

Foundations

Sustainability Report 2011/2012



HEIDELBERGCEMENT

01	The company
02	Challenges and strategy
03	Management
04	Environment
05	Employees
06	Society
07	Targets and key figures

Since June 2012, our Gerhausen quarry near Blau-beuren, Germany, which covers an area of 75 hectares, has been the home of wild Taurus cattle and Konik horses. Because they graze all year round under natural conditions, the quarry is making a major contribution to nature conservation. This exemplary project is part of our cooperation with the BirdLife International nature conservation organisation.

More information about the project and our project partners is available here:

<http://www.heidelbergcement.com/sr2012/taurus>





Once again this year, we are making our Sustainability Report available in a print version and on our corporate website. The online version includes supplementary detailed information. In addition, you can download the report in PDF format from our website.

<http://www.heidelbergcement.com/sr2012>

A networked report

We want to make it as simple as possible for you, the reader, to find your way around this report. We have therefore developed a special set of symbols for different kinds of references. This will enable you to know at a glance where you can obtain further information:

 Additional information is available online. Simply enter the corresponding link.

 You can find further information about this topic on the specified page of this report or in our current Annual Report ("AR 2012").

GRI Index online

In order to give the GRI Index sufficient space for a complete and easily comprehensible representation, we have decided to provide the Index on the Internet. You can browse it or download it at

<http://www.heidelbergcement.com/sr2012/GRI>

01	The company	06 Organisational structure and business activities 08 Business development
02	Challenges and strategy	10 Challenges 11 Principles and guidelines 11 Partnerships and stakeholder dialogue 14 Sustainability strategy and activities
03	Management	16 Responsible corporate governance 18 Sustainability management
04	Environment	22 Energy and climate protection 23 Raw materials and fuels 24 Land use and biodiversity 24 Local environmental impact 28 Sustainable construction
05	Employees	30 Employees and employment 31 Remuneration policy and work time regulation 31 Occupational health and safety 34 Human resources development 36 Work-life balance
06	Society	38 Regional responsibility 39 Local conflicts of interest 39 Cooperation 40 Corporate citizenship
07	Targets and key figures	42 Targets and achievements 44 Key figures
	Headings	04 Preface 49 About this report 50 GRI statement 51 Imprint

Preface

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures



Dr Bernd Scheifele
Chairman of the Managing Board



Fritz-Jürgen Heckmann
Chairman of the Supervisory Board

Dear readers,

"Everyone — from Managing Board members to executives and employees — must contribute to a safe working environment. Everyone needs to assume responsibility and leadership in order to promote their own safety and the safety of their colleagues. There is simply no alternative when it comes to improving occupational safety throughout the Group."

Dr Bernd Scheifele
Chairman of the
Managing Board

HeidelbergCement enjoyed a successful business year in 2011 in an overall environment marked by extreme political and economic volatility. Despite the crises associated with the euro, financial markets and government budgets, HeidelbergCement was able to continue its positive development in 2012. We have succeeded in continually increasing our Group turnover and operating income over the past two years. This is a development we can be proud of, especially when we look at the results achieved by our competitors. It is also a confirmation of the viability of a business model that is geared toward stability and sustainability. In addition, our success testifies to the high level of expertise of our executive management team and the dedication and effort of each and every one of our employees.

HeidelbergCement is one of the oldest companies listed on the DAX, Germany's leading stock index. This year we are celebrating our 140th anniversary — yet another milestone that underscores the solidity of our business model. One of our core areas of expertise involves the safeguarding of raw material reserves for many years to come. For example, the average duration of the reserves in deposits managed by our cement business line is approximately

90 years, and the figure for aggregates is around 60 years. Both of these are top figures in our industry. They also illustrate how important long-term investment and sustainable business operations are for the success of our company.

Our innovation capability is helping us to safeguard our outstanding market position. So too is our systematic refinement of our production processes and products in line with sustainability principles. Innovation and the use of alternative raw materials and fuels are helping us to lower emissions and conserve the natural resources we need. HeidelbergCement continues to promote biodiversity at its quarries through the targeted application of biodiversity management plans and cooperation with nature conservation associations.

Occupational health and safety is a key element of our sustainability strategy — and not just when it comes to our employees. The health and safety of workers in external firms as well as third parties is also a high priority. We therefore continue to work hard to make everyone more aware of accident-related risks. In this context, one of our goals is to ensure that managers increasingly serve as role

"The further development of our compliance programme, which focuses on battling corruption, is an important step forward for sustainability management at HeidelbergCement. This development will enable us to identify and minimise the risk of corruption and potential conflicts of interest at an earlier stage than before."

Fritz-Jürgen Heckmann

Chairman of the
Supervisory Board

models. Sustainability is, after all, not only a management issue but also an indispensable component of our corporate strategy. Success in this area requires a responsible approach when we address the needs and interests of our employees, customers and business partners. The same applies in relation to possible conflicts of interests at our business locations. In other words, in line with our corporate philosophy, "Think globally — act locally", our local managers play a key role. In addition to minimising the effects of our company's business operations on the local environment and society, they need to apply our core expertise in ways that benefit society and generate business opportunities for our Group.

We have made good progress with our sustainability initiatives in the past two years — for example, toward our key goals of reducing CO₂ emissions and increasing the use of alternative fuels. Ensuring biodiversity at our quarries is also a key objective of our operating business. In 2011 we began to work with the nature conservation organisation BirdLife International. In cooperation with this strong partner, we will strive to expand our well-known efforts to promote biodiversity. We have also launched the Quarry Life Award competition, the first international competition designed to generate new ideas for preserving and promoting biodiversity in quarries. Because this competition increases long-term awareness of the biological value of quarries, we plan to organise it every other year in the future.

Through the introduction of numerous measures, we have further reduced the frequency of accidents at all of our operating lines in the past two years. However, the decrease has been much lower than we had hoped for. Unfortunately, we failed to reach our self-imposed goal of halving the frequency of accidents. Instead, the frequency has dropped by only 29% since the reference year 2008. We also failed to achieve our second goal: to prevent fatalities. The past two years saw fatalities among employees from our company and external firms as well as third parties. Although the numbers are declining, we cannot be satisfied with these results. Occupational safety will therefore remain a core issue at our company in the future.

Diversity is one of the fundamental principles that guide our human resources policy. We know that in

order to accurately reflect the international nature of our business, our customers and the societies we operate in, our workforce must consist of people from various cultures with a broad range of skills and experiences. The Diversity Charter, which we signed in March 2013, underscores this philosophy. When we put together teams of employees, we make sure they consist of a balanced mixture of people with different personalities, skills and experiences. That's another reason why we aim to increase the percentage of women in managerial positions at the Group. By 2020, this percentage should correspond to the percentage of women in our overall workforce. Our Supervisory Board has also updated its guidelines for the implementation of the diversity principles. As a result, it will ensure that the make-up of the Managing Board and the Supervisory Board complies with the stipulations of the Corporate Governance Code. This means, for example, that the new Supervisory Board should contain at least two female members following the Annual General Meeting in 2014.

We have begun to add new elements to our compliance programme in response to the UK Bribery Act. For example, we have teamed up with external experts to develop a concept that not only assesses corruption risks and possible conflicts of interest but also promotes measures for reducing both. The aim is to prevent instances of corruption to the greatest extent possible. We began to gradually implement this concept throughout the Group in 2012.

This Sustainability Report is the fifth in the history of our Group. It provides a binding description of our current sustainability performance and activities, as well as our long-term goals. What's more, it does so in a transparent manner that can be easily understood by our stakeholders. Please feel free to share with us any questions, criticisms or suggestions you may have. After all, an ongoing dialogue with you will help us to achieve even greater sustainability in everything we do.

Bernd Scheifele *Fritz-Jürgen Heckmann*

Dr Bernd Scheifele
Chairman of the
Managing Board

Fritz-Jürgen Heckmann
Chairman of the
Supervisory Board

01

The company

- 02 Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

HeidelbergCement is one of the world's largest manufacturers of building materials. We are currently active in more than 40 countries. Cement and aggregates form the basis of our dual strategy regarding raw materials and growth.



The company

Organisational structure and business activities

HeidelbergCement is one of the world's largest manufacturers of building materials. Our core business encompasses the production and sale of cement and aggregates, the two essential raw materials for concrete production. We supplement our product range with downstream activities such as the production of ready-mixed concrete, concrete products and concrete elements, as well as other related products and services.

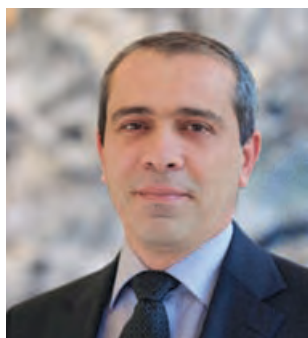
Cement and aggregates also form the basis of our dual strategy regarding raw materials and growth. Our cement production activities focus on growth markets. The higher a country's level of industrialisation, the more we focus on ensuring that aggregates have a secure raw materials base. In mature markets, we concentrate on increasing vertical integration through investments in ready-mixed concrete. This growth is organic and is achieved through partnerships and acquisitions.

HeidelbergCement employs an integrated management approach whose success is based on a

balance between local business responsibility, Group-wide standards and global leadership. In order to ensure a high level of transparency and efficiency, HeidelbergCement standardises and monitors all of its key management processes at the Group level. These processes include sustainability management. The implementation of these measures is carried out at the national level by local managers.

Ownership structure

Our shareholder structure has continued to stabilise ever since we reorganised our financing structure in business year 2009. This reorganisation resulted in HeidelbergCement being listed on the German DAX index beginning in June 2010. In business years 2011 and 2012, we further increased the share of our institutional investors from North America, whereas the percentage of our German and British investors remained relatively constant. By contrast, the proportion of hedge funds and investors based in other regions has decreased slightly over the past two years. The share of free-floating stock remained unchanged at 74.89% in business years 2011 and 2012. The main shareholder of HeidelbergCement AG is Ludwig Merkle, who owns 25.11% of the company.



"In 2012, our shareholder structure showed further stabilisation as a result of moving from short-term-oriented hedge funds to longer-term-oriented value and growth investors. Our sustainability performance continues to be one of the important topics which attract the attention of long-term ESG (environmental, social and governance)-oriented funds."

Ozan Kacar

Head of Investor Relations,
HeidelbergCement Group

HeidelbergCement organisational structure of Group areas and business lines

Western and Northern Europe	Eastern Europe-Central Asia	North America	Asia-Pacific	Africa-Mediterranean Basin	Group Services
<ul style="list-style-type: none"> - Belgium - Denmark - Estonia - Germany¹⁾ - Latvia - Lithuania - Netherlands - Norway - Sweden - Switzerland - United Kingdom 	<ul style="list-style-type: none"> - Bosnia and Herzegovina - Croatia - Czech Republic - Georgia - Hungary - Kazakhstan - Poland - Romania - Russia - Slovak Republic - Ukraine 	<ul style="list-style-type: none"> - USA - Canada 	<ul style="list-style-type: none"> - Bangladesh - Brunei - China - India - Indonesia - Malaysia - Singapore - Australia 	<ul style="list-style-type: none"> - Benin - Burkina Faso - DR Congo - Gabon - Ghana - Liberia - Sierra Leone - Tanzania - Togo - Israel - Spain - Turkey 	
<ul style="list-style-type: none"> - Cement - Aggregates - Building products - Concrete-service-other 	<ul style="list-style-type: none"> - Cement - Aggregates - Concrete-service-other 	<ul style="list-style-type: none"> - Cement - Aggregates - Building products - Concrete-service-other 	<ul style="list-style-type: none"> - Cement - Aggregates - Building products - Concrete-service-other 	<ul style="list-style-type: none"> - Cement - Aggregates - Concrete-service-other 	

¹⁾As a mature market, Germany is reported on in the Western and Northern Europe category. However, for business reasons, the same Managing Board member is responsible for Germany as for Eastern Europe-Central Asia.

Group areas

Since business year 2010, our company has been divided into five geographic Group areas:

- HeidelbergCement operates in eleven countries in the Group area **Western and Northern Europe**. As a fully integrated building materials company, we manufacture cement, aggregates, asphalt, ready-mixed concrete and various building products in these mature markets. We also have an extensive network of aggregate quarries and production facilities for ready-mixed concrete. The UK is our biggest market in Western and Northern Europe. This Group area accounted for 34% of our total Group turnover in business year 2011 and 31% in business year 2012.
- We operate in eleven countries in the Group area **Eastern Europe-Central Asia**. Our company is the market leader in the cement business of most of these growth markets. The production of aggregates and ready-mixed concrete is also becoming more and more important. Poland is our biggest market in Eastern Europe-Central Asia in terms of turnover. We are involved in the country's cement, aggregates and ready-mixed concrete sectors. The Group area Eastern Europe-Central Asia accounted for 11% of our total Group turnover in business year 2011 and also in business year 2012.
- The United States and Canada together form the **North America** Group area, which is our biggest market in the world. We are one of the region's leading manufacturers of cement, aggregates, ready-mixed concrete, asphalt and building products. The area accounted for 24% of our total Group turnover in business year 2011 and for 25% in business year 2012.
- The **Asia-Pacific** Group area encompasses seven Asian countries and Australia. Our focus in most Asian growth markets is on cement production. We are greatly expanding our cement production capacity in India and Indonesia in particular. HeidelbergCement has a strong market position for aggregates and ready-mixed concrete in Malaysia, Hong Kong and Indonesia. We also have a strong market position in these segments in Australia, where we have an extensive network of production facilities. We also own a share of Australia's largest cement company. The Group

01

The company

- 02 Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

PRACTICAL EXAMPLE

Investment project in Togo to create around 1,300 new jobs

In 2015 HeidelbergCement plans to put a clinker plant into operation in Togo. The new plant will have an annual capacity of 1.5 million tonnes. In addition, the company will set up a cement grinding facility with a capacity of 200,000 tonnes. These investments in the West African country are part of our strategy for the targeted expansion of clinker and cement capacities in growth markets. In addition to Asia and Eastern Europe, these growth markets are located specifically in sub-Saharan Africa.

The new clinker plant will have great strategic importance for Togo and the surrounding region because it will be supplied with limestone from the country's own deposits. Because West Africa has relatively few limestone deposits, the clinker that is needed to make cement generally has to be imported at great cost. However, Togo will also benefit in other ways from the construction project, which will spur the development of the local infrastructure and the housing construction industry. It will also create around 1,300 new jobs, more than 200 of which will be established at the two facilities.

Our company is implementing the investment project in cooperation with the International Finance Corporation (IFC) of the World Bank Group, as well as with their financial partners.

area accounted for 23% of our total Group turnover in business year 2011 and 25% in business year 2012.

- Through its **Africa-Mediterranean Basin** Group area, HeidelbergCement is represented in nine sub-Saharan countries, in which it exclusively produces cement. Our Mediterranean facilities are located in Spain, Israel and Turkey. In Spain and Israel, HeidelbergCement mainly manufactures aggregates and ready-mixed concrete. In Turkey,

our joint venture company Akçansa is one of the country's leading cement manufacturers as well as being involved in the aggregates and ready-mixed concrete business. The Group area Africa-Mediterranean Basin accounted for 8% of our total Group turnover in business year 2011 and also in business year 2012.

- Our sixth Group area, **Group Services**, encompasses our global trading activities for building materials and fuels. This business is managed by our subsidiary HC Trading, which is one of the world's leading international trading firms for cement and clinker. The subsidiary has locations in Malta, Singapore, Shanghai and Dubai. Revenue increased from EUR 652 million in 2011 to EUR 828 million in 2012.

Business lines and product groups

As part of the reorganisation of our company structure, we divided each of our Group areas into four business lines that correspond to our product groups (cement, aggregates, building products and concrete-service-other). However, building products play only a minor role in the Asia-Pacific Group area and are not represented at all in the Group areas Eastern Europe-Central Asia and Africa-Mediterranean Basin.

The cement business line is responsible for the production and sale of cement, which is used as a binder in the production of concrete and mortar. The aggregates business line handles the quarrying, refinement and sale of aggregates. Aggregates can be divided into two categories: crushed stone and grit on the one hand, and sand and gravel on the other. The building products include bricks and light blocks for use in residential construction. This business line also manufactures concrete pipes, precast concrete parts and concrete pavement tiles. Our concrete-service-other business line largely consists of the ready-mixed concrete and asphalt business.

