

Progress Report 2017/2018 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. analyse 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 organizations 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 59,000 people at more than 3,000 locations in around 60 countries.

To ensure our operations work in harmony with nature, the management and enhancement of biodiversity is an essential element of our sustainability strategy. 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 wander biotopes, 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, and facilitate this through the Quarry Life Award (see page 7).

For many years, biodiversity management plans have been implemented in Germany and worldwide locations, and personnel have been trained accordingly. Biodiversity management plans help staff identify potential conflicts between extraction activities and nature, and provide practical actions to maximize biodiversity opportunities. 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 2030, HeidelbergCement wants to introduce such management plans at all its extraction sites worldwide that are located in or near areas with a recognized high level of biodiversity. The status of implementation can be read on page 5 in this progress report.

In 2010, the company introduced a guideline for the promotion of biodiversity in quarrying sites for its European locations. Subsequently during 2017, this has been updated and expanded to create a new internal Biodiversity Handbook, which has been tailored for each specific geographical region. The new Biodiversity handbook provides simple practical advice and tools for our site staff on habitat creation/management, species management, biodiversity management plans, invasive alien species and stakeholder engagement.

In 2011, the company entered into a partnership with 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

The importance of understanding the impact of our activities on the natural environment was the driver behind the new biodiversity goals within the Sustainability Commitments 2030, which were published in October 2017.

The first goal, 'We aim to include biodiversity enhancement recommendations in any new after-use plan', recognises the importance of biodiversity in any setting, whether that is in a rural or urban setting, and the positive impact that quarry reclamation can make through any after-use scheme.

The second goal further develops the 2020 Sustainability Ambitions and increases the percentage of sites (both cement and aggregate) near high biodiversity area requiring biodiversity management plans from 50% to 100%. To support the company in achieving this goal, in 2017 a joint study together with BirdLife International examined the geographical proximity of 1144 HeidelbergCement quarrying sites to protected areas (for example Ramsar, IUCN Category 1-4, Natura 2000, Key Biodiversity Areas). This study has identified which of our extraction sites are most sensitive in terms of biodiversity impact, and therefore require biodiversity management plans to manage any potential risk, and capitalise on opportunities.

The third goal builds on the above, and focuses on determining the positive value that our rehabilitation efforts are having on nature through the implementation of a net impact assessment at specific sites.

Lastly, utilizing the scientific studies undertaken as part of the Quarry Life Award we have collated the species data recorded during the 2018 QLA Edition to gain a Global understanding of the rich biodiversity that our quarries are supporting.

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

HeidelbergCement's environmental management system includes indicators to establish the actual status and measurement of progress in the field of biodiversity protection, with particular focus on the 2030 Sustainability Commitments. For details about the goals, see section 1 above.

Within the biodiversity component of the environmental management system a number of tools were produced in 2017/2018 to support Heidelberg Cement's operations staff in their management of biodiversity. To provide regionally tailored advice on a range of biodiversity related topics an updated Biodiversity Handbook was produced during this reporting period (see page 2). Recognising the significant impact of invasive alien species (IAS) on native flora and fauna, HeidelbergCement further supplemented its existing advice on IAS and published a management pocket guide and accompanying awareness raising poster in 2018.

Regularly, we subscribe to IBAT (Integrated Biodiversity Assessment Tool) to assist in the proximity study analysis. During 2017, we renewed our subscription, which enabled all HeidelbergCement employees to access up-to-date spatial data on protected areas and protected species range data, the results of which could be integrated with the environmental management systems.

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. In addition, given the importance of this matter, a second responsible position was established in 2015. 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 13 countries and a number of the Group-area functions. The group regularly communicates regarding a range of issues

related to biodiversity in our extraction 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 as defined in the HeidelbergCement Sustainability Commitments 2030 are as follows:

- a) We aim to include biodiversity enhancement recommendations in any new after-use plan
- b) We want to implement a biodiversity management plan at extraction sites within or in direct connection to nature conservation areas
- c) In case of nature-orientated after-use plans, we aim to achieve a positive impact on the biodiversity value at our extraction sites.

Due to the recent publication of the Sustainability Commitment 2030, data gathering on goals a) and c) are in the early stages and will not be reported in this progress report.

