Progress Report 2013/2014 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 instutitions with the aim of deepening dialogue and continuously improving the corporate biodiveristy 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 45,000 people at 2,300 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 recognized high level of biodiversity. The current status of implementation can be read on page 4 in this progress report.

Since 2009, the company has introduced a mandatory guideline for the promotion of biodiversity in quarrying sites for its European locations. A similar document is 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, 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:
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. 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. Until 2014, indicators were collected in 15 cement quarries in Europe (compared to 11 sites until 2012). 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 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 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 paragraph 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:

All quarrying sites are to have after-use plans in accordance with our guideline.
Status 2014: The share of quarrying sites with after-use plans has reached 83% in the cement business line. For the aggregates business line, the share is 89%.

Develop biodiversity management plans for 50% of the quarrying sites worldwide in areas with a high biodiversity value.
Status 2014: Biodiversity management plans have been implemented at 79% of these quarries in the cement business line. For the aggregates business line, the share is 80%.

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. The next Sustainability Report will be published in July 2015.

Link to the HeidelbergCement Sustainability Report:
http://www.heidelbergcement.com/en/responsibility

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 (for details see progress report 2011/2012).
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 as well as our book series about biodiversity in quarries (see page 9).

There is also a new corporate website dedicated to biodiversity in quarries which informs business partners and other stakeholders about current projects. However, this platform is available in German language only.
http://www.heidelbergcement.de/de/artenvielfalt

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. The goal of the partnership, which has been extended until 2017, will be to further improve the biodiversity management of HeidelbergCement.

   In the first two years, a biodiversity strategy for the partnership was jointly developed, as well as biodiversity projects in various European countries. Local management, in particular, was involved, alongside the national partners of BirdLife International. As of 2013, the first pilot projects in Europe were implemented: Together with the national partners of BirdLife International, HeidelbergCement has since then implemented 15 projects amounting to an

investment of 423,000 Euro.

Here you will find details about two of the projects implemented in Germany together with NABU (in German language only):
http://www.heidelbergcement.de/de/artenvielfalt/partnerschaften

Until the end of 2017, new partnerships with local partners of BirdLife International in Asia and Africa are planned to be established, starting with pilot projects in Ghana and Indonesia. Another focus is on the integration of other environmental topics, such as climate protection, into the cooperation.

b) In 2013, the public-private partnership project (PPP) in Tanzania was implemented in close cooperation with local stakeholder groups successfully completed in December 2013. However, the tree nursery and corresponding programmes are now implemented individually by the company. Until the end of 2014, more than 130,000 plants have grown in the tree nursery. A large part has already been used for reforestation. HeidelbergCement is also setting up tree nurseries in Togo, Kongo and Ghana.

The PPP project in Tansania in detail (2010-2013)
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”. Until 2014, 22 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.

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

Second edition of the Quarry Life Award took place in 2014

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 2014.
On 9 December 2014, the winners of the international Quarry Life Award were honored in Prague. 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 winner of the Grand Prize was the herpetological society NATRIX from Poland led by Edyta Turniak with the project "A comprehensive inventory of herpetofauna in the limestone quarry Górażdże". The researchers made an extensive inventory of reptiles and amphibians in the limestone quarry Górażdże. They found out that the high biodiversity in the quarry is essentially due to the presence of many amphibian and reptile species. Thereupon they developed a list of recommendations for the restoration of the site.

Additional information: www.quarrylifeaward.com

HeidelbergCement book series on biodiversity

In 2011, HeidelbergCement launched a series of books on the subject of biodiversity and published the first book in the series about the extraordinary diversity of dragonflies in mining 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.
The second volume is about orchids in quarries and aggregate pits and was published in 2012. Under the title, “Orchids in aggregate pits and quarries”, it is dedicated to one of the most famous plant families and explains its biology in a simple way.

The third book called "Birds in gravel pits and quarries" was published in 2013 in cooperation with our partner BirdLife International. Birds belong to one of the largest groups of vertebrates on earth. They occur in a wide variety of habitats with more than 10,300 species. The new book examines the evolution of this group of animals, their

characteristics and unique features. It also illustrates, in detail and with numerous pictures, why mining sites with their gravel surfaces, steep slopes and water bodies provide valuable habitats, and how HeidelbergCement promotes these.

2014 was followed by the fourth book in the series - on amphibians and reptiles in mining sites. The amphibians, like frogs or toads, look for their habitat both on land and in water. The reptiles, such as snakes and lizards are, on the other hand, adapted to dry habitats.

Both, amphibians and reptiles, are fascinating creatures that urgently deserve long-term survival in our modern cultural landscape. Their amazing adaptability, their complex behaviors and worldwide dissemination are an evolutionary success story. However, they are dependent on a number of different sub-habitats that exist increasingly rare today. Their occurrence in the quarries of HeidelbergCement shows that the entrepreneurial measures for the conservation of different habitats and protection of biodiversity are successful.

Contacts:

Dr. Michael Rademacher
Global Environmental Sustainability
HeidelbergCement AG
Chaussée de la Hulpe 185
1170 Brussels – Belgium
Tel +32 (0)2 678 33 72
michael.rademacher@heidelbergcement.com

Stefanie Kaufmann
Group Communication & Investor Relations
HeidelbergCement AG
Berliner Straße 6
69120 Heidelberg - Germany
Tel +49 (0)6221 481 39739
stefanie.kaufmann@heidelbergcement.com