Business development

Although economic growth continued to slow worldwide, our Group turnover and earnings rose in business years 2011 and 2012 due to price increases, more favourable margins and our strong

Group:

Turnover in 2012:

EURm
14,020

Operating income in
2012:

EURm
1,613

KEY FIGURES

Group turnover and operating income

	2010	2011	2012	
Group turnover	11,762	12,902	14,020	million EUR
Operating income	1,430	1,474	1,613	million EUR

Group sales

	2006	2007	2008	2009	2010	2011	2012	
Cement and clinker	79.7	87.9	89.0	79.3	78.4	87.8	89.0	million t
Aggregates	85.8	179.6	299.5	239.5	239.7	254.1	243.0	million t
Asphalt		4.8	12.1	10.0	9.1	9.5	8.6	million t
Ready-mixed concrete	24.9	32.7	44.4	35.0	35.0	39.1	39.1	million cbm

Shareholder structure

Ludwig Merckle, Ulm, Germany (4 November 2010)	25.11	%
– of which companies controlled by Merckle, each of which directly or indirectly controls at least 3% of the voting rights (21 January 2011)	25.01	%
Free-floating	74.89	%
of which:		
– Arnhold and S. Bleichroeder Holdings, Inc., New York, USA (through First Eagle Investment Management, LLC, New York, USA) ¹⁾ (23 June 2011)	5.12	%
– BlackRock, Inc., New York, USA ¹⁾ (14 September 2012)	4.998	%
– Artisan Partners Limited Partnership, Milwaukee, USA ¹⁾ (24 October 2012)	3.01	%

¹⁾ Attribution in accordance with § 22, section 1, sentence 1, no. 6 of the German Securities Trading Law (WpHG)
In parentheses: Date on which the value exceeded or fell below the reportable limit

position in the growth markets of Africa and Asia. As a result, Group turnover increased by 9.7% to EUR 12,902 million in business year 2011, and by 8.7% to EUR 14,020 million in business year 2012. The Group's earnings situation also improved steadily in the course of the past two years. Among the factors that contributed to this growth were the successful Group-wide initiatives for cutting costs and boosting efficiency, as well as price increases and higher cement sales in the North America, Asia-Pacific and Africa-Mediterranean Basin

Group areas. These factors more than offset the weak demand in Europe. As a result, our operating income rose by 3.0% to EUR 1,474 million in business year 2011 and by 9.5% to EUR 1,613 million in business year 2012.

02

- 01 The company
- Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

Securing raw materials, conserving resources, maintaining respectful relationships with employees and stakeholders, and pursuing ambitious goals with regard to occupational safety — all of these activities have been contributing to the market success of HeidelbergCement since 1873.



Challenges and strategy

Challenges

HeidelbergCement is one of the world's leading manufacturers of building materials. As a consequence, it faces a broad range of challenges related to sustainability.

Occupational safety

HeidelbergCement is a manufacturing group; consequently, occupational health and safety is a top priority in our organisation. We employ targeted measures to improve our technical and organisational safety standards, and we also work to raise our employees' awareness of the importance of safe working procedures. This applies not only to our own workforce but also to employees of external firms and third parties.

Securing raw materials, conserving natural resources

Our business operations depend on our long-term local access to mineral-based raw materials. These resources are finite, and their exploitation often leads to local conflicts of interest. As a result, we regard the sustainable securing of raw materials and the conservation of resources as a central strategic task for our Group. We therefore place great value

on long-term planning, the careful quarrying and subsequent utilisation of former extraction sites and the use of alternative raw materials.

Water protection and the use of effective water management systems are also becoming increasingly important in view of the finite nature of water as a resource and its scarcity in many regions around the globe. Although the cement industry does have a relatively small overall water footprint as compared to other industrial sectors, the scarcity of freshwater at some of our locations nevertheless presents a challenge to our Group. That's why we rely on local water management initiatives in particular at such locations.

Nature conservation and species protection

Our raw material extraction operations temporarily disrupt the surrounding water deposits, soil, plants and wildlife. Although we cannot do much to change this in the short term, we can offset the effects of our activities over the medium and long terms. Here, we make sure that the subsequent use of our quarries is of high quality, is in line with nature conservation principles and is carried out in close consultation with local stakeholders.

Important HeidelbergCement guidelines

Leadership Principles

The basis of a standardised management culture

Code of Business Conduct

Binding rules of conduct for all employees

Corporate Occupational Health and Safety Policy

Guidelines for reducing the risk of employee accidents, injuries and occupational illnesses

Sustainability Ambitions 2020

Measures and goals for the six most important areas of our sustainability strategy

Corporate Citizenship Guideline

Binding aspects of our commitment to society

Procurement Guidelines; Supplier Code of Conduct

Binding sustainability guidelines for purchasing and supplier management

Energy efficiency and climate protection

The high energy requirements for cement production make the enhancement of energy efficiency vitally important from the perspectives of economics and environmental protection. Moreover, cement production processes by their very nature lead to high levels of CO₂ emissions. We have continually reduced these emissions over the past few years, and we will continue to implement the associated measures in the future as well. We also support international CO₂ reduction targets and initiatives and policies designed to slow global warming — provided that such initiatives and policies ensure the same competitive conditions for building materials manufacturers and do not result in a mere shifting of CO₂ emission sources.

Principles and guidelines

One of the key principles guiding our daily work is the idea that "all business is local business". It's not just that the success of our business operations is largely determined by the development of local markets. Also of major importance is the fact that we can only gain social acceptance for our business activities if we work to ensure the continued well-being of the people and the environment in the communities where we operate.

Excerpt from our Leadership Principles

Sustainable development

We ensure a safe and healthy working environment for our employees and seek to make continual improvements to our environmental protection performance. For us, sustainability also means taking on social responsibility at all of our locations worldwide.

Trust and fairness

Cordial relations and cooperation ensure that our employees will generate added value for the Group and its business partners over the long term. This cooperation is marked by integrity, respect and trust in personal relationships, openness and fairness.

A performance-oriented and results-driven approach

In our corporate governance, absolute priority is given to across-the-board efficiency, a pronounced focus on customers, sustainable profitability, earnings-oriented growth, and a performance-oriented and results-driven corporate culture.

Openness and transparency

Successful, active and responsible cooperation requires timely and comprehensive communication and information.

High standards and support

The commitment and responsibility of each and every employee is crucial to the long-term success of the Group. That's why we rely on dedicated and well-qualified employees, whose ability to effectively carry out their work is supported by our provision of career development opportunities.

One of our main principles therefore involves being a good neighbour, which for us means maintaining a dialogue with local stakeholders and obeying the local laws and regulations wherever we do business. Our employees and managers are also required to act in line with the specific principles and regulations contained in and communicated through our Group Guidelines. The HeidelbergCement Leadership Principles are the foundation of our management culture. Finally, as a company that operates all over the world, we are also obligated to adhere to global values and standards.

 **Responsible corporate governance: pp. 16 f.**

Partnerships and stakeholder dialogue

We know that we can only be successful as a company if we maintain cordial and cooperative relationships with the various stakeholders in society who are affected by our business operations on the

02

- 01 The company
- Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures



"Over the past few years HeidelbergCement has substantially reorganised and reinforced its research efforts. This puts it in a good position to meet the challenges of improving the sustainability of cement-based materials. Progress now depends on better understanding the physical-chemical mechanisms governing performance in the field. Here the alliance of HeidelbergCement with the Nanocem consortium amplifies its research capacity."

Professor Karen Scrivener
École Polytechnique Fédérale de Lausanne, Laboratory of Construction Materials, Switzerland

PRACTICAL EXAMPLE

New type of clinker significantly reduces CO₂ emissions

Cement clinker production is very energy-intensive — around 0.8 tonnes of CO₂ on average are released per tonne of clinker manufactured. We are therefore making a huge effort to improve the CO₂ balance sheet of our production operations. For example, technical process measures and the use of alternative fuels have enabled us to reduce specific CO₂ emissions to 0.608 tonnes per tonne of cement produced. However, the possibilities for further reductions in this area have now been fully exhausted at many of our plants. CO₂ emissions can also be lowered with the help of additives, such as blast furnace slag or fly ash, which can at least partially be used as substitutes for Portland cement clinker. However, they can only be employed to a certain extent because their supply is limited.

The HeidelbergCement Technology Center (HTC) is developing new and innovative techniques for reducing CO₂ emissions. Only for a few years, our researchers at HTC have been working to develop alternative binders that work more or less without conventional clinker. One of the most promising concepts here is Belite Calciumsulfoaluminate Ternesite (BCT). As is the case with conventional binders, the performance capability of this material depends on the clinker phases — i.e. the

chemical compounds that form when the raw material mix is heated. Until recently, the ternesite clinker phase was considered to be non-reactive, at least not with pure water. However, it has been discovered that if aluminium is present, as it is in the BCT system, an immediate chemical reaction occurs and a solid structure is formed. After the first successful burning tests in the lab, HTC registered a total of six patents in the late summer of 2011 for the manufacturing and application of clinker containing ternesite.

The benefits of using this substance are clear. First of all, its altered chemical composition and its manufacturing at a temperature that is 150 to 200 °C lower result in CO₂ emissions that are up to 30% lower than those generated by the production of normal Portland cement clinker. Energy efficiency is also improved, as the lower burning temperature reduces fuel consumption by roughly 10%. The electricity costs for the manufacturing process are about 15% lower as well, because less energy is required for the grinding process. We plan to launch our first large-scale BCT trial before the year is out at one of the HeidelbergCement plants in Germany, where the new product will be manufactured for the first time with existing plant technology.

local, national and international levels. That's why we place great value on open communication that directly addresses problems, as well as on maintaining a constructive dialogue with all the relevant stakeholder groups.

Most of our plants and quarries are situated in the direct vicinity of residential communities. As a result, ongoing dialogue with the respective communities, the municipal authorities and local NGOs is an indispensable precondition for our business operations. Local communication activities are supported by the communication departments of our national subsidiaries, which utilise the complete range of informational tools and dialogue methods

and techniques — everything from user instructions and informative newsletters to periodic roundtables and, in North America for example, community advisory panels. We take the criticism of our stakeholders seriously and discuss these criticisms with them. In many cases, this process has enabled us to adopt new approaches that reconcile the interests of the company with those of the respective communities. A continual exchange of information at the Group level regarding local activities and experiences helps our managers at all levels to further develop and improve our dialogue with our stakeholders, as well as the internal guidelines that govern this dialogue.

 **Community advisory panels: Practical example on p. 41**

Our dialogue with representatives of the capital markets is also becoming more and more important, because an increasing number of our shareholders, as well as financial analysts and rating agencies, are expressing interest in specific aspects of our sustainability activities and therefore expect to receive well-organised information from us at short notice. In May 2013 we were included in the Euronext Vigeo Europe 120 Index.

Dialogue at the national level

HeidelbergCement is a member of cross-sector as well as industry-specific associations that represent their members' interests through a continual dialogue with governments, businesses and the general public. The associated cooperative partnerships focus on challenges that are specific to individual countries and to the cement industry with regard to raw materials security, environmental protection, energy conservation, health and occupational safety, and compliance. As an industrial group that has its headquarters in Germany, we are also active in the econsense forum. The forum's 35 member companies, which come from different sectors of the economy, work together to conduct an open and constructive dialogue with governments in an effort to incorporate the concerns and requirements of businesses into the sustainability discussion and thus to help shape the political and social decision-making process.

 www.econsense.de

HeidelbergCement and its subsidiaries are working with Green Building Councils in eleven countries on the development of certification systems for sustainable construction, as well as on efforts to make the design, construction and operation of buildings more sustainable.

 www.worldgbc.org

Participation in the Cement Sustainability Initiative

HeidelbergCement is a member of the international Cement Sustainability Initiative (CSI), which was launched by the World Business Council for Sustainable Development (WBCSD). Within the framework of the initiative, we have teamed up with other cement manufacturers to develop guidelines and performance indicators for climate protection, raw materials and fuels, health and occupational safety, and emissions and environmental impact. All CSI

Binding CSI guidelines

CSI Charter

Health and Safety in the Cement Industry: Guidelines for Measuring and Reporting

Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process

Guidelines for Emissions Monitoring and Reporting in the Cement Industry

Environmental and Social Impact Assessment Guidelines

CO₂ Accounting and Reporting Standard for the Cement Industry

Guidelines on Quarry Rehabilitation

members must officially adopt and comply with these guidelines. The initiative is currently working on new position papers for supply chain management and water management. The CSI also provides an appropriate platform for HeidelbergCement's cooperation with external stakeholders at the international and sector levels. One way it does this is by staging the annual CSI Forum, which brings together representatives of governments, NGOs, industry associations, the business community, and research institutes for a discussion with CSI members concerning key issues related to sustainability in the cement industry.

HeidelbergCement has been a co-chair of the CSI since the beginning of 2013. The co-chair term runs for two years, during which time we will focus primarily on two areas: occupational health and safety (with the goal of reducing fatalities), and the development of a global certification system for the responsible sourcing of concrete.

 **Complete information about the CSI:**

www.wbcscement.org

 **CSI guidelines:** www.wbcscement.org/publications

Political dialogue at European level

European Union legislation is having a growing impact on all the sustainability aspects of our business operations. HeidelbergCement therefore operates an office that focuses solely on political dialogue at the EU level. In particular, this office represents our interests in the European Cement Association (CEMBUREAU), an organisation that represents

Main areas of focus during our two-year CSI co-chairmanship:

- Occupational health and safety
- Certification of responsible sourcing of concrete

02

- 01 Company portrait
Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

HeidelbergCement Group memberships

Business and Biodiversity Initiative

econsense — Forum for Sustainable Development of German Business

CEMBUREAU (The European Cement Association)

UEPG (European Aggregates Association)

ERMCO (European Ready Mixed Concrete Organisation)

EUCOPRO (European Association for Co-processing)

WBCSD CSI (Cement Sustainability Initiative of the World Business Council for Sustainable Development)


ECRA (European Cement Research Academy)

CEPS (Centre for European Policy Studies)

Nanocem

European cement manufacturers in discussions and negotiations with the EU and its institutions. Key issues addressed by CEMBUREAU include the use of alternative raw materials and fuels, climate protection, emissions, biodiversity and occupational health and safety.

As a member of the European Aggregates Association (UEPG), HeidelbergCement is also involved in lobbying activities for aggregates. Our interests concerning concrete are represented by the European Ready Mixed Concrete Organisation (ERMCO) and the EU Concrete Platform.

 **Memberships of our subsidiaries:**
www.heidelbergcement.com/sr2012/memberships

Sustainability strategy and activities

For us, sustainable corporate governance means consistently judging our efforts to achieve solid earnings on the basis of whether or not they also safeguard the future viability of our company. We pay attention to the impact our operations have on the environment and society, and we assume social and ecological responsibility, thus minimising our business risks.

The HeidelbergCement Sustainability Ambitions 2020 programme, which was launched in 2009, describes our most important activities for promoting

HeidelbergCement Sustainability Ambitions 2020

Occupational health and safety

Our goal is to wholly eliminate accidents, injuries and occupational illnesses.

Energy and climate protection

HeidelbergCement is continuously working to reduce its carbon dioxide emissions and to develop solutions for adjusting our operations to the effects of climate change.

Biodiversity

We aim to play a leading role in promoting biodiversity in quarries.

Alternative raw materials and fuels

We use waste products and byproducts as alternative raw materials and fuels in our production processes. This conserves natural resources and also offers solutions for sustainable waste management.

Sustainable construction

We manufacture sustainable building materials whose product attributes and alternative base materials make a contribution toward the necessary transition to a more sustainable society.

Other environmental impact reductions

We are lowering the environmental impact of our business operations through the application of certified environmental management systems worldwide.

sustainability. It defines the core components and targets of our sustainability strategy, and it does not exclude the incorporation of additional measures into our efforts to improve our sustainability performance.

Taking stakeholder expectations into account

The expectations of our external and internal stakeholders play a key role in the development of our sustainability strategy and our selection of sustainability activities. We identify these expectations systematically through a materiality analysis, discuss them in the Sustainability Steering Committee and incorporate them into our plans for the further development of our sustainability strategy.

