

Progress Report 2011/2012**HeidelbergCement AG on the****Leadership Declaration of the 'Biodiversity in Good Company' Initiative**

As a signatory company to the Leadership Declaration HeidelbergCement acknowledges and supports the three objectives of the international „Convention on Biological Diversity“:

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources

and is committed to:

- 1. analyze corporate activities with regard to their impacts on biological diversity;**
- 2. include the protection of biological diversity within its environmental management system;**
- 3. appoint a responsible individual within the company to steer all activities in the biodiversity sector and report to the Managing Board;**
- 4. define realistic and measurable objectives for improved protection of biological diversity and its sustainable utilization that are monitored and adjusted every two to three years;**
- 5. publish all activities and achievements in the field of biodiversity in the company's annual, environmental or sustainability report;**
- 6. inform suppliers about the company's biodiversity objectives and integrate suppliers accordingly and step by step;**
- 7. explore the potential for cooperation with scientific institutions, non-governmental organisations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system.**

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.

HeidelbergCement: The protection of biodiversity is a holistic management task

HeidelbergCement is the global market leader in aggregates and a prominent player in the fields of cement, concrete and other downstream activities, making it one of the world's largest manufacturers of building materials. The company employs some 52,000 people at 2,500 locations in more than 40 countries.

HeidelbergCement sees its commitment to the preservation of biodiversity as a holistic management task, which it realises in the long-term with the help of diverse instruments. In Germany, special measures are undertaken to promote biodiversity in all quarrying sites in addition to the requirements related to rules of intervention. The main focus is thereby on protecting and preserving wanderbiotopes, creating and maintaining semi-dry grasslands and high-quality mixed forests, and the targeted protection of rare plant and animal species (such as the sand martin, peregrine falcon, yellow-bellied toad, and orchids etc.). In addition, we are particularly committed to the area of environmental education, amongst others, with the Quarry Life Award (see page 8).

For many years, biodiversity management plans have been implemented in German and worldwide locations, and personnel have been trained accordingly. Biodiversity management plans are cultivation and development concepts for the promotion of biodiversity in an extraction site. They are specifically adapted to the local conditions of an extraction site and take into account the protection goals of nature conservation areas in the surrounding area. By 2020, HeidelbergCement wants to introduce such management plans in at least 50% of all of the cement quarries worldwide that are located in or near areas with a recognised high level of biodiversity.

Since 2009, the Company has introduced a mandatory guideline for the promotion of biodiversity in quarrying sites for its European locations. This guideline is available since 2010 in the form of a guidance document for orientation purposes in quarrying and subsequent use in Australia and Asia. In 2011, the Company became a co-operation partner to BirdLife International, one of the world's largest nature conservation organisations. Furthermore, with the Quarry Life Award 2011, HeidelbergCement has initiated the first international research and education competition in the field of biodiversity management. With these and many other measures, the Company is contributing worldwide to the preservation of biodiversity.

Link to the HeidelbergCement biodiversity guideline:

www.heidelbergcement.com/global/en/company/sustainability/environment/biodiversity

1. Analysis of the impact of corporate activities on biological diversity

HeidelbergCement has developed indicators as part of a multidisciplinary research project to measure biodiversity in quarrying sites. The indicators allow for the monitoring of successful recultivation and renaturation measures as well as the comparison of biological diversity at the extraction site with that in the vicinity of the quarry or gravel pit. In recent years, indicators were collected for 11 cement quarries in Europe. Further surveys are planned.

Examples of important biodiversity indicators (see Guideline to promote biodiversity):

Indicator	Computation
Number of plant species (quarrying site)	Number of plant species in the extraction site / area of the extraction site (ha)
Number of selective animal groups (quarrying site) : each for amphibians, birds, dragonflies	Number of selective animal groups in the extraction site / area of the extraction site (ha)
Wanderbiotopes	Area of wanderbiotopes in the extraction site (ha) / area of the extraction site (ha)
After-use	Area of the extraction site with after-use nature conservation (ha) / area of the extraction site (ha) – area of the extraction site with after-use cultivated landscape (ha) / area of the extraction site(ha)

In partnership with the nature conservation organization BirdLife International, a study in 2012 examined the overlapping of 425 European HeidelbergCement quarrying sites with nature conservation areas of different rankings. The study allowed detailed statements to be made about the possible effects on the biological diversity of a region. Based on the study, cultivation and development plans are being drawn up for more than 100 quarrying sites in particularly sensitive areas. The cultivation plans are attuned to the protection goals of the conservation areas.

