supplier to the sector.

Wellbeing challenge

We teamed up with End to End, an interactive business which runs wellbeing challenges, to encourage employees to get fitter. We were delighted that 117 signed up and ran, walked and cycled a total of 12,207 miles across the 4-week challenge. On completion of the challenge, our efforts resulted in the donation of 100 meals to help families and children who are homeless, and the planting of 400 trees within the Eden Reforestation project.

Social profit report for 2022

We published our social profit report for 2022 which showed that we generated almost £54 million worth of social profit in the UK, established through the delivery of a range of different performance indicators using the Loop social monetisation tool.

Continued support for young readers

We have continued our work with Chapter One UK, which provides one-to-one reading support struggling young readers. The programme can deliver real improvement to the future life chances of underprivileged children.

CSR spend

Our direct and indirect contributions to registered charities and other organisations which we support was over £122,000 in 2023.

Responsible sourcing

In our latest audit to the more stringent version 4 of BES 6001, the Framework Standard for Responsible Sourcing of Construction Products, we achieved an Excellent rating for all 7 areas of the business audited: concrete, cement, asphalt, regen, packed products, aggregate and MQP. It was also confirmed in the audit that we comply with the key principles of the sustainable procurement standard ISO 20400.







Nature positive

Our policy




We contribute to a nature positive world through our biodiversity programmes and sustainable water management

Biodiversity

Our headline biodiversity commitments	Our progress
 <p>Each active quarry to designate 15% space for nature by 2030</p>	<p>Of our 45 active aggregate quarries 31% have 15% designated space for nature.</p>
 <p>Each active quarry to have a biodiversity management plan (BMP) by 2025</p>	<p>Of our 48 active quarries (aggregate and cement) 98% have a BMP.</p>

Water

Our headline water commitments	Our progress
 <p>100% of sites in water-risk areas implement water management plans and water recycling systems</p>	<p>At the end of 2023, 42 of our sites have formal water management and water recycling systems.</p>

Nature positive in action

Let's Talk Sustainability biodiversity webinar

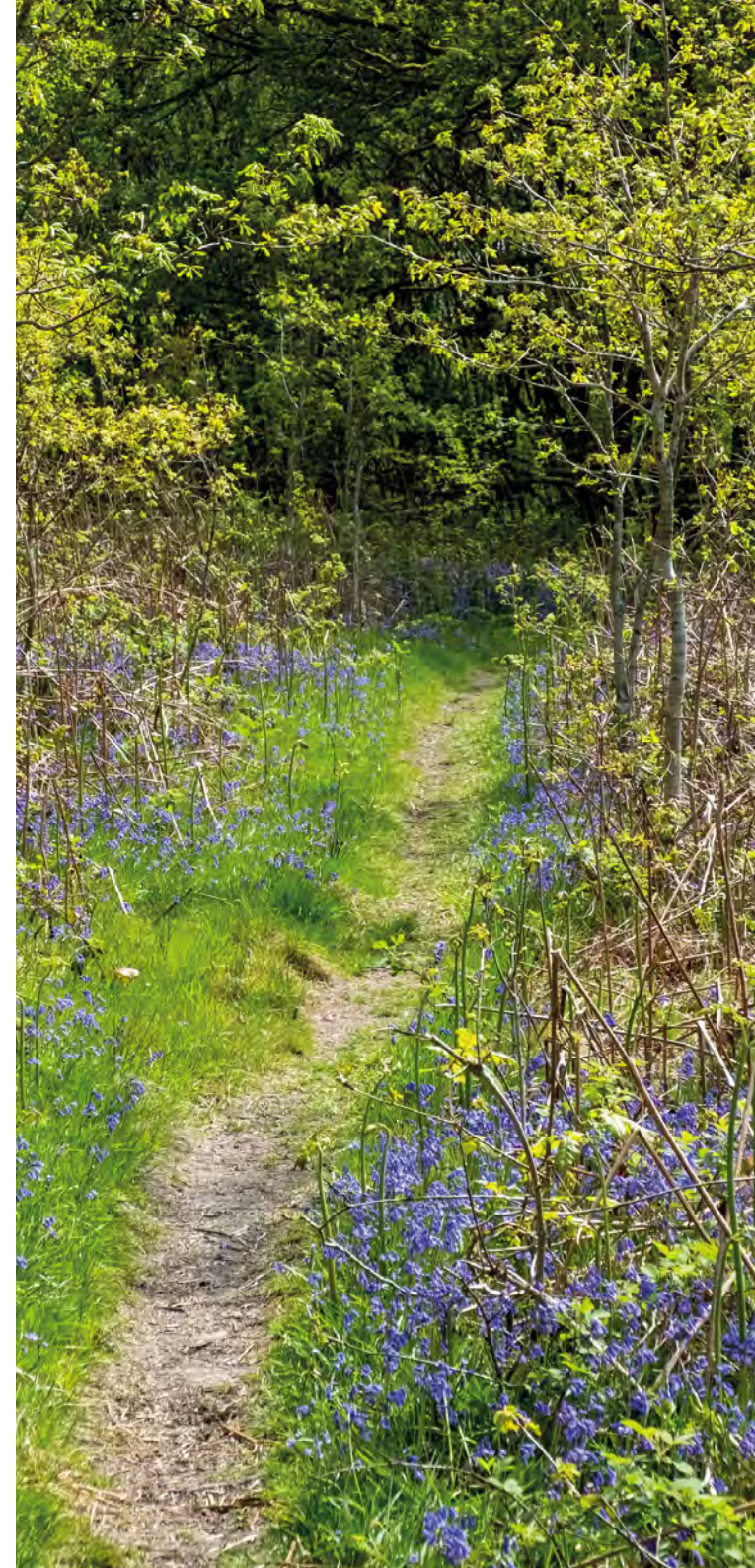
One of our Let's Talk Sustainability webinars was held on the importance of considering biodiversity in construction projects. It included a discussion about what biodiversity is, why it's important and what the Government's plan for new housing, commercial and infrastructure developments to be 'nature positive' looks like. It also covered the importance of biodiversity to the construction sector as well as a panel discussion to delve deeper into biodiversity net gain.

Creating a buzz at Ketton

Our Ketton cement works in Rutland is now home to 30,000 bees following the donation of three hives from one of our employees to support the biodiversity of the site. Access to the new hives was created during a volunteering day for members of the cement and packed products team, who cut back branches and overgrown bushes and laid five tonnes of recycled aggregate.

Water management plans

There are now water management plans in place at 42 of our production sites in England and Wales. These plans identify improvements for monitoring, recording and efficient use of water on our sites. We have also continued to work closely with Waterscan to identify and repair water leaks on our mains water network, saving 103,000m³ of water in 2023.



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