Our materiality analysis is based on the core activities defined by the Cement Sustainability Initiative (CSI) in close consultation with numerous stakeholder groups and experts. These core activities were supplemented by new key issues that were recently listed in the 2012 Progress Report: occupational safety, climate protection, alternative raw

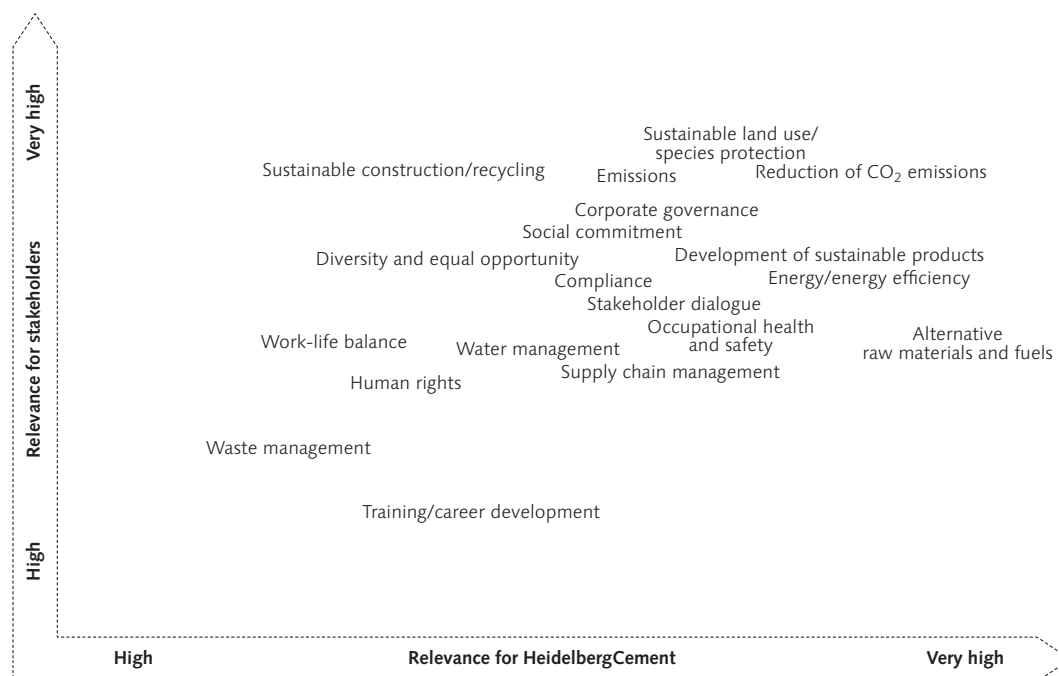


"The major challenge on the global level, for us and our competitors, is climate change. As cement demand is likely to double in the next 40 years, if we do nothing the associated emissions will also double. That is one of the reasons why we are a member of the CSI — the driving force for sustainable development in the global cement sector."

Rob van der Meer

Director Public Affairs,
HeidelbergCement Group

Materiality: What is most important?



materials and fuels, pollutant emissions, sustainable land use and species protection, sustainable construction, water management, supply chain management, and stakeholder dialogue.

🔗 [CSI Progress Report: http://csiprogress2012.org/](http://csiprogress2012.org/)

We use the sector criteria of the IÖW/future Ranking of Sustainability Reports of the raw materials industry as a supplement to the CSI criteria. Other activities can be derived from the structure of our sales markets. For one thing, many regions have only a small number of building materials suppliers in their markets; this is why it is important to maintain transparency and fair competition in these areas. Furthermore, our international presence obliges us to respect cultural diversity and to take regional development into account in all of our quarrying projects.

Two further questions are of the utmost importance when we are deciding how to prioritise our core

activities. Where is there potential for improvement, and which issues are viewed especially critically by society? With these questions — and the views of our stakeholders — in mind, the members of the Sustainability Steering Committee have prioritised the areas where sustainability-related action needs to be taken. The associated materiality analysis reveals that compliance and corporate governance, diversity and equal opportunity, social commitment, stakeholder dialogue and water and supply chain management have become particularly important over the past two years.

We are aware of the fact that sustainability management involves a continual process of improvement. Because this is the case, and on the basis of the results of the materiality analysis, we are now updating and expanding the Sustainability Ambitions 2020 programme in order to more effectively fulfil the increasingly stringent CSI requirements as well as the expectations of our stakeholders.

03

- 01 The company
- 02 Challenges and strategy
- Management**
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

We believe that the purpose of responsible corporate governance is to ensure that our efforts to achieve solid earnings are accompanied by measures that safeguard the future viability of our company.




Management

Responsible corporate governance

Among other things, responsible and sustainable corporate governance means achieving outstanding business performance and acquiring ecological expertise, while at the same time taking on social responsibility and acting ethically in line with the relevant legislation.

The management and monitoring structures at HeidelbergCement comply with the laws governing stock corporations in Germany, the company's memorandum and articles of association, the standing rules of the Managing Board and the Supervisory Board, and — with a few exceptions — the guidelines laid out in the German Corporate Governance Code.

 [Statement of compliance in accordance with § 161 of the Companies Act: AR 2012, p. 124](#)

Compliance

We respect and obey the applicable laws and regulations in all the countries in which we operate, and we regard them as the legal foundation of our business activities. As an internationally operating company, we are also obligated to adhere to global

values and standards. HeidelbergCement is committed to upholding the ILO's core labour standards, the OECD guidelines for multinational enterprises and the UN's Universal Declaration of Human Rights. We expect our employees and business associates worldwide to act in conformity with these essential guidelines and recommendations.

 www.ilo.org, www.oecd.org and www.un.org

Our compliance programme includes a Group-wide Code of Business Conduct that requires all employees to adhere to basic principles of responsible corporate governance, regardless of whether or not such principles have been written into law. It is particularly important that all of our employees and managers should

- act with integrity and professionalism when dealing with customers, suppliers, government authorities and business partners;
- consistently avoid conflicts of interest;
- treat company property and assets carefully and responsibly;
- treat confidential company and business information and personal data carefully and responsibly;
- ensure fair conditions and eliminate discrimina-

PRACTICAL EXAMPLE


New risk assessment concept for fighting corruption

In 2012 we worked together with external experts to further develop our Group compliance programme with a special focus on anti-corruption measures. The goal of the new DriveCompliance 2012 project is to ensure that we can identify the risks associated with corruption and possible conflicts of interest even more quickly, evaluate these on a Group-wide scale, and effectively monitor the implementation of all necessary measures to minimise such risks.

The new risk assessment concept was tested at the Group level and in four pilot countries (Germany, Malaysia, Poland and Tanzania), and it proved to be effective in all cases. Our initial analysis of the results revealed two key risk areas. The first area involves geographic and/or sector-specific risks that are related to acquisitions and major investments. These risks are

largely limited to growth regions that frequently suffer from a high risk of corruption. The second area is related to functional risks in the area of procurement. We plan to supplement our existing compliance measures for minimising risks — such as binding internal guidelines, double-verification principles, the separation of functions, and training courses — with additional instruments as we move forward with the programme. One aspect will involve conducting targeted reviews of our business partners.

The next step will be to carry out corruption risk assessments in all of the countries where our Group operates, and to repeat these assessments at regular intervals. The Group Compliance department will monitor the implementation of the associated measures for improving compliance.

- tion at work, and conduct fair discussions with employee representatives;
 - provide safe and healthy workplaces;
 - utilise natural resources responsibly and sparingly.
-  **The Code of Business Conduct can be viewed in full at:**
www.heidelbergcement.com/sr2012/codeofconduct

A key element of our compliance programme is our executives' non-tolerance of violations of applicable law (especially competition law) or anti-corruption regulations, and to take action against all those who commit such violations.

The programme includes internal guidelines based on specific legislation, as well as periodic compliance training courses for our employees. In 2008, for example, we began using an e-learning module for the Code of Business Conduct and basic compliance topics. We then added two courses on competition law and corruption prevention in 2012. In 2007 we introduced a system that enables employees to report compliance violations to various contact partners or a whistleblower hotline. All

such reports are handled anonymously if so desired. Most of the violations during 2011 and 2012 involved employee issues and occupational safety. The whistleblower hotline received 72 reports in 2011; five of these involved cases of discrimination. A total of 66 reports were submitted to the hotline in 2012, with discrimination being the subject of two of them. No instances of child labour, forced labour or human rights violations were reported. We examine every report we receive and take appropriate disciplinary action. We also implement corrective and preventive measures in order to reduce the likelihood of recurrences.

The Director Group Compliance, who heads our compliance organisation, reports directly to the Chairman of the Managing Board. Each country in which we operate also has its own Compliance Officer. Every manager is responsible for ensuring that employees comply with the applicable laws and regulations, and of course the employees themselves are responsible for their own compliance. Clearly defined control mechanisms are used to monitor

03

- 01 The company
- 02 Challenges and strategy
- Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

implementation of our compliance programme throughout the Group. Such mechanisms include both regular and special audits by our Internal Audit department, as well as special half-year compliance reports submitted by the Director Group Compliance to the Managing Board and the Supervisory Board's Audit Committee. In addition, every Managing Board member responsible for a geographic area receives a report each quarter on major compliance violations in his or her region.

We closely monitor developments in the area of compliance and regularly review our programme in order to determine whether it needs to be adjusted. In response to the UK Bribery Act and the introduction of the new IDW PS 980 audit standard, we have developed a new concept that assesses corruption risks and possible conflicts of interest, and also provides measures to help reduce the latter. Successive Group-wide implementation of the concept in a pilot project began in 2012. In geographical terms, the focus here is on countries with low scores on Transparency International's Corruption Perceptions Index; at the functional level it is on the procurement units. Starting in 2013, we will also carry out risk assessment in relation to child labour and human rights violations.

 [Practical example "Drive Compliance 2012": p. 17](#)

Antitrust law

In April 2013 Germany's Federal Court of Justice upheld a ruling of the Higher Regional Court of Düsseldorf from 2009, in which HeidelbergCement was fined a reduced amount of EUR 161.4 million stemming from legal proceedings against German cement companies in 2002 concerning market collusion in the industry over a period of several years.

Due to this decision as well as ongoing antitrust proceedings, we intensify our internal precautions to prevent cartel law violations. Our antitrust law compliance system was reviewed in 2010 by a renowned external specialist, who confirmed its effectiveness. To make further improvements, we have developed special electronic antitrust-law training courses that will soon be introduced throughout the Group. These courses will be mandatory for upper-level executives, sales staff, procurement employees who are in direct contact with suppliers, employees involved in M&A proj-

ects, and those in contact with competitors or who might be affected by antitrust regulations in some other way. Some 1,800 people throughout the Group from 24 countries and/or functions have registered for the antitrust-law courses to date. In Australia, 640 employees have applied to take part in a course conceived specifically for that country.

 [Current antitrust proceedings: AR 2012, p. 93](#)

Sustainability management

Effective management systems at our various business lines ensure a continual process of improvement in accordance with our sustainability strategy. Within these systems, we have defined areas of responsibility and created structures that support the effective implementation and monitoring of the measures we employ to achieve our sustainability goals. This also ensures compliance with the guidelines we have set for ourselves.

 [Goals and achievements in 2012: p. 42](#)

 [Principles and guidelines: pp. 11 f.](#)

The Sustainability Steering Committee, which is headed by the Chairman of the Managing Board, defines the basic framework for controlling and monitoring our sustainability strategy. The interdisciplinary committee's members are chosen from throughout the Group and consist of the Managing Board member responsible for environmental sustainability and the heads of the Group departments for Environmental Sustainability, Legal Affairs, Human Resources, Procurement, Logistics, Sales and Marketing, Research and Development, Communication and Investor Relations. Operational responsibility for the achievement of our sustainability targets and the implementation of the associated measures lies with the individual Group departments and the Group Environmental Sustainability Committee, whose tasks are described in more detail in the section on environmental management.

 [Overview of our sustainability organisation: p. 19](#)

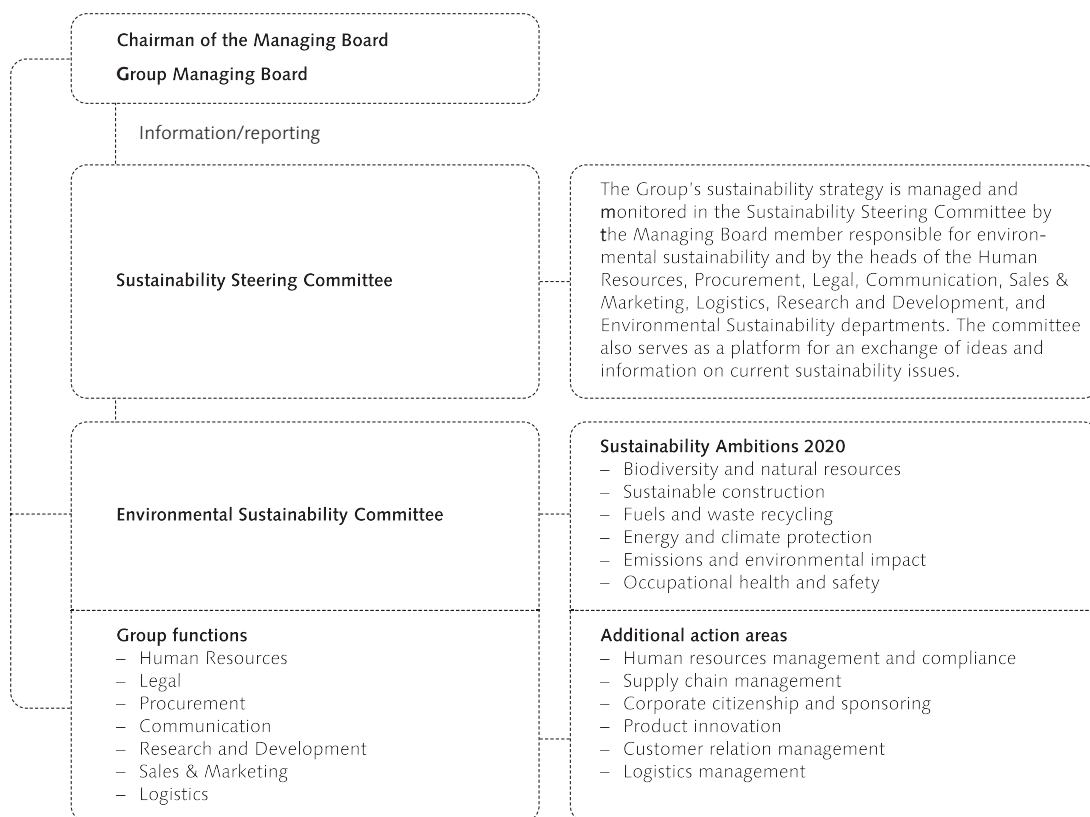
Quality management

Our building materials are subject to binding norms and standards worldwide. We guarantee high-quality products and processes through periodic quality checks and a stringent quality management system. We also provide product and safety manuals to our

Number of employees at the Group who have signed up for an antitrust-law training course:

at least
2,440

Sustainability management at HeidelbergCement



customers to ensure that they use our products in the safest possible manner. In Germany we have established a common, process-oriented Integrated Management System (IMS) for our cement, gypsum and limestone business areas, and for subsidiaries of HeidelbergCement AG Deutschland. The IMS equally takes into account issues concerning quality (ISO 9001), business aspects, environmental protection (ISO 14001), energy (ISO 50001) and occupational safety.

Knowledge management

To gain a competitive edge, we have adopted an approach that relies on the targeted sharing of knowledge and experience in internal projects, external partnerships and our operating business.

Our Knowledge Management Board, which consists of representatives of our Group areas and functions, monitors and controls our internal knowledge management and supports our activities in national and international bodies. A key component of our Group-wide knowledge management system is the systematic networking of our experts through, among other ways, the utilisation of an integrated knowledge platform and the Technical Discussion Forum, which was established in 2012. Both of these platforms provide access to knowledge and promote the sharing of experiences throughout the entire Group.

Environmental management

The Group's environmental protection policies and

03

- 01 The company
- 02 Challenges and strategy
- Management
- 04 Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

measures are managed by the Group Environmental Sustainability Committee. Under the lead management of the Global Environmental Sustainability department, the committee's experts from the various business lines and Group areas define guidelines, goals and measures, and coordinate their implementation.

 **Our environmental protection goals: pp. 42 f.**

We plan to introduce certified environmental management systems at all of our cement plants worldwide by 2020. This will further solidify our environmental protection activities at all of our locations. Our efforts will be based on the ISO 14001 international environmental management standard. However, we will also enable the use of nationally recognised environmental management systems where appropriate. At the moment, 83% of our cement plants operate with a certified environmental management system. A further target was for 25% of the facilities operated by all of our business lines to have undergone an external environmental audit in the five years prior to 2012. The same target will apply for all locations by 2020.

 **Additional information on environmental protection: pp. 22 ff.**

Research and development

Our Heidelberg Technology Center Global (HTC Global) brings together knowledge and expertise from throughout the company and quickly makes it widely available to operating units.

Our innovation efforts at HTC Global and in the local business units focus mainly on three areas:

- Market and customer-oriented products and applications — in particular the development and improvement of binders and concrete with optimised properties and innovative functionality. This also includes providing our customers with expert advice on the use and optimisation of their products.
- Process and cost-optimised production. The focus here is on finding cost-efficient substitutes for fossil fuels and natural resources and on reducing energy consumption in cement and aggregate production operations.
- Development of cement and concrete with improved CO₂ balance sheets. A key focus here

is the further development of composite cement with a reduced clinker content, including composite cement with clinker levels that are even lower than those required by today's standards. Finally, we are conducting research into completely new binder systems that require no clinker whatsoever.

Total expenditure in the area of research and technology amounted to EUR 91.8 million in 2012 (2011: EUR 78.9 million), which corresponds to 0.7% of turnover. Personnel costs accounted for approximately three-quarters of overall expenditure. Altogether, 849 men and women were employed in the area of research and technology in business year 2012 (2011: 750).

 **Key research projects: AR 2012, pp. 108 ff.**

 **Practical example "New type of clinker": p. 12**

Human resources management

Qualified, motivated employees are a key prerequisite for the long-term success of our company. Our human resources policy thus focuses on identifying talented employees, promoting their development and retaining them for our company. As a responsible employer, we also strive to offer our employees an attractive and safe working environment.