2. Integrating the protection and sustainable use of biological diversity in the environmental management system

Since 2009, globally applicable indicators for biodiversity have been incorporated into the “HeidelbergCement Sustainability Ambitions 2020”.

Indicator	Definition of biodiversity indicators
KPI 1	Number or proportion of quarries with restoration plans
KPI 2	Number or proportion of quarries in, or adjacent to, areas with high biological value (e.g. Natura 2000 or similar areas)
KPI 3	Number or proportion of quarries in which biodiversity is explored and biodiversity management plans may have been developed with the participation of appropriate stakeholders and serve the protection and development of biodiversity.

Since then, our environmental management system includes indicators to establish the actual status and annual measurement of progress in the field of biodiversity protection. For details about the goals, see point 4.

3. Establishment of a responsible position in the Company to control all activities relating to biodiversity and report to Management

The Group Environmental Sustainability Committee controls corporate environmental protection, in which the responsible member of the Managing Board is also represented. It was founded in 2008 in order to improve the performance of the operational fields of environmental protection and occupational safety – which are very important for our industry –, and promote the exchange of information between the regions and business lines. Under the lead management of the Global Environmental Sustainability department, experts from the different business lines and Group areas define guidelines, goals, and measures, and co-ordinate their implementation. A biologist in the Global Environmental Sustainability department represents the Company in the 'Biodiversity in Good Company Initiative e.V.'.

4. Setting measurable and realistic goals to improve the protection and sustainable use of biological diversity, which are reviewed and adjusted every two to three years.

The goals defined in the HeidelbergCement Sustainability Ambitions 2020 that we want to achieve by the year 2020 are as follows:

1. All quarrying sites are to have recultivation plans in accordance with our guideline
2. Develop special management plans for 50% of the cement quarries worldwide in biologically high-quality areas to protect the diversity of species.

5. Publication of all activities and achievements regarding biodiversity in the Annual, Environmental, or Sustainability Report

We inform employees about activities and special achievements in the field of biodiversity through employee magazines at national and international level,

publications on the Intranet, or through targeted training or information sessions.

We inform the public through press releases, information on our corporate website, the Annual Report, as well as the biennial Sustainability Report.

Link to the HeidelbergCement Sustainability Report:

www.heidelbergcement.com/global/en/company/sustainability

6. Inform suppliers about the biodiversity goals and step-by-step integration

To specifically promote biological diversity at our quarrying sites, we are the first company in the building materials industry to have implemented a relevant Europe-wide guideline. This is the very first guideline that defines uniform standards for recultivation and renaturation. It is mandatory in Europe since 2009 and has been published since 2010 in an amended version as a guidance document for Asia and Australia. We are currently preparing a guidance document for North America.

The guideline and related guidance documents provide the basis for the systematic implementation of uniform measures, as well as the achievement of our biodiversity goals. Ten guiding principles form the core of the guideline. These are geared towards promoting dialogue with all parties involved to enhance biological diversity during and after quarrying in order to protect the native landscape and nature.

The guideline calls on our employees to inform suppliers and other business partners about our commitment to biodiversity. Business partners visiting our quarrying sites are informed about existing projects and the respective regulations to be observed. Furthermore, we reach our business partners through publications such as trade magazines and customer magazines or through our corporate website.

7. Promote co-operations with potential partners, such as nature conservation organizations, scientific or governmental institutions, to deepen expert knowledge through dialogue and further develop the management system.

The co-operation with nature conservation associations in many German locations has long been an integral part of our commitment to the locations and is supported by us. We also maintain close contacts with international nature conservation associations at a global level.

- a) In 2011, HeidelbergCement took another important step in the promotion of biological diversity at quarrying sites with the agreement of a three-year co-operation with BirdLife International, the world's largest nature conservation organisation. This consolidated our leadership role among the international building materials companies in this field. The goal of the partnership will be to further improve the biodiversity management of HeidelbergCement.

The co-operation is initially scheduled to last three years. In the first year, a biodiversity strategy for the partnership was jointly developed, which also includes goals for the protection of species and habitats. In the second year, collaborative biodiversity projects in various European countries were elaborated. Local management, in particular, was involved, alongside the national partners of BirdLife International. As of 2013, and consequently the third year of co-operation, the first pilot projects in Europe will be implemented and documented.

- b) In recent years we have successfully completed two public-private partnership projects (PPP) in Georgia and Tanzania with the German Agency for International Co-operation (GIZ) in close co-operation with local stakeholders.

The PPP project that was already launched in Georgia in October 2009 aimed to restore and conserve the biodiversity in all Georgian quarrying sites, improve the acceptability of modern renaturation and recultivation methods, as well as promote knowledge transfer with different stakeholders. The project was successfully completed in December 2012.