With regard to goal b), in 2017 43% of cement quarries and 38% of aggregate quarries in areas with a high level of biodiversity were implementing biodiversity management.

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, publications, social media and other public events as well as the Quarry Life Award initiated by HeidelbergCement. For example, in 2018 we created a short [film](#) about the commitment of HeidelbergCement to biodiversity and the role quarries can play in supporting nature. 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 biodiversity protection, both at a local site level, but also at an international scale.

- 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 2020, is to further improve the biodiversity management of HeidelbergCement sites. To celebrate 6 years of partnership, in 2017 we co-published a [brochure](#): Connecting quarries, nature and people: Six years of partnership. During 2017/2018 local partnership projects were undertaken in nine countries ranging from educational to bird protection to habitat creation and management. 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) In addition to our partnership with BirdLife International and its local partners, many country organisations also pursue local partnerships with other NGOs or academic institutes. Most notably in France with UICN (celebrated 10 years in 2017), in Spain with Fundacion Tormes and in Western Australia with Kings Park and Botanical Gardens.

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 2018, the award was expanded at the national level into two distinct categories: research and community. Incorporating the latter category allowed a greater outreach to NGOs and community groups and saw an increased engagement of the general public, particularly school children, entering our quarries. At the international level of the award, the projects submitted by the participants were evaluated in the following categories:

- Habitat and species research
- Biodiversity management
- Beyond quarry borders
- Biodiversity and education
- Connecting quarries and communities
- Student project.

After the practical implementation phase of the projects, the four winners per country as well as the global winners were determined by the respective national jury and the international jury in autumn 2018.

On 5 December 2018, 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 a Czech team from Masaryk University in Brno with the project: 'Seasonal activity of honey bee colonised in relation to the biodiversity of quarries'. The project provided valuable scientific evidence about the importance of quarries (active and reclaimed) as a lifeline for declining populations of bees – a finding that will help HeidelbergCement to play its part in the protection of pollinators.

Additional information: www.quarrylifeaward.com

Invasive Alien Species Strategy

To support national and international targets on invasive alien species (IAS) and to assist our site staff in understanding and complying with new EU legislation, HeidelbergCement has been working over the 2017/2018 on a IAS strategy. The engagement saw innovative beginnings in Israel, where with the support of the local BirdLife partner a code of conduct was developed for the management of IAS in quarries. Subsequently this has been so well received by stakeholders, the Government published new regulations in 2018 based on the code of conduct, making it mandatory for quarries to treat invasive species. Widening out, we commissioned the University of Liège to undertake a vigorous literature review with regards to IAS in quarries, and simultaneously to undertake field research across four European countries to understand the scale of impact of invasive alien species in our extraction sites. Based on the findings, in 2018 we released an awareness raising poster to be used across our European sites, and an accompanying pocket guide with information on identification and management options for invasive alien species.

Biodiversity Handbook

A new Biodiversity Handbook was published internally in 2017/2018, which provides an update to the 2010 HeidelbergCement biodiversity guidelines. The book delivers hands-on advice for the creation and management of a variety of habitats and biodiversity features to enable and empower employees across the company to maximise biodiversity at all of our sites. For this, the Handbook focuses on consistent standards on biodiversity management, to incorporate new creation techniques, to account for a wider geographic spread, and to make them more concise and user-friendly for a wider internal audience.

The Biodiversity Handbook covers:

- the process of habitat creation (both during and post-extraction) such as grasslands, lakes and ponds, rocky and sandy areas, wetlands, forests/woodlands, as well as artificial and cultivated lands.
- the management of habitats, as well as the methods for the conservation of native species. Such topics are explained through 'Advisory sheets', with a simple to follow step-by-step processes detailed.

- the prevention and the control of Invasive Alien Species (IAS), which represent one of the major causes of biodiversity loss worldwide.
- the principles, stages of development, structure and implementation of BMPs to contribute to meet the company's Sustainability Commitments 2030.
- the importance of stakeholder engagement

Research outputs collated through the past three editions of the Quarry Life Award have been instrumental in the development of the content, providing up-to-date scientific knowledge. Furthermore, the Handbook introduces the benefits of undertaking biodiversity projects in collaboration with international conservation organisations, for example through the company's ongoing partnership with BirdLife International.

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