We have developed a competence model that defines our expectations regarding our employees. This model allows supervisors to carry out systematic performance and potential assessments based on Group-wide standardised criteria. It is also the basis of strategic executive development and effective succession planning. Other key aspects of our human resources strategy include diversity management and the goal of achieving a truly international workforce, as well as site-specific measures that address the effects of demographic change.

 **Work-life balance: pp. 36 f.**

Logistics management

We utilise various modes of transport to ship our products to customers. The type of transportation selected depends on geographic conditions and the infrastructure of the respective countries. In 2011 road transport accounted for 60% of all product shipments; 32% of deliveries were sent by rail, and 8% were delivered by boat or ship.

Transport modes used to ship our products to customers as a percentage of total transport volume (Group):

60%
road transport

32%
rail transport

8%
water transport



"Strong customer relationships are the key to our success. Our customer relationship management focuses on customer knowledge, satisfaction and retention as well as personal contact at the local level. Therefore, we collect and analyse information to determine what our clients need and how we can meet, or even exceed, those needs."

Benny Fiifi Ashun

Head of Distribution and Sales,
Ghacem Ltd., Ghana

The goal of our Group-wide logistics management strategy is to optimise the logistics processes in terms of cost, performance and quality. Wherever possible, we also seek to minimise specific CO₂ emissions when choosing a particular mode of transport. Other considerations include avoiding unnecessary transport activities, raising payload levels and utilising fuel-efficient vehicles. However, because fuel consumption is influenced not only by the vehicles themselves but also by the way they are operated, we ensure that our drivers regularly participate in driver training courses.

The overall goal of our various measures is to reduce the specific CO₂ emissions produced by our transport activities by around 10% by 2018.

Supplier relation management

The cost of purchasing goods and services at HeidelbergCement amounts to more than 60% of our total turnover. Around 30% of these costs are accounted for by locally procured goods and services. The procurement volume generated by the Group is thus a key economic factor in many regions.

We know that our role as a good corporate citizen will also be judged according to our success in terms of ensuring compliance with sustainability standards throughout our supplier chain. Group-wide procurement guidelines give clear instructions regarding supplier relationships and purchasing activities at HeidelbergCement. As a basic principle, the relationships are based on respect, fairness, ethics and credibility. All procurement employees take part in a compliance training programme once a year and also pledge to uphold the HeidelbergCement Code of Business Conduct.

We expect our suppliers to obey the applicable laws and comply with our Supplier Code of Conduct, which is the basis of every contractual relationship we enter into with suppliers worldwide. The code incorporates the key elements of the SA 8000 International Social Accountability Standard, the ISO 14001 international environmental standard and the principles of the International Labour Organization. Should the Supplier Code of Conduct be violated in any way, HeidelbergCement will as a last resort terminate the supplier relationship in question if the necessary corrections have not been made

within a defined period of time, or if the supplier is found to be unwilling to make such corrections. The members of the international Cement Sustainability Initiative (CSI) are currently working together to draw up a joint position paper on sustainable supply chain management. The objective is to develop a common understanding regarding sustainability criteria for the supply chain, and to introduce evaluation mechanisms that will help improve the performance of both individual companies and the entire supplier sector. One instrument here will be a supplier questionnaire in which firms will list and assess their sustainability achievements. The position paper and other instruments are expected to be completed by the end of 2013.

Customer relation management

We seek to offer our customers the greatest possible utility and to establish partnerships that are based on trust. Such an approach includes sincere and honest communication, particularly when it comes to advertising measures for the marketing of innovative and environmentally sound products, which require more explanation than standardised products. Customers who wish to make complaints or file claims can get in touch with their local contact partners. All complaints, whether they are of a technical, logistical, or commercial nature, are forwarded directly to the appropriate office. The structural design and computer-supported implementation of our Complaint Management System is carried out on a global scale in accordance with a predefined standard.

For several years now, we have been conducting an increasing number of extensive and systematic customer satisfaction analyses in order to learn more about our customers' concerns and requirements. The cement business line customers surveyed represent a market that accounts for nearly 95% of the line's global sales volume. The results of the surveys for the concrete business line have enabled us to assess 56% of the total market. The corresponding figure for aggregates is 36%. We use the survey results and other market analyses to develop plans for optimising our products and services and further enhancing the loyalty of our customers. All customer data is treated confidentially, and under no circumstances are the data or the information that we collect ever passed on to or processed by third parties.

04

- 01 The company
- 02 Challenges and strategy
- 03 Management
 - Environment**
- 05 Employees
- 06 Society
- 07 Targets and key figures

Natural resources are the basis of our business. Our primary environmental protection objectives are to protect the climate, preserve resources, reduce emissions and have the lowest possible impact on the environment at our quarry and production facilities.



Environment

Energy and climate protection

Climate protection is a core element of HeidelbergCement's environmental policy. As an energy-intensive company, we have been making a substantial effort to minimise our CO₂ emissions for many years now. From 1990 to 2012 we reduced our specific net CO₂ emissions by 21.0% to 607.5 kg CO₂ per tonne of cement (cement and cementitious materials, to be exact). By 2015 we intend to have achieved a reduction of 23% compared to 1990.

The measures that we are taking to lower CO₂ emissions include:

- continuous investment in energy-efficient technologies and production processes,
- the promotion of composite cements, through which the clinker content of our entire cement production has now been reduced to 75.4%,
- the increased use of alternative fuels including biomass (21.7% of our entire energy consumption in 2012)

Participation in the EU's emissions trading system

HeidelbergCement operates 38 facilities in eleven countries that participate in the EU Emissions

Trading Scheme (ETS). Our Group is also actively involved in the market for emissions certificates. A Group-level position for dealing with emissions issues was therefore established several years ago. In the associated corporate department, we not only manage our trading activities within the EU but also monitor developments in countries outside of Europe that might impact the operations of our plants. Between 2013 and 2020, the EU will face critical decisions about the future of European emissions trading. Nevertheless, discussions are ongoing about the free allocation of emissions certificates for cement manufacturers in the third phase of the ETS. This situation holds further uncertainties for us.

HeidelbergCement also makes use of the reduction mechanisms of the Kyoto Protocol. We are currently conducting projects in Indonesia and India in accordance with the Clean Development Mechanism, as well as joint implementation projects in the Ukraine and Russia.

Emissions trading systems outside of Europe

Emissions trading systems are also being set up in regions outside of Europe. In the coming years



"The medium-term improvement of our CO₂ balance will be driven by the decrease of clinker content in cement and by the acceleration of our strategy concerning waste-derived fuels. For longer-term CO₂ mitigation, we cooperate with external partners to realise sector solutions for carbon capture and storage as well as CO₂ conversion technologies."

Jan Theulen

Director Global Environmental Sustainability,
HeidelbergCement Group

China will be testing various concepts in six provinces. One of these provinces is Guangdong, where we are participating in a joint venture. As a result, we will be following the development of this emissions trading system very closely. The beginning of 2013 saw the launch of the long-awaited emissions trading system in California (USA), which we helped to develop in recent years. Moreover, Australia linked its trading system to the EU's ETS in 2013. However, the direct effects of these developments on our business activities in Australia and the EU are rather small.

Innovations for climate protection

HeidelbergCement is working hard to develop and implement innovative solutions for lowering CO₂ emissions. Our plant in Cupertino, California, produces more than half of the cement that is used in the San Francisco Bay area. Within the framework of its commitment to sustainability, the Cupertino plant entered into a partnership with Oakbio Inc. in order to develop a new method for the separation of carbon dioxide. This method involves the use of microbes that separate out the carbon dioxide and convert it into usable chemical products. This new technology could make it possible for us to reduce our greenhouse gas emissions and utilise our CO₂ emissions as an alternative raw material.

Renewable energies

HeidelbergCement has further expanded its use of waste heat from kilns for power generation. At our sites in China we use all of the waste heat from kilns to either produce energy or dry alternative fuels. Our waste-heat power plant in Çanakkale, which is the first of its kind in the Turkish cement industry, has established standards for the entire sector. In Sweden we are participating in the development of wind farm projects, and in some other locations we focus on solar energy as a renewable energy source.

Logistics and transport

The goal of our Group-wide logistics management is the optimisation of the logistics process in terms of cost, performance and quality. Through a variety of measures we are seeking to reduce our transport-related specific CO₂ emissions by around 10% by 2018.

 **Logistics management: pp. 20 f.**

Raw materials and fuels

Waste materials and by-products from other industries are valuable fuels and raw materials for HeidelbergCement.

Alternative raw materials for cement manufacturing

We use alternative raw materials for the production of clinker, which is the most important intermediate product in the manufacture of cement. In this way we reduce the amount of CO₂-intensive clinker in the final product.

The increased use of alternative raw materials in cement production is thus a core element of our climate strategy. At the Group level we have been able to maintain the amount of alternative raw materials at 12.45% and stabilise the amount of clinker in the cement at 75.4%.

We were able to replace an above average amount of raw materials for the clinker production with by-products from other industries during the first year of operations at the newly installed kiln line in Tula, Russia. In the rapidly growing Indonesian market, we reduced the clinker content in our cement once more by a few percent points. At the same time, we increased our cement capacity by almost 25%. This increase was accompanied by a significant reduction of specific CO₂ emissions at HeidelbergCement's largest production site in Asia.

Alternative fuels replace natural resources

HeidelbergCement uses waste as a valuable alternative resource. In this capacity, we contribute to the protection of natural resources and provide a sustainable solution to the waste management of local communities.

In Europe, due to a decreasing supply of animal and bone meal, we increased our use of refuse and hazardous wastes as alternative fuels in 2012. In particular, investments in the storage, delivery and metering of these materials affected our plants in Sweden, the UK and Romania in that year. Thanks to a project that uses household waste as a replacement fuel, we were even able to double the rate at which we burn alternative fuels in our Estonian cement plant in Kunda. At five of our European cement factories, the proportion of alternative fuels utilised is

04

- 01 The company
- 02 Challenges and strategy
- 03 Management
 - Environment**
- 05 Employees
- 06 Society
- 07 Targets and key figures

currently 70% or more. The proportion of alternative fuels utilised throughout the entire Group was 21.7% in 2012. All in all, HeidelbergCement is well on track to reach the Group's 2020 target of using 30% alternative fuels. This is the goal that we set for ourselves in our Sustainability Ambitions 2020.

Land use and biodiversity

HeidelbergCement takes into account both economic and environmental aspects when it selects the location for its quarries. That's because quarries and gravel pits completely transform the existing landscape.

Prior to the development of a new quarry or the expansion of an existing one, we implement a complex permission process. This process includes an environmental impact assessment and — if the quarry is located in an area of exceptional biological value — special biodiversity studies. At this point any necessary compensatory measures are also specified.

Concepts for the limitation of land consumption

Our quarry and renaturation planning has the limitation of land consumption as its economic and ecological goal. In principle, the authorised raw material supply is always completely extracted in order to limit our utilisation of land to the minimum amount necessary. The expansion of existing quarries is always preferable to the opening of a new facility. Our production and plant facilities are also optimised so as to require the smallest possible amount of land area.

Biodiversity management at our quarries

Recultivation plans are an integral component of our approval procedures today. These plans define the goals and the timetable for the reintegration of a quarry into the surrounding landscape. Even while the quarry is still in operation, we renature and recultivate those areas of the quarry that are no longer in service.

We have implemented the appropriate guideline in order to promote biodiversity in our quarries in a targeted manner. We are the first company in the construction materials sector to take this step. This

approach is defining, for the first time ever, uniform standards for recultivation and renaturation. It is binding in Europe, and since 2010 it has been used, in a slightly different form, as a guideline for Asia and Australia. We are currently working on a guideline for North America.

The company is looking at three key indicators in its global operations. By the end of 2012 we had continually included more and more quarries in our biodiversity monitoring programme and put in place the corresponding management plans. The proportion of quarries that have plans for their subsequent use has reached 90% of the cement business line. Our aim is to reach 100% by 2020. Altogether, 61% of our cement business line quarries in regions recognised as having a high level of biological diversity already have biodiversity management plans. The corresponding figure for the aggregates business is 58%.

Cooperation with BirdLife International

In 2012 we developed a biodiversity strategy in cooperation with our partner BirdLife International, which is one of the largest international nature protection organisations. One of the first steps of this strategy was a joint study that analysed the potential of our quarries in Europe in terms of the protection of species and natural habitat. We have already launched local projects in cooperation with the partner organisations of BirdLife International in Belgium, Germany, the UK, the Czech Republic and Romania.

Local environmental impact

Air pollution control and noise emissions

In addition to addressing the issues of dust and noise, HeidelbergCement also faces a major challenge in terms of the air pollutant emissions of the cement business line. Whereas dust and noise are emitted from different points in the production process, nitrogen oxides, sulphur oxides, heavy metals, dioxins and furans are only emitted from kiln facilities. These pollutants are regularly checked and measured.

In 2011 and 2012 we were able to further reduce the dust emissions at a number of our sites



PRACTICAL EXAMPLE

Quarry Life Award: A competition that promotes more than just biodiversity

HeidelbergCement established the Quarry Life Award (QLA) in 2011. In the future, this international research and education competition will take place every two years. The goal of the competition is to increase the knowledge of biodiversity in quarries and to develop new ideas for ways to promote that diversity. In addition, the competition aims to draw attention to the unique flora and fauna of quarries and gravel pits. In its first year the QLA achieved these goals — and much more. We received over 300 project proposals from 18 countries. They were submitted by science and research experts as well as students and schoolchildren from the immediate vicinity of our locations. What was common to all of the proposals was the expressed wish to learn more about the special nature of the species that live in and around quarries, and the desire to share that new knowledge.

At a ceremony in December 2012, prizes were awarded for the three best projects. A high point of the event was a speech by the world-famous UN Messenger of Peace and environmental activist Dr Jane Goodall. She spoke about the threats our planet currently faces and why, despite these dangers, she finds reasons for hope. Dr Goodall and HeidelbergCement have been involved for two years in a joint education project in Tanzania.

The winner of the first International Quarry Life Award was a team from the University of South Bohemia in

České Budějovice, Czech Republic. The students mapped different habitats in a sand pit and studied the biodiversity of many groups of organisms. Their work revealed that a significantly higher level of biodiversity can be achieved through the undisturbed natural development of open shoreline areas than through reforestation.

For HeidelbergCement, the QLA is also a way to establish dialogue with our local neighbours. "We believe good neighbourhood relationships are important for us worldwide. It is often the case that the positive contributions to biodiversity that we're making at our quarries are not appreciated or understood. With the Quarry Life Award, we intend to demonstrate that the extraction of raw materials goes hand in hand with environmental protection," says Dr. Michael Rademacher, Manager for Biodiversity and Natural Raw Materials at HeidelbergCement. In addition to encouraging contact between stakeholders, the competition promotes scientific understanding that the company can use to improve its biodiversity management. "Through these extraordinary projects, we have the opportunity to study the biodiversity at our quarries beyond what's required by the regulatory framework," explains Ken Brown, QLA coordinator in Australia. "Our competition participants have made discoveries and observations that we have integrated into our existing biodiversity management plans."

 www.quarrylifeaward.com

Percentage of quarries in the aggregates business line with subsequent use plans:

76 %

04

- 01 The company
- 02 Challenges and strategy
- 03 Management
- Environment
- 05 Employees
- 06 Society
- 07 Targets and key figures

in Europe. Moreover, by introducing European standard technology in Tanzania, we reduced our dust emissions there from 100 mg/Nm³ to less than 10mg/Nm³. In Kazakhstan, the filter installations at our kilns have been modernised to conform with EU standards.

We have also begun long-term measures for noise reduction at our locations, for example in Poland and the Czech Republic. In Bosnia we were able to reduce noise emissions by 25 to 30% through the replacement of the drive units at our cement mills and raw mills.

We are continually reducing the emission of air pollutants by means of state-of-the-art filtering technologies, innovative procedures and process-integrated environmental protection measures. This in turn enables us to substantially reduce the impact of our operations on people and the natural environment. At two plants located in Romania and the USA we have reduced the emission of nitrogen oxides by installing SNCR units. In Germany we have invested in measures that optimise the effectiveness of existing SNCR units. Group-wide SO₂ emissions have gone down by 18.2% since 2008, NO_x emissions have been reduced by 13.5% and dust emissions have decreased by 26.4%.

Water management

HeidelbergCement has committed itself to the goal of mitigating the impact of its activities on natural water resources to the greatest extent possible. We comply with stringent environmental regulations to ensure that raw material quarrying will not damage local bodies of surface water and ground water resources. HeidelbergCement does not have a Group-wide water management guideline at the present time. However, we are focusing on concepts and measures for reducing our water consumption in countries and regions where water shortages exist. We are currently working within the framework of the Cement Sustainability Initiative (CSI) to develop sector indicators and reporting guidelines in the area of water management. In the near future, we want to be able to report on our water footprint — first in the cement business line and later in the areas of aggregates and ready-mixed concrete. In Texas two of our aggregates plants received the Environmental Excellence Gold Award from

INTERVIEW

Dr Goodall, why do you and the Jane Goodall Institutes work with large corporations like HeidelbergCement?