In order to promote sustainable land use around the quarrying sites of Tanzania Portland Cement Company (TPCC), a subsidiary of HeidelbergCement, we initiated a PPP development partnership together with the Agency for International Co-operation (GIZ) in 2010. The main focus of the project is the setting up of a tree nursery in co-operation with external environmental organisations. This tree nursery creates jobs for the locals and provides plant material for the restoration of the closed quarry. Furthermore, the young woody plants should help to re-forest plundered woodlands in and around Dar es Salaam. A new city forest should create habitat for endangered animal and plant species, provide space for the population to relax, and supply firewood – however only to the extent that new wood can grow. It can therefore become a prime example for sustainable forestry.

In this Tanzanian project, we work closely together with the local provincial government and organise training on sustainable land use together with universities, schools, and NGOs. A network of national and international institutions, as well as other companies in the industry, supports the transfer of knowledge and promotes further projects in Tanzania. In addition, we have been working together on the implementation of the project with the internationally renowned Jane Goodall Institute since September 2011. Here, we co-operate at project level, but also achieve knowledge transfer, for example, through lectures as part of the Jane Goodall Foundation higher

education programme “Engage in Conservation”. In 2012, eight new youth groups of the “roots & shoots” programme of the Jane Goodall Institute were founded in the vicinity of the quarry and tree nursery. All groups visited our tree nursery, were taught about sustainable reforestation, and planted 1,350 trees in total in their home communities.

**Annex: Major projects in the reporting period
Quarry Life Award**

With the Quarry Life Award 2011, HeidelbergCement has established a competition on international level, with the aim of discovering new ideas for the promotion and protection of biodiversity at its quarry sites. For many years HeidelbergCement has been promoting the protection of biodiversity during and after the quarrying activities.

“Our company commits to promote the exceptional local flora and fauna in its more than 800 quarries and pits worldwide,” said Dr. Bernd Scheifele, CEO of HeidelbergCement. “We believe that research projects and ideas can raise the knowledge of the biological value of quarrying sites and thereby contribute to further protect and promote biodiversity. That’s why we launched the Quarry Life Award.”

The projects submitted by the participants had to focus on one of the following key topics:

- Discover biodiversity and thereby increase the knowledge about biodiversity in selected mining sites
- Combine and promote biodiversity and rehabilitation of mining sites through nature conservation, forestry, agriculture, recreation etc.
- Promote biodiversity through educational concepts
- Biodiversity management during extraction

After implementation of the projects on site during fall 2012, three winners per country and three global winners were awarded prizes by the national and international juries. On 13 December 2012, the international Quarry Life Awards were presented to the international recipients in Heidelberg. National awards of EUR 1,500, EUR 3,000 and EUR 5,000 as well as global awards of EUR 10,000, EUR 20,000 and EUR 30,000 will be granted to the winners every two years.

Winner of the International Quarry Life Award was the team from Czech Republic: Klára Rehounkova, Lenka Schmidtmayerova and Kamila Lencova of the University of South Bohemia in Budweis and Jirí Rehounek of the environmental organisation Calla. They mapped a variety of habitats at the CEP II gravel pit near the city of Trebon and recorded the species diversity of numerous groups of organisms. Their research showed that undisturbed, natural development of open areas on or around the shorelines permits a considerably greater abundance of species development than reforestation.

Moreover, the world-famous primate researcher, UN Messenger of Peace and environmental activist, Jane Goodall, Dame of the British Empire spoke about the current threats to the planet, but also about what she sees as reasons for hope.

Additional information: www.quarrylifeaward.com

HeidelbergCement's book series on biodiversity

In 2011, HeidelbergCement published a book about the extraordinary diversity of dragonflies at its quarrying sites. The dragonfly is a specialised species that feels at home in quarries. Its story marks the beginning of a book series about the life and diversity in the aggregate pits and quarries of HeidelbergCement. Through this, we want to foster mutual understanding for the respective interests of nature conservationists and landscape users, and also provide other companies with a set of guidelines to preserve biological diversity. This volume about the dragonfly species laid the corner stone for a book series that presents the uniquely characteristic habitats of our quarrying sites.

The second one is about orchids in quarries and aggregate pits and was published in 2012. Under the title, "Orchids in aggregate pits and quarries", the volume is dedicated to one of the most famous plant families and explains its biology in a simple way. Furthermore, the book offers – thanks to its unique pictures and drawings – insights into the various orchid habitats in quarries and aggregate pits.

In 2013 we intend to publish the third volume, which is devoted to the birds at our quarrying sites, together with our co-operation partner BirdLife International.

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