

Progress Report 2015/2016 of 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 60,000 people at more than 3,000 locations in around 60 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 6).

For many years, biodiversity management plans have been implemented in Germany 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 recognized high level of biodiversity. The current status of implementation can be read on page 5 in this progress report.

Since 2010, the company has introduced a guideline for the promotion of biodiversity in quarrying sites for its European locations. A similar document is also available since 2010 in the form of a handbook 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, HeidelbergCement initiated in 2011 the first international research and education competition in the field of biodiversity management – the Quarry Life Award.

With these and many other measures, the company is contributing worldwide to the preservation of biodiversity.

Link to the HeidelbergCement biodiversity guideline:

<http://www.heidelbergcement.com/en/biodiversity-management>

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. Results of this research project were published in a report in 2008. They remain an important basis for the activities of our company. However, the extensive recording of data ended in 2015. Since then, HeidelbergCement solely reports the indicators mentioned in paragraph 2 of this progress report.

<http://www.zement-verbindet->

[nachhaltig.de/images/studien/Nachhaltigkeitsindikatoren_Abschlussbericht_150dpi.pdf](http://www.zement-verbindet-nachhaltig.de/images/studien/Nachhaltigkeitsindikatoren_Abschlussbericht_150dpi.pdf)

As mentioned already in the last progress report, in 2012 a joint study together with BirdLife International examined the overlapping of 425 European HeidelbergCement quarrying sites with nature conservation areas of different rankings. The study was continued in Asia and Africa in 2014. 62 quarries were evaluated. The study allows detailed evidence about the possible effects on the biological diversity of a region. Based on the study, cultivation and development plans are being drawn up and implemented for more than 100 quarrying sites in particularly sensitive areas. The cultivation plans are attuned to the protection goals of the conservation areas. With the acquisition of Italcementi and to update our European sites (with the date now 5 years old), this study will be re-run during 2017.

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”. These indicators have been updated and simplified in 2015.

Indicator	Definition of biodiversity indicators
KPI 1	Proportion of quarries with restoration plans
KPI 2	Proportion of quarries in areas with a high level of biodiversity for which biodiversity management plans are being implemented

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

3) Establishment of a responsible position in the company to control all activities relating to biodiversity and report to management

A responsible position in the company to control all activities relating to biodiversity management has been established in 2008. Further details can be found in previous progress reports.

To assist the collection and dissemination of best practice and knowledge exchange across the Group, HeidelbergCement has set up a biodiversity expert group in 2009, consisting of environmental representatives from 12 countries and a number of the Group-area functions. The group regularly communicates regarding a range of issues related to biodiversity in our mining sites, including presentations of best practice projects from the countries.

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, initially in Europe, Africa, and Asia, by the year 2020 are as follows:

- a) All quarrying sites are to have after-use plans in accordance with our guideline.
- b) Develop biodiversity management plans for 50% of the quarrying sites worldwide in areas with a high biodiversity value.

Due to the integration of Italcementi, data for these two indicators was last recorded in 2015. In 2015, 85% of the cement-related quarries had restoration plans. The corresponding figure for aggregates quarries was 89%. By 2030 at the latest, we plan to increase this share to 100% in both areas.

In 2015, 74% of the quarries in areas with a high level of biodiversity were implementing biodiversity management plans at the cement business line, while the corresponding figure at the aggregates business line was 81%.

As a result, there are approximately 200 biodiversity management plans in place today. We are steadily extending biodiversity monitoring to more and more quarries and are also implementing corresponding management plans.

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 participation at conferences and other public events as well as the Quarry Life Award initiated by HeidelbergCement. Moreover, we publish relevant information about activities and achievements in press releases, on our corporate website, in the Annual Report, as well as in the Sustainability Report.

Link to the HeidelbergCement Sustainability Report:

<http://www.heidelbergcement.com/en/responsibility>

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

We regularly inform our business partners about our commitment to biodiversity. Suppliers, customers, investors as well as all other visitors to 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 as well as our book series about biodiversity in quarries.

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 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) Since 2011 HeidelbergCement has established a sound partnership with BirdLife International, the world's largest nature conservation organisation. The goal of the partnership, which has been extended until end of 2017, is to further improve the biodiversity management of HeidelbergCement sites. Details on the partnership can be found in the 2013/2014 progress report. For more information on joint projects, see the project map created in 2016:
<http://www.birdlife.org/europe-and-central-asia/project/project-map>
- b) HeidelbergCement has cooperated with the Society of Ecological Restoration over the past two years. In 2016, HeidelbergCement significantly contributed to the European conference in Freising, Germany, co-chairing a special session on mineral site restoration, exhibiting, and hosting a field trip to the quarry of Burglengenfeld.

Annex: Major projects in the reporting period

Quarry Life Award

With the Quarry Life Award, 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 the latest edition of the QLA, in 2016, the projects submitted by the participants had to focus on one of the following key topics:

- Habitat and species research
- Biodiversity management
- Education and raising awareness
- Beyond quarry borders
- Student project.

After the practical implementation phase of the projects, the three winners per country as well as the global winners were determined by the respective national jury and the international jury in autumn 2016.

On 8 December 2016, the winners of the international Quarry Life Award were honored in Brussels. The best project in each category received a prize of €10,000. The best global project was awarded the main prize of €30,000.

The Grand Prize was awarded to the Spanish team led by Dr Rocio de Torre Ceijas with the project “Linking quarries and surroundings by restoration ecology for semi-aquatic mammals”. The project investigated the ecological connectivity of waterbodies in gravel quarries, and how to enhance this connectivity to the quarry’s surroundings for a positive effect on biodiversity. The researchers used otters as a bio-indicator because of their habitat needs.

Additional information: www.quarrylifeaward.com

HeidelbergCement book series on biodiversity

In 2011, HeidelbergCement launched the first of what has become a six book series on the subject of biodiversity in its mining sites. Details on the four editions, published between 2011 and 2014, can be found in the 2013/2014 progress report.

With the fifth book, published in 2015, the book series broke with tradition and moved away from focusing on specific plant and animal groups to the restoration and conservation of high value habitats in quarries and gravel pits. The book offers a concise and easily comprehensible guide to managing habitats which as always is richly illustrated.

2016 saw a return of the book series to a more species focus and this time to butterflies and other insects. The book captures the wide variety in species and their behaviors and illustrates the importance of our sites in providing terrestrial and aquatic refuge.

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