Dr Jane Goodall: We only work with those companies that are making real efforts to give back to the community and to the natural world, that not only talk about doing the right thing, but actually walk their talk. HeidelbergCement is a good example, as it is restoring its quarries around the world. I have visited the ongoing work in their quarry near Dar es Salaam and been impressed not only by the work, but the commitment and enthusiasm of staff at all levels, and their concern for surrounding communities.

What makes the cooperation with HeidelbergCement so special?

Goodall: As I said, HeidelbergCement really is walking the talk. There are many corporations today that talk about all they are doing to make the world a better place simply because it is good PR and it helps them sell their products. We call it green-washing. But HeidelbergCement is not green-washing. I have met with people working to restore life to its quarries in many parts of the world, and seen photographs of what is going on. And I have been so impressed. And, of course, this is good PR, and might help them sell their products. It is a win-win situation!

How do you and your Institute work together with HeidelbergCement?

Goodall: In order to restore the environment within the mined quarries of its plant near Dar es Salaam HeidelbergCement began by creating a tree nursery. And the company decided to also supply trees to reforest depleted woodland areas in the surrounding area and in Dar es Salaam itself. This provides a perfect way for us to involve the young people working with our Roots & Shoots programme. Members learn the value of planting trees and receive training in the actual planting and caring for the seedlings. Since April 2012, eight new "Roots & Shoots" groups have been established in three primary and five secondary schools in the vicinity of the cement works. The students are learning about species protection and the basics of tree cultivation. With this knowledge, they are able to independently



"The mission of the Jane Goodall Institutes – Sustainable Solutions for People and Wildlife – complement and support the environmental and social activities of HeidelbergCement in Tanzania. HeidelbergCement uses an integrated approach to promoting sustainable land use and the preservation of biodiversity, through educational and social activities for the population. And like the Jane Goodall Institutes, HeidelbergCement believes that young people can make a difference, that they can change the world."

Dr Jane Goodall

DBE, Founder of the Jane Goodall Institute,
UN Messenger of Peace

produce the seedlings required for planting in their school grounds and villages and to pass this knowledge on to other children and inspire them to form their own "Roots & Shoots" groups.

Would you say that HeidelbergCement and the Jane Goodall Institute have a shared mission?

Goodall: Certainly we have with respect to restoring the environment. The mission of the Jane Goodall Institutes – Sustainable Solutions for People and Wildlife – complement and support the environmental and social activities of HeidelbergCement in Tanzania, the country where "Roots & Shoots", now operating in over 130 countries, began. And HeidelbergCement uses an integrated approach to promoting sustainable land use and the preservation of biodiversity, through educational and social activities for the population. This is very apparent in the work in Tanzania. And like the Jane Goodall Institutes, HeidelbergCement believes that young people can make a difference, that they can change the world. Indeed, they are changing the world.

Can you tell us more about the "Roots & Shoots" global youth programme?

Goodall: "Roots & Shoots" is a programme that began in Tanzania in 1991 with twelve high school students. It is now in over 130 countries with members from kindergarten through university. It involves youth in activities that they choose themselves, designed to make the world a better place for people, for animals and for the environment. It helps young people to learn about problems in their communities and around the world and then take action toward solving those problems. By spearheading projects about which they feel strongly and encouraging their peers to join in, "Roots & Shoots" students learn what it takes to be an effective leader. With hundreds of thousands of members around the world, "Roots & Shoots" has created a network of young people who understand that every individual can do his or her part to create a better world.

In your speeches, you often talk about your reasons for hope that this planet Earth can be saved. What are these reasons that let you hope?

Goodall: My first reason is the human brain. We have at last begun to understand and face up to the problems that threaten us, problems that we have created as a

result of ignorance and greed coupled with population growth. Problems caused by poverty on the one hand and the unsustainable life styles of so many of us on the other. Surely we can use our extraordinary brains, to find ways to live in harmony with nature. And indeed, a great deal of modern technology is geared towards sustainable energy production and wiser use of land. More and more companies are beginning to play a more responsible role in their communities. And more and more individuals are making wiser choices each day that benefit the environment and society.

My second reason for hope lies in the indomitable nature of the human spirit. As I travel around the world I meet so many people who tackle seemingly impossible tasks and refuse to give up. Incredible and amazing human beings. They inspire me. And they inspire those around them.

My third reason for hope is the incredible resilience of nature. We all know a place where we have despoiled the natural world. But given time and given a little help it can once again become beautiful and support life, as it happens in the quarries of HeidelbergCement.


Finally, my fourth reason for hope lies in our youth. Everywhere I go – and I travel around the world some 300 days a year – I meet young people, especially "Roots & Shoots" members, who are eager to tell 'Dr. Jane' what they have been doing for people, animals and the environment. Some of their projects are truly impressive. All have understood that if we think about the choices we make each day – what we buy, what we eat and wear, how we interact with those around us – then we begin to make choices that benefit the environment and society. And collectively these changes in behaviour are helping to create a better, more compassionate world, where we have respect for each other, other animals and nature.

So, if we have faith in ourselves, in our intellect, in our staunch spirit and in our young people, if we each live our lives in a responsible way, I am sure that we can gradually repair a great deal of the harm that we have done. Let us make decisions using not only our brains, but our hearts also. Let us act with love, compassion and respect.

04

- 01 The company
- 02 Challenges and strategy
- 03 Management
 - Environment**
- 05 Employees
- 06 Society
- 07 Targets and key figures

the National Stone, Sand and Gravel Association (NSSGA). These two plants are among our largest and technologically most modern aggregates plants in North America. Both of them have installed process water circulation systems that greatly reduce their need for fresh water. For several years now, we've been documenting such practical examples and sharing them throughout the company in order to enable each location to benefit from the expertise of the others. Our goal is to set up a working group within the company in order to more effectively collate and distribute the water management expertise of all the Group's areas and business lines.

 [Water conservation, water consumption and processing
www.heidelbergcement.com/sr2012/water](http://www.heidelbergcement.com/sr2012/water)

Waste materials

Our primary focus in terms of waste management concerns the kiln dust that is a by-product of clinker production. This dust is removed from the kiln system in order to avoid further accumulation and the possibility of a subsequent kiln failure. We use the kiln dust as an alternative raw material in cement production, thereby improving our ecological efficiency.

In some exceptional cases, the composition of the dust prevents us from being able to recycle it 100%. A second option is for us to sell the kiln dust as an additive — for example, in the manufacture of concrete. If no other option is available, it can be deposited in landfills in a controlled process.

The local operating permit at each plant specifies the allowable amount of process-related waste products and how they are to be used. However, there are differences between the definitions of waste types that are used by various countries. In order to consolidate this information throughout the Group, we are currently building a unified data collection system that will be a part of our Group Environmental Audit Programme.

Production-related accidents

In 2011 and 2012, company management received no reports from the areas of production, storage or transport regarding accidents in which significant amounts of environmentally hazardous substances could have been released or were actually released.

We use only very small amounts of hazardous substances in our processes for manufacturing cement, aggregates and concrete. Only in some cases of our use of alternative fuels do we need to use large amounts of hazardous materials. When we deal with such materials, we make sure that we are complying with the highest standards of safety. In addition, we organise regular training courses to make sure that our employees know how to handle these materials.

Sustainable construction

The requirements for energy efficiency in newly constructed buildings are becoming more stringent, thus shifting the focus of impacts more and more toward the construction materials. As a result, we are receiving a growing number of requests for information about construction materials such as concrete, and greater transparency is expected of us. That's why HeidelbergCement is supporting the CSI as it works out guidelines for environment-related product declarations for concrete and develops a global certification system for the responsible sourcing of concrete.

In 2011 we began to implement the Manifesto for Energy Efficiency in Buildings (EEB Manifesto) of the World Business Council for Sustainable Development by collecting data concerning the energy efficiency of our own buildings. In 2012 we followed this up by introducing a guideline concerning the energy efficiency and sustainability of all of the Group's planned construction and renovation projects.

 [Information on the EEB Manifesto:
www.wbcsd.org/buildings.aspx](http://www.wbcsd.org/buildings.aspx)

HeidelbergCement is also investing in the development of new products. We carry out a life cycle analysis of all of our new products and processes. We are also carrying out such analyses in order to create environmental data sheets for our existing products. Our aim is to provide environment-related product information for all of our products by 2020. In Belgium, the Netherlands and Germany there are already environment-related product declarations for almost all types of cement. We also believe that our efforts to improve the



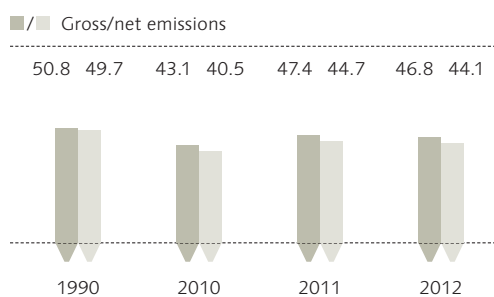
"The pressure to set up better building standards continues to rise. That's why we, within the CSI, work for improved transparency of product information. Tools like Environmental Product Declarations and responsible sourcing schemes will enable builders to improve the sustainability of their projects and at the same time raise the bar for material producers."

Amy Wedel
Sustainable Construction
Manager,
HeidelbergCement Group

KEY FIGURES

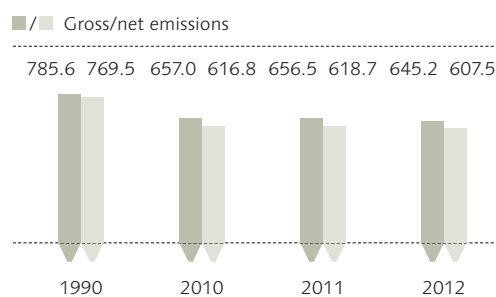
Absolute CO₂ emissions*

million t

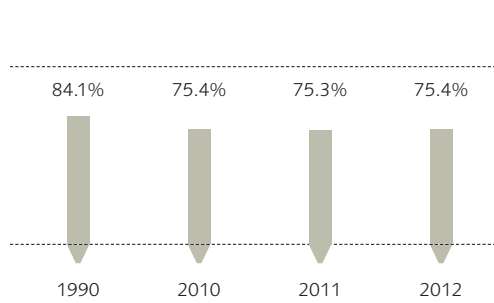


Specific CO₂ emissions*

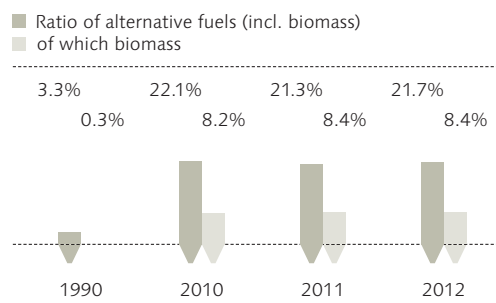
in kg of CO₂ per tonne of cementitious material



Clinker content in the cement



Ratio of alternative fuels



* Cement business line

recycling of concrete are an essential aspect of sustainable construction. In 2011 we launched a four-year research project that is being led by the Delft University of Technology. This project is examining possible uses of recycled concrete in the production of cement and aggregates.

HeidelbergCement and its subsidiaries support Green Building Councils throughout the world in their efforts to develop certification systems for sustainable construction and to make the design, construction and operation of buildings more sustainable. The Group is currently a member of eleven Green Building Councils throughout the world.

05

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- Employees
- 06 Society
- 07 Targets and key figures


We believe that the diversity of our workforce and our clear focus on strong motivation, professional expertise and integrity give us a crucial edge on our competitors worldwide.



Employees

Employees and employment

HeidelbergCement strives to achieve outstanding corporate performance and occupy a leading position in its industry. To do this, a solid foundation of legally and ethically correct behaviour must be in place. That's why the Managing Board has approved a Code of Business Conduct that is binding throughout the Group. This code defines our values and the high ethical and legal standards that apply at our company. Among other things, we ensure that the working conditions at our plants are non-discriminatory, and we conduct fair discussions with the employee representatives. Our leadership principles define our guidelines for managers that include the respectful treatment of colleagues, the creation of a strong feedback culture and the professional development of our employees. The main leadership principles are embedded in standard human resources processes and described in detail in HeidelbergCement's Human Resources Guidelines.

 [Our principles and guidelines: p. 11](#)

Employees worldwide

At the end of 2012 HeidelbergCement employed a total of 51,966 men and women (2011: 52,526).

The decrease of 560 employees was essentially the result of two opposing developments. On the one hand, about 1,200 jobs were eliminated in the North America Group area, the UK, Spain and several Eastern European countries. This was a consequence of efficiency increases in sales and administration, as well as facility optimisation measures and capacity adjustments. On the other hand, we hired more than 600 new employees in growth markets such as India and Indonesia. We try to find socially acceptable solutions when workforce reductions become necessary. In most countries where we operate, the related guidelines go beyond the legal requirements. For example, they may require that job-related announcements are made earlier than necessary, or they may include outplacement measures and increased severance pay. Key organisational changes are generally announced at least four weeks in advance.

Employee representation and labour standards

HeidelbergCement has a long tradition of employee co-determination, which has proven its worth at our business locations in Germany. The employee committees at the individual locations constitute the General Works Council and its associated commit-

tees for the AG and the Group Works Council. Employees are also equally represented on the Supervisory Board. Most European countries have committees for the representation of the employees. Managers and employee representatives engage in a continuous, constructive dialogue on the European Works Council. The council supplements the local information and consultation processes in the various European countries. In addition, labour unions and similar organisations are active in nearly all the countries in which HeidelbergCement operates. In our Code of Business Conduct, we expressly commit ourselves to conducting an open and fair dialogue with the employee representatives.

HeidelbergCement is committed to upholding the ILO's core labour standards, the OECD guidelines for multinational enterprises and the UN's Universal Declaration of Human Rights. We expect our employees and business associates worldwide to conform to these essential guidelines and recommendations.

Remuneration policy and work time regulation

Our remuneration systems are based on our employees' performance and results, in accordance with the market standards for internationally operating companies in our sector. In addition to their fixed salaries, which are specified by collective bargaining agreements or individual employment contracts, our employees also receive variable remuneration components that depend on their individual job performance and the success of the company.

The employees of our foreign subsidiaries benefit from attractively designed remuneration systems that correspond to the conditions of the respective local labour markets. Collective regulations apply to more than half of the Group's employees. Temporary employment is an unusual occurrence at our company.

Personnel costs and insurance contributions

In 2012 the Group's expenditures for wages, salaries, social security, pension contributions and social assistance increased by 12.9% to EUR 2,330

million (2011: EUR 2,064 million). That corresponds to 16.6% of turnover (2011: 16.0%). The increase is partially due to the fact that the renegotiation of several pension schemes in North America and Western Europe in 2011 caused personnel expenditures to increase by EUR 129 million. In addition, exchange rate effects increased the expenditures by EUR 109 million in 2012. If these two effects are taken out of the equation, personnel expenditures rose by only EUR 27 million (1.2%).

The amount of the Group's contribution to the pension scheme corresponds to the accepted market level. In Germany, for example, we have created the option of tax-free deferred compensation within the framework of an employee-financed pension scheme. Similar provisions apply at our locations in countries that have no statutory pension plans or national health insurance. In these countries, we support our employees in a manner that corresponds to local practices. In this regard our employees benefit from being part of an internationally active group that typically offers better standards.

Work time regulation

In our work time regulation practices, we conform to the legal requirements that are in effect at our locations. We promote adherence to these regulations by means of our compliance system, within which employees can individually report possible violations (passive monitoring). To promote flexible work time options, we offer models such as flexi-time, work time accounts, part-time positions and leaves of absence to our employees in Germany. Part-time work currently accounts for 9.6% of all positions at HeidelbergCement AG. Older employees have the option of switching to pre-retirement part-time work.

 **Compliance: pp. 16 ff.**

Occupational health and safety

In our corporate policy regarding occupational health and safety we have specified our principles for promoting the health of the workforce. The stated objective of our policy is to minimise the risk of accidents and injuries, as well as the risk of occupational illnesses, by means of intensified preventive measures.

HeidelbergCement
Group employees on
31 December 2012:

51,966

Part-time employees at
HeidelbergCement AG:

9.6%

05

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- Employees
- 06 Society
- 07 Targets and key figures



"Responsibility for employees and the local community lays the foundation for the business success of each plant. The European Works Council together with the Managing Board of HeidelbergCement invests in health and safety awareness because it leads to a healthy workforce and safe processes. This positively affects not only our licence to operate but also the larger community at our company locations."

Giel Beks

President of the European Works Council, HeidelbergCement

Group standards

After we had set various Group-wide standards in previous years to address key risks, in 2011 and 2012 we focused on implementing these standards throughout the company. The Group's Driving Safety standard, which went into effect in late 2010, primarily focuses on the transport of our products to customers. In many countries, these deliveries are carried out by freight forwarding companies that operate on our behalf. We strive to continuously improve the safety standards of these freight forwarding companies so that the activities they perform for us do not endanger anyone. This is a very ambitious goal, and it will continue to demand great effort from us in the future. The challenges are particularly serious in countries with bad road and traffic conditions, and they can only be overcome through close cooperation with local authorities and decision-makers.

We are focusing on promoting safe driving standards at many locations, including our African plants. Our employees in Africa are implementing a variety of measures to improve the situation. So far they have instituted a number of technical and organisational measures and intensified driver training courses that sharpen motorists' awareness of the need for defensive driving. Among other things, we have improved the lighting and equipment at our plants' truck parking spaces so that drivers and helpers aren't injured during the vehicles' manoeuvres. In the future, we aim to further improve the situation by setting up information panels and continuously training personnel. An approach used in Benin has proven to be especially successful. It involves contracted drivers organising their own safety committees with the help of the plant. The committees conduct the appropriate training courses and make sure that the safety regulations are adhered to.

Externally certified occupational safety management systems, such as the internationally common OHSAS 18001 standard, have already been introduced at 72% of our operating locations worldwide. Over the past two years, we have intensified our efforts to introduce work management systems at additional plants. In addition to our facility in Kazakhstan, we have had our cement and grinding plants in Ghana, Benin and Tanzania certified by an external agency. Other African facilities and our

grinding plants in Bangladesh are scheduled to be certified in 2013. Our aggregates facilities in Belgium were certified according to the OHSAS 18001 standard in 2011. In the past two years several ready-mixed concrete facilities in Germany were certified according to the "Sicher mit System" standard of the professional associations. Other locations are continuing this certification process. In the UK, 19 different local management systems were combined into a single integrated system in the past two years and certified according to OHSAS 18001 in late 2012.

In order to further harmonise the various local occupational safety organisations within the Group, we revised the corresponding corporate guideline in 2012 and drew up a uniform responsibility matrix, which will be implemented in 2013 at the locations that have not yet done so.

Occupational safety is a management task

Even though we have succeeded in improving the technical and organisational aspects of occupational health and safety for many years now, serious accidents, and even deaths, continue to occur at our facilities. In many cases they are caused by human error. We are striving to increase our employees' awareness of their responsibilities regarding occupational health and safety. Our aim is to thoroughly transform people's mindsets so that they proactively concern themselves not only with their own personal safety but also with that of their colleagues. From the Chairman of the Managing Board all the way down to the team leaders, managers serve as especially important role models in this regard, because their behaviour is closely watched by the employees. We have therefore developed special training courses that all managers down to the level of the team leaders are expected to complete by the end of 2013.

In 2012 we worked together very closely with HeidelbergCement's European Works Council to launch the project titled Building Health & Safety Together. The project receives funding from the European Commission and aims to increase works council members' awareness of occupational health and safety issues and to improve the communication between line managers and the various works council organisations.

In October 2011 we held our first-ever Group-wide Safety Week, during which both our employees and our subcontractors received occupational safety training and were made more aware of dangerous situations. The event was repeated in 2012 and will continue to be held in the future. The line managers have also launched and supported many local events that demonstrate the fact that everyone has to work together so that occupational health and safety measures can be effective. In addition to offering various training courses dealing with occupational safety, local units have also taken health-related aspects into account. In many cases, families, customers and neighbours are also involved in the measures conducted during the Safety Week.

Accident trends

Although we have succeeded in further reducing the frequency and severity of accidents in recent years, and indeed in all units, the decline has been far less than we had hoped. Unfortunately, we failed to reach our self-imposed goal of cutting accident frequency by half. Instead, the frequency has only dropped by 29% since 2008. The fact that many local units were able to reduce their accident frequency by much more than 50% or to have no accidents at all clearly shows that our target is feasible. This provides us with an incentive to achieve our goal in the near future. In our endeavor to significantly reduce accident figures, we are particularly focusing on our operations in Western and Northern Europe. In addition to providing managers with more intensive training regarding their occupational safety responsibilities, we focus on restructuring the H&S organisation in these countries so that managers and employees alike can receive more effective advice.

We also failed to achieve our second goal, which was to prevent fatalities altogether. During the past two years several employees from our own company and from external firms died in accidents on the job. Although the numbers of fatalities are declining, we can't be satisfied with these results. Sadly, there were also fatalities among non-employees, especially as a result of traffic accidents outside our plants. Every fatality is discussed by the Managing Board so that measures can be developed to prevent such accidents from occurring again in the future.



PRACTICAL EXAMPLE

Safety and health – for employees and their families

In 2012 the employees of the HeidelbergCement subsidiary Lehigh Hanson in North America joined forces with their colleagues all over the world to organise the Group's Safety Week. This was the second time the annual event was staged. During this week, the Group's facilities in the USA and Canada focused on occupational safety and health-care issues at work and at home.

In the course of the Safety Week, 250 plants also organised a Family Safety Day so that their employees' family members could be made more acutely aware of this important issue. The event was held on the plant grounds or in the surrounding areas. It focused on safety, wellness and the family, and featured a wide range of activities for people of all ages. On this day, employees also received awards in recognition of their individual commitment to occupational safety.

An in-house website containing images and reports on the first Family Safety Day ensured that the energy and dedication that had been demonstrated at the event would be maintained and that the relations between managers, employees and their families would be strengthened.

05

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- Employees
- 06 Society
- 07 Targets and key figures



PRACTICAL EXAMPLE

“Top down”: Sustainable Health & Safety training starts at the top

HeidelbergCement realises that sustainably high H&S standards require more than policies and posters. That's why the “Summit” Development Programme for top and senior managers emphasises the importance of leading by example on H&S issues.

In simulated action sessions, participants experience at first hand the far-reaching consequences of not living up to their H&S management responsibilities. In the sessions, which are led by Duke Corporate Education trainers, the focus is on being a role model in adhering to safety guidelines. In project work, managers also investigate how to prevent work-related accidents at the country level and report these findings to the Board.

In general, “Summit” aims to encourage communication beyond organisational borders and enhance management and leadership skills in the Group. The three modules focus on Group-wide, area-level and individual topics, such as driving change, leading talent and coaching.

By ingraining H&S awareness from the top down, “Summit” also contributes to a sustainable safe working environment.

Occupational illnesses

Most of the acknowledged cases of occupational illness that have occurred in recent years have involved noise-induced hearing loss. After the number of new cases rose to 63 in 2011, it dropped to eleven in 2012. This development is very encouraging. It shows that personal noise abatement measures and the increased focus on technical solutions in recent years have begun to bear fruit. In addition, there were employees who suffered from back injuries, respiratory illnesses and physical impairments due to hand-arm vibrations. No employees were diagnosed with silicosis in the past two years.

The general rate of absenteeism has been low for years now, amounting to around 1.6% of the total hours worked.

To prevent job-related illnesses, we check the levels of noise and dust at work sites and regularly monitor the employees' health. In countries with less well-developed statutory healthcare systems, our subsidiaries offer comprehensive health check-ups for all employees and in some instances for their families as well. In countries where HIV/AIDS or malaria are widespread, the local units have set up programmes to advise the employees and inform them about the risks related to these illnesses. These services are primarily offered through our own medical stations or the medical staff of in-house hospitals.

Human resources development

Dialogue with the employees

In order to safeguard the company's long-term success, we need highly qualified and motivated employees. That's why our Group-wide human resources policy focuses on identifying talented employees and offering them opportunities for further development, so that they can be retained for our company. This is the aim of the HeidelbergCement competence model, which defines the professional and personal skills and abilities that employees require in our business.

This model allows our supervisors to carry out systematic Group-wide assessments of employees' performance and potential on the basis of standardised rules. It also serves as the basis of strategic

executive development and effective succession planning. Supervisors and employees regularly hold structured human resources talks, during which they discuss the employees' development opportunities and future prospects.

As was the case in 2010, we will survey 1,500 managers around the world in 2013 in order to determine the degree of their satisfaction with their respective workplace. The managers will be asked questions regarding corporate strategy, their personal concepts of management and leadership, our corporate values and issues concerning their respective working environments. We also conduct employee surveys. However, our large number of locations requires us to conduct these surveys at the local level. In North America, for example, we employ a rolling system, in which the surveys are conducted at different locations each year.

Training and career development

Doing sustainable human resources work means investing in the systematic training of our staff and in the recruiting and training of highly qualified young employees. In 2012, 7.4% of the employees at HeidelbergCement AG were trainees (2011: 7.3%). In Germany, 82% of the trainees were subsequently hired by the Group (2011: 70%). We continue to train more young people than we need for our business. The German training initiative that was launched in 2010 has been a clear success. This is demonstrated by the substantial increase in the percentage of trainees that are subsequently hired by the Group. The initiative will therefore be continued in the industrial and commercial areas.

Technical and professional skills are indispensable for the proper management of process engineering and maintenance activities at our plants. Besides professional training, we therefore offer master craftsmen's courses every year at the Verein Deutscher Zementwerke.

As in 2011, a key focus of the Group's training and career development programmes last year was on occupational safety, which accounted for around 41% of all of the training measures. About 31% of the Group's training programmes were devoted to specialist development measures and around 8% focused on manager development. In 2012 each

of the Group's full-time employees spent 26 hours on training measures on average.

Management training

In order to prepare our managers for their future assignments, we offer training courses that are specially tailored to the needs of our company.

One of the Group's strategic initiatives aims to enhance the skills of the company's top 500 managers. More than a quarter of them have already taken part in a three-stage curriculum that focuses on general management and leadership skills and takes global, regional and local issues into account. The remaining managers will gradually complete the programme until 2015.

Securing and promoting young talent

We offer highly motivated and qualified university graduates international training programmes that focus on engineering, sales, finance, human resources, purchasing and IT. We are also still expanding our management trainee programmes and continuing our intense efforts to recruit college graduates all over the world. In 2012 a total of 297 people took part in these programmes (2011: 246).

In 2011 we launched a special programme for highly qualified engineers in the cement sector. The programme was initiated as a pilot project in Europe and Central Asia, and it aims to prepare talented young employees for higher-level engineering positions. After completing the Engineer in Training programme, the participants attend predefined engineering courses for several years. During this time they work at various plants in Germany and abroad. This training programme is supplemented by additional courses in practical management and leadership responsibility. In 2013 this programme will be extended to other Group areas.

The Aggregates Academy launched in 2011 has met with a very positive response and achieved good results in practice. One of the Academy's focal areas is the training and career development of employees in the aggregates business according to globally uniform standards. All of the programmes are geared toward recruiting and retaining talented individuals for the company and imparting knowledge and skills that are crucial for our success.

Time spent on training measures by each full-time employee:

26 hours

Share of development programmes dealing with occupational safety:

41%

Number of people taking part in management trainee programmes:

297

05

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- Employees
- 06 Society
- 07 Targets and key figures

Work-life balance

The challenge of demographic change

Our company is also faced with the ramifications of demographic change. About 13% of our employees are under the age of 30. Most of our employees are aged 30 to 49; they constitute about 54% of the Group's total workforce. Around 33% of our employees are already over 50, and this share will continue to rise in many countries.

We are responding to this development by means of numerous regionally adapted measures that are intended to maintain the employees' ability to work and to promote cooperation between people of different generations.

In Germany, for example, we have further expanded the range of health management services we offer, and we have consolidated them in our FIT for LIFE initiative. Besides encompassing a preventive programme for the early detection of illnesses and risk factors, the initiative primarily helps employees take a proactive approach to having a healthy lifestyle. The services on offer include yearly checkups to detect intestinal cancer early on, flu vaccinations, special "Health Days", presentations on health-related issues and measures for promoting sport activities at the company.

Employee diversity as a success factor

When we put together teams of employees, we make sure that they consist of a balanced mixture of people with different personalities, skills and experiences. We regard diversity as a management concept that relies on the incorporation of various cultures, talents and experiences to create a workforce that reflects our presence on international markets, our customer structure and our business environment. We seek to achieve these goals through

- local managers at the various production locations; this makes the composition of our management teams very international,
- an international workforce at corporate headquarters,
- a management team whose composition reflects that of the overall workforce,
- teams composed of people with different expe-

- riences and skills,
- as well as a balanced age structure for the workforce.

All over the world, we are striving to recruit and promote highly qualified, top-performing employees who utilise their various social and professional skills to contribute to our company's business success. In early 2013 we signed the Diversity Charter in order to publicly proclaim our appreciation of diversity.

Local managers continue to hold about 80% of the senior management positions within the Group. Non-Germans coming from 40 countries account for more than 130 of the over 700 employees at the corporate headquarters and the technical centres in Heidelberg and Leimen. We benefit greatly from their knowledge of local markets, and their presence makes it easier to cooperate with our colleagues all over the world.

We have established a self-help Expatriate Network for employees from outside Germany who work at our locations in Heidelberg and Leimen. We support this network of employees and their families and friends in order to promote their integration into the Rhine-Neckar metropolitan area. For example, the network helps these employees find housing, cope with bureaucratic requirements and deal with issues related to childcare and schools.

For us, diversity also means increasing the percentage of women in management positions so that it corresponds to their share of the workforce. In 2012 women accounted for 14% of the total workforce and 9% of senior managers in the Group. In Germany, 15% of the total workforce and 7% of the senior managers were women.

In 2011 HeidelbergCement and other DAX-listed companies signed a voluntary commitment to increase the percentage of women in management positions in Germany. Specifically, we intend to more than double this share to 15% by 2020. In order to achieve this target, we are intensifying our management trainee programmes. Women already account for 29% of the participants in the management trainee programmes offered in Germany.

Share of management trainee programme participants in Germany who are women:

29%

Percentage of women in the Group workforce in Germany:

15%



"During the coming years, we will continue to face a large number of retirements in most of our businesses, which challenges us to recruit a corresponding number of qualified new employees. Therefore it is essential that we manage to be an attractive employer and to offer interesting career opportunities and attractive working conditions."

Kajsa Runnbeck

Director Human Resources,
HeidelbergCement Northern
Europe

KEY FIGURES

Employees by Group area

	31/12/2010	31/12/2011	31/12/2012
Western and Northern Europe	14,302	13,693	13,438
Eastern Europe-Central Asia	9,959	9,693	9,435
North America	11,899	11,586	11,001
Asia-Pacific	13,682	14,039	14,686
Africa-Mediterranean Basin	3,539	3,460	3,349
Group Services	55	55	57
Total	53,437	52,526	51,966

Share of women employees

	31/12/2010	31/12/2011	31/12/2012
- in total workforce, Group	15%	13%	14%
- in senior management positions, Group	8%	9%	9%

Occupational safety statistics — Group

	2008	2009	2010	2011	2012
Accident frequency rate ¹⁾	4.8	4.5	4.3	3.8	3.4
Accident severity indicator ²⁾	132	171	146	125	115
Fatality frequency rate ³⁾	0.9	1.7	1.1	0.6	0.5

¹⁾ Number of accidents involving own employees with at least one lost working day per 1,000,000 hours worked on cement, ready-mixed concrete and aggregates

²⁾ Number of working days lost due to accidents involving own employees per 1,000,000 hours worked on cement, ready-mixed concrete and aggregates

³⁾ Number of deaths of own employees per 10,000 own employees working on cement, ready-mixed concrete and aggregates

Reconciling work and family

As we compete with other companies to recruit and retain the very best employees, we are making adjustments at the Group's locations all over the world in line with changing lifestyles. For example, we are employing flexi-time, part-time work and leaves of absence as well as other measures to help employees reconcile the requirements of work and family more effectively. Part-time work currently accounts for 9.6% of all positions at Heidelberg-Cement AG.

Given the small size of our locations, our cooperation with professional and flexible external networks has provided many excellent solutions regarding daycare services, summer camps for children and our employees' ability to take care of family members who require assistance. As part of our FIT for FAMILY initiative, we have formed partnerships with daycare centres located near our facilities in Heidelberg and Leimen. This enables us to reserve a certain number of childcare slots for children of our employees.

06

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- Society
- 07 Targets and key figures

Taking on social responsibility is fundamental to the way we do business. It is also a key task that the managers perform at our locations worldwide.



Society

Regional responsibility

Our corporate philosophy involves thinking globally and acting locally. In other words, by taking on social responsibility at our locations around the globe, we are laying the foundations for our successful business operations worldwide. In the process, we establish business contacts, capitalise on local know-how and maintain an intensive dialogue with our neighbours.

In cooperation with our local partners, we aim to create added value not only for our company but also for the communities in which our company locations are embedded. Whenever possible, we make sure that local employees manage operations at our Group's locations. Only in exceptional cases do we bring in managers from abroad. Over the past three years, local managers held 80% of the senior management positions at the Group. Moreover, all of our plants work closely with local suppliers and service providers. In fact, around 30% of our procurement volume is invested in the immediate vicinity of our plants. By means of these measures and through the creation of jobs, we help to create value at our company locations; by means

of wages, investment, purchases and taxes, we promote economic development.

In several countries, such as Poland, Russia and the UK, we maintain a dialogue with local stakeholders and guide our corporate citizenship activities with the help of a long-term community engagement plan. We have successfully employed community advisory panels in Romania and the USA. These panels regularly bring together company representatives and community members to discuss current developments and recognise and eliminate the potential for possible conflicts early on.

 **Practical example: Community advisory panels: p. 41**

We have received very good feedback concerning the establishment of community advisory panels. Specifically, respondents note that the panels have made communication with community members more efficient and created opportunities for initiating joint projects that benefit the communities in which we have facilities. In northern Europe we have also developed a "good neighbour" handbook that is available at all of our locations. The handbook provides advice on how to communicate with stakeholders in the vicinity of our plants.

Percentage of local employees in senior management positions:

80%

Local conflicts of interest

Over the past two years, we have been involved in a dispute regarding a potential violation of international law in Israel. Specifically, an Israeli human rights organisation petitioned the country's Supreme Court to demand that our subsidiary Hanson Israel and other Israeli quarry operators in the West Bank wind up their quarrying activities in the occupied territories. On 26 December 2011, the Israeli Supreme Court rejected the human rights organisation's petition.

We make sure that our Israeli and Palestinian employees are treated equally and that they receive equal pay. We have carefully investigated the aforementioned issue together with local management. We are promoting cooperation within intercultural teams, which foster a dialogue between our Israeli and Palestinian employees and thus contribute to cross-cultural understanding in this conflict.

From the very beginning of our quarrying work in this area, we have been able to obtain all of the requisite permits without exception. On no occasion have we persevered with our quarrying activities in the absence of the requisite permits. We intend to continue acting on this principle in all of our future operations.

Cooperation

In May 2010 HeidelbergCement and the International Finance Corporation (IFC), a member of the World Bank Group, signed an agreement concerning the expansion and improvement of infrastructure in sub-Saharan Africa. Our company brings to this partnership not only many years of international experience in the production of building materials but also a strong commitment to maintaining rigorous standards in the fields of corporate governance, corporate ethics and environmental protection. The investment programme will thus yield a variety of benefits:

- It contributes to the development of the local infrastructure
- It promotes the construction of new housing
- It creates jobs
- It raises environmental standards

One of the investment projects involves the construction of a clinker plant and a cement grinding facility in the city of Tabligbo, Togo, which is located approximately 80 km northeast of Togo's capital city of Lomé. The project was launched in September 2012.

 **Practical example: Investment project in Togo: p. 8**

Public-Private Partnership in Georgia

Wherever we operate, we make sure that our business activities have a minimal impact on the region's environment and that we play an active role in helping restore natural habitats to their former state. That's why we have cooperated with the German development aid organisation GIZ to bring a public-private partnership (PPP) project that had been launched in Georgia in 2009 to a successful conclusion in December 2012. The project's aim was to restore and conserve biodiversity at our quarries in Georgia and to increase the local community's acceptance of state-of-the-art renaturation and recultivation methods. In addition, we promote open discussions and knowledge sharing between different stakeholder groups representing government agencies, political organisations, businesses, the scientific community, nature conservation societies and local residents.

Tree nursery and education project in Tanzania

In 2010 we also initiated a development partnership with GIZ in Tanzania. The partnership's main aim is to create a tree farm that supplies plants to reforest a disused quarry of our subsidiary Tanzania Portland Cement Company (TPCC). The tree nursery will also help to restore devastated woods and green areas within and outside the port city of Dar Es Salaam. The partnership has now been supplemented by an education project for schoolchildren that is being run in cooperation with the Jane Goodall Institute in Tanzania. As part of this project, eight groups of pupils have been formed in the neighbourhood of our cement plant since April 2012. The groups focus on protecting plant and animal species and promoting biodiversity. Employees from the tree farm instruct these pupils in the basics of tree cultivation, which are then passed on to other schoolchildren.

 **Interview with Dr Jane Goodall: pp. 26 f.**

06

- 01 The company
- 02 Challenges and strategy
- 03 Management
- 04 Environment
- 05 Employees
- Society
- 07 Targets and key figures



"Our school's cooperation with HeidelbergCement in the KIS programme gives us the opportunity to integrate practical business instruction and environment-related teaching into the curriculum. Experts from the company use plant and quarry tours as well as specialist presentations to help pupils recognise the link between school education and practical work."

Dr Thomas Barth

Teacher at the Leibniz
Gymnasium school in Östringen,
Germany

Corporate citizenship

Corporate responsibility does not end with a company's business processes and their direct impact. We are also a part of society, and we benefit from the social networks at our company locations worldwide. As a result, we also play an active role in tackling social issues.

This understanding of our role is the driving force behind our Group-wide Corporate Citizenship Guideline, which lays down the general benchmarks and objectives derived from our sense of social responsibility. These objectives have been deliberately drawn up with our core business in mind. In other words, we assign priority to areas where we have specific know-how and where we can achieve the best possible results for the community:

- Construction, architecture and infrastructure: We give practical help to construction projects by providing materials, time, financial assistance and know-how.
- Environment, climate and biodiversity: We promote initiatives that deal with the most significant environmental impacts associated with our business operations.
- Education, training and culture: In this field, we tailor our activities to the specific needs of each of our locations.

We have also laid down certain evaluation criteria in order to ensure that these voluntary activities are both transparent and effective. We support projects, initiatives and organisations that are active at our locations or to which we have a direct link. In addition, we make sure that the guidelines and principles of such organisations are in accordance with our own corporate philosophy.

Group Communication & Investor Relations is responsible for documenting all corporate citizenship activities throughout the Group. It also provides reports about them within the framework of our internal sustainability-related communication activities. The decisions regarding our support of projects in individual countries or at our locations are made decentrally by the country managers within predefined budgets. These managers are also responsible for implementing and controlling projects and for

external reporting. However, we have not yet been able to precisely determine how much money is spent on corporate citizenship activities throughout the Group. Our efforts to determine the exact sum will continue, and we expect to be able to publish detailed information in our next report.

 **The exact wording of our Corporate Citizenship Guideline:**
www.heidelbergcement.com/sr2012/cc-guideline

Promoting good health in Poland and Georgia

In early 2012 our Polish subsidiary Górażdze Group established the Active in the Region foundation, which aims to promote science, education, culture and health in the communities in which the subsidiary has its production locations.

In October 2012 HeidelbergCement Georgia organised the first city marathon in Tbilisi, the capital of Georgia. In line with the event's slogan "Run for your health — Run for charity", the marathon organisers sought to motivate people to lead an active and healthy lifestyle. In June 2012 our company and Georgia's National Athletics Association signed a memorandum of understanding concerning the establishment of a widely publicised partnership whose aim is to promote running and other sports activities in the country.

Corporate volunteering

In many countries, our employees take advantage of opportunities to do charitable work during their working hours. The Group is a member of the Wissensfabrik initiative, which brings together companies and foundations that wish to promote education and entrepreneurship in Germany. We primarily use Wissensfabrik's innovative projects (e.g. KiTec — Children Discover Technology) to increase the technical and scientific skills of pupils at schools located near our plants. Our employees are also involved in our own KIS partnership programme for schools and industry. Through presentations, plant tours and projects, our employees help both teachers and pupils to gain first-hand insights into the practical workings of various company departments and processes. Employees also provide information on key social issues such as globalisation, sustainable development, nature conservation and environmental protection.

 www.wissensfabrik.de (German only)

 www.heidelbergcement.com/kis (German only)



PRACTICAL EXAMPLE

In-depth dialogue: Community advisory panels

Community advisory panels (CAPs) are more than just round tables for discussions. Even before conflicts can arise, the panels bring different stakeholder groups together with representatives of the company. CAPs provide opportunities for dialogue, promote objective discussion and increase the level of trust between all the various participants.

Our subsidiary Lehigh Hanson has had CAPs at its cement plants in Cupertino, California, and Union Bridge, Maryland, for several years now. Additional panels were set up last year in Glens Falls, New York, and Leeds, Alabama.

In Union Bridge, Plant Director Kent Martin reports that the CAP is playing a key role in the location's activities. "We call our panel the community advisory council," he says. "The panel members' commitment

has benefited us in many ways, and our direct interaction with the community enables us to find out what issues our neighbours consider important." Thanks to the many years of good collaboration, the company can communicate with local residents much more efficiently than would otherwise be the case, and both sides are able to support each other.

In Glens Falls, a CAP was established in response to questions from the community about the company's use of alternative fuels in 2011. Plant management quickly realised the need to establish open lines of communication with the community and the importance of keeping them informed about the plant operations. The Glens Falls CAP is still in its initial phase, but it's clear that it is beneficial and important for both parties — the plant as well as its neighbours.

Number of school partnerships within the KIS programme:

26

Number of school partnerships within the Wissensfabrik initiative:

9

Targets and achievements

Target	Achieved 2011/2012	Deadline	Status	Page
02 Challenges and strategy				
Partnerships and stakeholder dialogue				
Strategic incorporation of stakeholders.	Reworking of the materiality matrix based on the results from dialogues with stakeholders. Establishment of Community Advisory Panels in individual countries (USA and Romania).	Ongoing	●	11 ff.
Integration of sustainability criteria into decision-making processes in line with specifications of the Cement Sustainability Initiative (CSI).	External audit of environmental and occupational safety indicators as reported in line with CSI stipulations.	Ongoing	●	14 f. 50
Implementation of the guidelines formulated by the CSI.	Guidelines adopted for "Contractor Safety" and "Driving Safety" implemented since 2011//Reporting in Sustainability Report 2011/2012.	Ongoing	●	32, 50
03 Management				
Reporting				
Expansion of the scope of reporting to include social, economic and ecological indicators, and extension of such reporting to additional business lines.	Expansion of data acquisition to cover employee development and diversity. Information on the proportion of disabled employees at HeidelbergCement AG and HeidelbergCement in Germany.	Ongoing	●	44 ff.
Group-wide controlling of employee qualification programmes.	Publication of data on employee qualification in various areas in the Sustainability Report 2011/2012.	2014	●	48
Sustainability management				
All cement plants are to operate with a certified environmental management system.	83% of all plants worldwide operate with an environmental management system.	2020	●	44
All facilities will undergo an environmental audit once every five years. The audit is to be carried out either by an external expert or a neutral auditor from within the company.	An environmental audit has been carried out at 27% of the cement locations and 52% of the aggregates plants during the last five years. The equivalent figures were 21% and 34% respectively in 2010.	2020	●	44
Clear stipulations for suppliers and service providers with regard to compliance with social, ecological and ethical standards.	The Supplier Code has been a binding element of all new supplier contracts since 29th April 2011.	2011	●	44
Further development of the Group compliance programme.	Adaptation of the Group compliance programmes to take account of current developments in the area of anti-corruption measures.	Ongoing	●	18
Group-wide regular customer surveys in the cement, aggregates and concrete business lines.	Market coverage of customer surveys in 2012: Cement 95%, Aggregates: 36%, Concrete: 56%.	Ongoing	●	44
Competitiveness				
Cost leadership due to continual efficiency improvements. Savings target by end 2013: EUR 1,010 million (up from EUR 600 million).	Savings in the years 2011 and 2012: EUR 384 million in each year.	2013	●	AR 18 ff.
Improvement of the margins in the cement and aggregates business lines of EUR 230 million and EUR 120 million respectively.	New target. Price increases in Cement business line successfully implemented.	2015	●	AR 20
Research and innovation: More extensive research into the recycling of building materials and special concretes.	Registration of 6 patents concerning the manufacture and application of a clinker containing ternesite, the production of which produces up to 30% less CO ₂ .	Ongoing	●	12, 20, 29
04 Environment				
CO₂ emissions and alternative raw materials and fuels				
Reducing net specific CO ₂ emissions by 23% from 1990 levels.	As of 2012: CO ₂ emissions reduced by 21%.	2015	●	22
Lowering clinker content of cement to 70%.	As of 2012: Clinker content 75.4% (2011: 75.3%).	2020	●	22
Increasing the share of alternative fuels used to 30%.	As of 2012: Share of alternative fuels 21.7% (2011: 21.3%).	2020	●	22

Target	Achieved 2011/2012	Deadline	Status	Page
04 Environment				
Increase the share of biomass fuels used to 9%.	As of 2012: Share of biomass fuels 8.4% (2011: 8.4%).	2020	●	22
Increase the share of alternative raw materials to 12%.	As of 2012: Share of alternative raw materials 12.45 % (2011: 12.42%).	2020	●	23
Local environmental impact				
Lowering water consumption and initiating Group-wide exchange of best practices in the area of water consumption/management.	Implementation of water management plans at locations subject to water shortages.	Ongoing	●	26 ff.
Measuring emissions of heavy metals, volatile organic compounds (VOC) and dioxin/furan at all locations.	Continuation of emission measurements.	Ongoing	●	24 ff.
Lowering emissions per tonne of clinker (reference year: 2008): Dust: by 35%. NO _x : by 10%. SO ₂ : by 10%.	As of 2012: Dust: -26.4%. NO _x : -13.5%. SO ₂ : -18.2%.	2020	●	46
Intensifying the sharing of best practices for noise reduction.	Internal documentation of best practices from various countries and publication in the intranet.	Ongoing	●	26
Subsequent land use and biodiversity management				
Restoration plans for 100% of cement and aggregate quarries.	As of 2012: Cement business line: 90%. Aggregates business line: 76%.	2020	●	47
Cement business line: Biodiversity management plans (BMP) implemented at 50% of the quarries in areas with high biodiversity value.	As of 2012: 61%	2020	●	47
Sustainable construction				
Participation in national Green Building Councils in all countries where HeidelbergCement operates.	Membership in eleven Green Building Councils worldwide.	2020	●	29
Availability of product environmental data sheets in all countries.	System for calculating product environmental data has been developed. Employees from ten national companies have been trained in data acquisition.	2020	●	28 f.
05 Employees				
Raising employee awareness of occupational health and safety issues.	Organisation of trainings and increased internal communication on safety issues.	Ongoing	●	48
Reducing the accident frequency and accident severity indicator to zero for HeidelbergCement employees.	Accident frequency 2012: 3.4 (2011: 3.8). Accident severity indicator 2012: 115 (2011: 125). Fatality rate 2012: 0.5 (2011: 0.6).	2020	●	48
Occupational health and safety: Reducing the number of fatalities to zero for HeidelbergCement employees.	Fatality rate 2012: 0.5 (2011: 0.6).	2012	–	48
Diversity: Maintaining or increasing the share of local managers in top executive positions.	As of 2012: 80% of managers are recruited locally.	Ongoing	●	48
Diversity: 15% share of women in management positions in Germany.	Share of women in management positions in Germany in 2012: 7%. Share of women in management trainee programmes in Germany in 2012: 29%.	2020	●	48
06 Society				
Group-wide documentation and measurement of the performance of charitable and cooperation projects.	Charitable and cooperation projects were recorded. Measurement of performance and determination of expenditure on charitable and cooperative projects not yet realised on a Group-wide basis.	2011	●	40

Key figures

	2010	2011	2012	Unit	GRI
01 The company					
Turnover/result					
Total Group turnover	11,762	12,902	14,020	EUR million	EC1
Operating income before depreciation (OIBD)	2,239	2,321	2,477	EUR million	EC1
OIBD margin	19.0	18.0	17.7	%	
Operating income (OI)	1,430	1,474	1,613	EUR million	EC1
OI margin	12.2	11.4	11.5	%	
Profit for the financial year	511	534	545	EUR million	
Group share	343	348	301	EUR million	
Dividend per share	0.25	0.35	0.47	EUR	EC1
Result per share	1.83	1.86	1.61	EUR	
Investments					
Intangible assets and tangible fixed assets	734	874	831	EUR million	
Financial fixed assets	138	85	35	EUR million	
Total investments	872	959	866	EUR million	EC1
Amortisation					
Free cash flow					
Cash flow from operating activities	1,144	1,332	1,513	EUR million	
Cash flow from investing activities	-648	-758	-582	EUR million	
Balance sheet					
Shareholders' equity and minority interests	12,884	13,569	13,713	EUR million	
Balance sheet total	27,377	29,020	28,005	EUR million	
Net financial liabilities	8,146	7,770	7,047	EUR million	
Material costs and other operating expenses					
Material costs	-4,731.3	-5,380.2	-5,936.2	EUR million	EC1
Other operating expenses	-3,168.8	-3,601.5	-3,877.0	EUR million	EC1
Investments in environmental protection, research and development					
Investment in tangible fixed assets (mainly maintenance, optimisation and environmental protection)	734	874	831	EUR million	EC1
Costs for research and technology	67.6	78.9	91.8	EUR million	EC1
Employees in the area of research and technology	670	750	849	employees	
Group sales					
Group sales of cement and clinker:					
– Western and Northern Europe	19.7	22.1	21.3	million tonnes	2.8
– Eastern Europe-Central Asia	14.2	17.4	17.2	million tonnes	2.8
– North America	10.0	10.6	11.7	million tonnes	2.8
– Asia-Pacific	26.6	28.8	30.0	million tonnes	2.8
– Africa-Mediterranean Basin	8.2	9.1	9.2	million tonnes	2.8
– Total	78.4	87.8	89.0	million tonnes	2.8
Group sales of aggregates:					
– Western and Northern Europe	68.8	79.1	72.2	million tonnes	2.8
– Eastern Europe-Central Asia	20.1	21.7	19.2	million tonnes	2.8
– North America	105.0	105.8	104.5	million tonnes	2.8
– Asia-Pacific	33.4	37.1	37.0	million tonnes	2.8
– Africa-Mediterranean Basin	14.3	14.2	13.7	million tonnes	2.8
– Total	239.7	254.1	243.0	million tonnes	2.8

	1990	2010	2011	2012	Unit	GRI
01 The company						
Group sales of asphalt:						
– Western and Northern Europe		3.4	3.6	2.8	million tonnes	2.8
– North America		3.7	3.5	3.4	million tonnes	2.8
– Asia-Pacific		1.6	1.9	1.9	million tonnes	2.8
– Africa-Mediterranean Basin		0.4	0.5	0.5	million tonnes	2.8
– Total		9.1	9.5	8.6	million tonnes	2.8
Group sales of ready-mixed concrete:						
– Western and Northern Europe		11.7	13.8	13.2	million m ³	2.8
– Eastern Europe-Central Asia		3.9	4.6	3.8	million m ³	2.8
– North America		5.4	5.7	6.1	million m ³	2.8
– Asia-Pacific		8.9	9.9	11.1	million m ³	2.8
– Africa-Mediterranean Basin		5.0	5.1	4.9	million m ³	2.8
– Total		35.0	39.1	39.1	million m ³	2.8
03 Management						
Management systems						
Cement plants with a certified environmental management system implemented		74	79	83	%	
Production facilities in which environmental audits have been carried out within the last five years:						
– Cement		21	–	27	%	
– Aggregates		34	–	52	%	
Management of supplier relations						
Countries in which the Supplier Code of Conduct is valid (Introduction: 29th April 2011)		N.A.	100	100	%	
Management of customer relations						
Market coverage of the customer satisfaction survey (Cement)		N.A.	95	N.A.	%	PR5
Market coverage of the customer satisfaction survey (Concrete)		N.A.	56	N.A.	%	PR5
Market coverage of the customer satisfaction survey (Aggregates)		N.A.	36	N.A.	%	PR5
Transport management						
Transport modes:						
– Road		N.A.	60	N.A.	%	EN29
– Rail		N.A.	32	N.A.	%	EN29
– Water		N.A.	8	N.A.	%	EN29
04 Environment						
Reduction in CO₂ emissions						
Cement business line						
Absolute gross CO ₂ emissions	50.8	43.1	47.4	46.8	million tonnes	EN16
Absolute net CO ₂ emissions	49.7	40.5	44.7	44.1	million tonnes	EN16
Specific gross CO ₂ emissions (per tonne of cementitious material)	785.6	657.0	656.5	645.2	kg CO ₂ /tonne	EN16
Specific net CO ₂ emissions (per tonne of cementitious material)	769.5	616.8	618.7	607.5	kg CO ₂ /tonne	EN16
Indirect CO ₂ emissions	4.6	6.1	6.0	6.4	million tonnes	EN4

Key figures

	1990	2010	2011	2012	Unit	GRI
04 Environment						
Energy						
Absolute energy consumption (Cement)	280,359	222,388	243,778	242,577	kJ/tonne	EN3
Specific energy consumption (Cement)	4,340	3,389	3,377	3,342	MJ/tonne	EN3
Absolute energy consumption (Aggregates)	-	5,079	5,227	5,820	kJ/tonne	EN3
Specific energy consumption (Aggregates)	-	35.7	33.0	35.4	MJ/tonne	EN3
Fuel mix for clinker production:						
- Hard coal	59.1	56.2	57.2	53.6	%	EN3
- Lignite	0.0	5.5	6.0	4.5	%	EN3
- Petroleum coke	2.5	9.0	7.6	9.6	%	EN3
- Natural gas	23.5	5.1	5.9	8.8	%	EN3
- Light oil	0.7	0.4	0.3	0.3	%	EN3
- Heavy oil	7.3	0.7	0.7	0.6	%	EN3
- Other fossil fuels	3.6	1.0	1.1	0.8	%	EN3
- Alternative fuels	3.0	13.9	12.9	13.3	%	EN3
- Biomass	0.3	8.2	8.4	8.4	%	EN3
- Proportion of biomass in mix of alternative fuels	9.2	37.1	39.3	38.7	%	EN3
Alternative fuel mix for clinker production:						
- Plastics	0.0	26.5	26.1	27.6	%	EN3/EN5
- Waste oil	39.0	3.3	3.5	3.1	%	EN3/EN5
- Tyres	25.0	12.2	11.5	10.4	%	EN3/EN5
- Solvents	4.7	4.9	4.7	4.3	%	EN3/EN5
- Dried sewage sludge	0.0	3.2	4.1	3.9	%	EN3/EN5
- Bone meal, animal meal and animal fat	0.0	7.2	6.3	5.1	%	EN3/EN5
- Agricultural waste and waste wood	0.0	5.5	4.2	4.2	%	EN3/EN5
- Other biomass	9.2	21.2	24.8	25.5	%	EN3/EN5
- Other alternative fuels	22.2	16.0	14.8	15.8	%	EN3/EN5
Proportion of alternative fuels (incl. biomass)	3.3	22.1	21.3	21.7	%	EN3/EN5
Clinker content in the cement	84.1	75.4	75.3	75.4	%	EN5
Proportion of alternative raw materials:						
- Clinker	-	3.63	3.29	3.82	%	EN5
- Cement	-	13.57	13.57	12.89	%	EN5
Emissions						
NO _x : Absolute emissions	-	73,622	76,532	73,408	tonnes	EN20
NO _x : Specific emissions (g/t clinker)	-	1,513	1,422	1,359	g/tonne	EN20
SO ₂ : Absolute emissions	-	17,878	24,192	21,521	tonnes	EN20
SO ₂ : Specific emissions (g/t clinker)	-	367	450	399	g/tonne	EN20
Dust: Absolute emissions	-	24,812	33,318	23,664	tonnes	EN20
Dust: Specific emissions (g/t clinker)	-	510	619	438	g/tonne	EN20
Proportion of clinker produced in kilns with continuous or discontinuous measurement of emissions	-	67	73	73	%	EN20
Proportion of clinker produced in kilns with continuous measurement of dust, NO _x and SO ₂ emissions	-	83	81	80	%	EN20
Mercury: Specific emissions (g/t clinker)	-	0.039	0.047	0.049	g/tonne	EN20
Mercury: Number of kilns reporting	-	31	60	60		EN20
Dioxins and furans: Specific emissions (µg TEQ/t clinker)	-	0.034	0.038	0.046	µg TEQ/tonne	EN20
Dioxins and furans: Number of kilns reporting	-	27	61	59		EN20

	2010	2011	2012	Unit	GRI
04 Environment					
Sustainable construction					
Sales of recycled aggregates	2.3	2.4	1.7	million tonnes	EN2
Biodiversity and preservation of resources					
Proportion of quarries in areas with high biodiversity value:					
– Cement	41	-	38	%	EN13
– Aggregates	18	-	24	%	EN13
Proportion of quarries in areas with high biodiversity value, with biodiversity management plans:					
– Cement	54	-	61	%	EN13
– Aggregates	33	-	58	%	EN13
Proportion of quarries with restoration plans:					
– Cement	91	-	90	%	EN13
– Aggregates	81	-	76	%	EN13
05 Employees					
Employees and employment					
Number of employees as of 31st December:					
– Western and Northern Europe	14,302	13,693	13,438	employees	LA1
– Eastern Europe-Central Asia	9,959	9,693	9,435	employees	LA1
– North America	11,899	11,586	11,001	employees	LA1
– Asia-Pacific	13,682	14,039	14,686	employees	LA1
– Africa-Mediterranean Basin	3,539	3,460	3,349	employees	LA1
– Group Services	55	55	57	employees	LA1
– Total	53,437	52,526	51,966	employees	LA1
Personnel costs and social benefits:					
– Wages, salaries, social security costs	1,991.3	2,068.6	2,222.4	EUR million	EC1
– Costs for retirement benefits	71.4	-28.6	87.4	EUR million	EC1
– Other personnel costs	23.5	24.1	20.6	EUR million	EC1
– Total	2,086.2	2,064.1	2,330.4	EUR million	EC1
Age structure (Group):					
– Younger than 30	14	12	13	%	
– 30-49	55	55	54	%	
– 50 and older	31	33	33	%	
Proportion of disabled employees:					
– Proportion at HeidelbergCement Deutschland	5.1	4.9	4.9	%	
– Proportion at HeidelbergCement AG	4.7	4.5	4.4	%	
Fluctuation:					
– Western and Northern Europe	9	11	9	%	LA2
– Eastern Europe-Central Asia	15	15	12	%	LA2
– North America	7	9	9	%	LA2
– Asia-Pacific	11	12	10	%	LA2
– Africa-Mediterranean Basin	8	7	6	%	LA2
– Total	10	11	9	%	LA2
Proportion of part-time employees (Group)	4.5	2.6	2.2	%	LA1
Proportion of part-time employees (HeidelbergCement AG)	9.3	9.6	9.6	%	LA1

Key figures

	2010	2011	2012	Unit	GRI
05 Employees					
Diversity					
Share of women employees (Group)	15	13	14	%	LA13
Share of women employees in top management positions (Group)	8	9	9	%	LA13
Share of women employees (Germany)	17	15	15	%	LA13
Share of women employees in top management positions (Germany)	5	7	7	%	LA13
Share of women employees in management trainee programmes (Group)	15	28	28	%	LA13
Share of women employees in management trainee programmes (Germany)	28	50	29	%	LA13
Percentage of local managers in top management positions	80	80	80	%	LA13
Training and career development					
Personnel in management trainee programmes	122	246	297	persons	
Training hours per employee	N.A.	N.A.	26		LA10/LA11
Structure of training hours:					
– Management training	11	11	8	%	LA10/LA11
– Soft skills training	5	5	8	%	LA10/LA11
– Specialist training	20	30	31	%	LA10/LA11
– Occupational safety training	48	41	41	%	LA10/LA11
– IT training	1	2	2	%	LA10/LA11
– Language courses	13	6	3	%	LA10/LA11
– Other	3	6	7	%	LA10/LA11
Percentage of trainees at HeidelbergCement AG	6.5	7.3	7.4	%	
Proportion of trainees retained as full-time employees throughout Germany	76	70	82	%	
Occupational health and safety					
Accident frequency rate ¹⁾	4.3	3.8	3.4		LA3
Accident frequency cement business line	3.6	2.8	2.4		LA3
Accident severity indicator ²⁾	146	125	115		LA3
Accident severity indicator cement business line	103	84	73		LA3
Fatality rate ³⁾	1.1	0.6	0.5		LA3
Fatality rate cement business line	0.91	0.44	0.86		LA3
Number of fatalities:					
– Own employees: Total/cement business line	5/2	2/1	2/2	persons	LA3
– Contractors: Total/cement business line	10/6	2/2	4/4	persons	LA3
– Third parties: Total/Cement business line	4/2	4/1	8/4	persons	LA3
– Thereof third parties off-site: Total/cement business line	3/1	3/-	5/2	persons	LA3
Accident frequency (LTI FR, own employees) by region:					
– Western and Northern Europe	12.0	10.9	11.2		LA3
– Eastern Europe-Central Asia	2.8	2.7	2.4		LA3
– North America	3.7	3.6	2.4		LA3
– Asia-Pacific	2.4	1.9	1.3		LA3
– Africa-Mediterranean Basin	4.8	5.5	2.9		LA3
Occupational illness rate ⁴⁾	0.69	0.94	0.47		LA3
Illness rate ⁵⁾	1.77	1.71	1.64		LA3
Proportion of employees represented by H&S committees	99.9	98.8	97.6		LA6
Proportion of employees represented by H&S committees with trade union representation	91.5	89.7	85.9		LA6

¹⁾ Number of accidents involving own employees with at least one lost working day per 1,000,000 hours worked for cement, ready-mixed concrete and aggregates

²⁾ Number of working days lost due to accidents involving own employees per 1,000,000 hours worked for cement, ready-mixed concrete and aggregates

³⁾ Number of fatalities of own employees per 10,000 own employees working on cement, ready-mixed concrete and aggregates


⁴⁾ Number of officially recognised occupational illnesses suffered by own employees per 1,000,000 hours worked

⁵⁾ Proportion of working hours lost due to illness relative to the total number of working hours (not including North America as the general illness hours are not recorded there)

This is the fifth time that HeidelbergCement has published a corporate Sustainability Report. In this publication we explain how HeidelbergCement is fulfilling its economic, environmental and social responsibilities and report on the progress we have made in 2011 and 2012 in the implementation of our sustainability programme. The report has been prepared for our employees, investors and analysts, customers and contractors, as well as political players and nongovernmental organisations.

Content and structure of the report


GRI has verified that the report is prepared according to the GRI G3.1 Guidelines, at Application Level A+.

 [Our complete GRI Index:
www.heidelbergcement.com/sr2012/GRI](http://www.heidelbergcement.com/sr2012/GRI)

Our decisions concerning the most important sustainability themes for the articles in our report were guided by the GRI principles (materiality, inclusion of stakeholders, sustainability context, completeness). We continuously refine our reporting processes in line with these standards. For example, we have improved the processes by which we gather key figures, and in this report we have been able to submit even more differentiated data than before — for instance in relation to occupational safety and the continuing education of our employees.

Precise definition and methodology of the report

This Sustainability Report for 2011/2012 deals with the business years 2011 and 2012 of the HeidelbergCement Group. The business years run from 1st January to 31st December. The key facts and figures included in this report correspond to those in the consolidated financial statement and the management report of HeidelbergCement's Annual Reports for 2011 and 2012. This is also the case for the facts and figures concerning our workforce. We report our key figures for environmental and occupational safety according to the guidelines of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD).

 [The guidelines in their original wording:
www.wbcscement.org/publications](http://www.wbcscement.org/publications)

Data collection

Methods and systems that have been defined Group-wide are used to collect data at our business locations. Internal reporting and consolidation of the data take place via centralised electronic KPI data management systems at the Group; here the key figures are checked for completeness and credibility. Uniform Group-wide definitions of

all the relevant key figures, as well as process guidelines for the reporting processes, are available on the intranet.

Independent limited assurance

Again, selected indicators regarding carbon emissions, other emissions and health and safety of the year 2012 for the cement business line were subject to an independent limited assurance, as required by our membership in CSI. The independent assurance report, the audited indicators as well as details about the assurance process, scope and consolidation rules can be found in our online Sustainability Report.

 www.heidelbergcement.com/sr2012/assurance

Information about the editing process

This Sustainability Report is being published in German and English. The editorial deadline was 30th June 2013. The previous sustainability report was published in September 2011. In line with the two-year reporting cycle, the next printed report will be published in 2015. In 2014 we will make updated key figures and information available on our website.

Disclaimer of liability

We have compiled the information and key figures contained in this report with extreme care. All of the contents of this report were examined by the employees responsible for this task. However, we cannot completely exclude the possibility that this report includes erroneous information. The report and the information contained in it do not constitute a test of compliance with the current laws, legal regulations or recognised sustainability practices in the industry.

Supplementary information on the Internet

We have published more detailed information on our website. The printed report includes links to the relevant sections of the website in order to help readers orient themselves.

 www.heidelbergcement.com/sr2012



Statement GRI Application Level Check

GRI hereby states that **HeidelbergCement AG** has presented its report "Foundations - Sustainability Report 2011/2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 July 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because HeidelbergCement AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



Copyright © 2013

HeidelbergCement AG
 Berliner Straße 6
 69120 Heidelberg, Germany

Editorial deadline: 30th June 2013

Responsible on behalf of the publisher
 Andreas Schaller

Project management Sustainability Report
 Stefanie Kaufmann

Contact

Phone: + 49 (0) 6221 481 - 39739
 Fax: + 49 (0) 6221 481 - 13217
 e-mail: sustainability@heidelbergcement.com

 <http://www.heidelbergcement.com>

Concept and realisation

Group Communication
 HeidelbergCement AG
 SLau Konzepte & Kommunikation
 TEAMKOM Kommunikation+Design
 abcdruck GmbH

Picture credits

HeidelbergCement
 Richard Ladkani (p. 27)

This Sustainability Report is also available in a German-language edition. The German version is binding.

Carbon-neutrally printed on environmentally friendly PEFC-certified paper:





HeidelbergCement AG
Berliner Straße 6
69120 Heidelberg, Germany
www.heidelbergcement.com