

SUSTAINABILITY REPORT 2015

HEIDELBERGCEMENT





Dr. Bernd Scheifele
Chairman of the Managing Board

Preface

Dear readers,

2015 was by far the most successful year for HeidelbergCement since the financial crisis. This success shows that long-term thinking and responsible action pay off – especially in times that are characterised by a wide variety of economic and political challenges.

For us, sustainable corporate governance involves reconciling our profit targets with the need to safeguard our future viability. By taking on responsibility for the environment and society and reducing the negative effects of our activities as much as possible, we are also minimising the risks for our business. We are also contributing to sustainable construction through product and process innovations. We do this using a holistic approach that is valid for all of our business lines and Group areas. This approach is being implemented and put into practice at the more than 2,300 locations where we operate. Our sustainability strategy therefore focuses on local responsibility – towards our employees and our neighbours as well as towards the environment. And we take on this responsibility in more than 40 countries all over the world.

Occupational safety – the top priority at HeidelbergCement

Occupational safety plays a key role at HeidelbergCement. In 2015 we tightened our corporate guidelines and once again highlighted occupational health and safety as a leadership responsibility for all levels of management. In addition, we introduced a number of binding rules that apply to all employees and contractors. Even though accident frequency declined substantially at all of our business lines, severe accidents, sometimes involving fatalities, still occur. We must and we will further intensify our efforts in the area of occupational safety in order to reduce the number of accidents permanently.

Climate protection: New technologies for capturing and using CO₂

Another focus last year was on climate protection and the prevention of CO₂ emissions. During the reporting year, HeidelbergCement greatly intensified its efforts to develop technologies for the use of CO₂ as a raw material. To this end, the company also formed promising new partnerships. This has enabled us to take the lead in this area in the cement industry. Thanks to our major achievements in climate protection and climate reporting in 2015, the Carbon Disclosure Project (CDP) also honoured us as one of the five best companies from the energy and raw materials sector in Germany, Austria and Switzerland.

Compared to the figure for 1990, we reduced our CO₂ emissions by 22% to 606 kilograms per tonne of cement. As a result, we barely missed our ambitious reduction target of 23%. Moreover, we have set ourselves a new target for the next 15 years. For 2030, our aim is to further reduce the emissions by around 20 million tonnes of CO₂ per year compared with the level of 1990. And despite the low prices for coal and petroleum coke, we kept our use of secondary fuels stable at 21%.

During the United Nations Climate Change Conference (COP21) in Paris in December 2015, HeidelbergCement and 17 other cement companies underscored their commitment to climate protection by signing the Low Carbon Technology Partnership initiative (LCTPi) that was launched by the World Business Council for Sustainable Development (WBCSD).

Water and biodiversity management: New projects and key figures

We have also made progress in other key fields of our sustainability strategy. For example, we expanded our cooperation with the international nature conservation organisation BirdLife International to Africa and Asia, where we have already initiated individual species protection

projects. We also addressed water management issues and established a reporting system for the cement business line. In this report, we are publishing our water consumption figures for the first time.

Innovative solutions for future challenges

Society and the economy are continuing to face major challenges. As a leading manufacturer of construction materials, we can help overcome these challenges with innovative building materials and efficient production processes. Big synergies will also be generated in these two areas by our acquisition of our competitor Italcementi, which will be finalised in 2016. This Italian construction material manufacturer's state-of-the-art production facilities and extensive research activities will give our sustainability performance a further boost at the product and process levels.

As we integrate Italcementi, we will also adapt our sustainability strategy to current economic, social and political challenges. In future, this strategy will more clearly unite our social responsibility with our efforts to safeguard our company's future viability.

Dr. Bernd Scheifele

Chairman of the Managing Board

Products and services

Building materials for the global market

Our core business encompasses the **production and distribution of cement and aggregates**, the two essential raw materials for manufacturing concrete. Our product range is mainly supplemented by the downstream materials **ready-mixed concrete and asphalt**. Our core products, cement and aggregates (e.g. sand, gravel and crushed stone), are generally homogeneous bulk goods. Their product properties are standardised so that they are sufficiently strong and reliable and can be properly processed and used.

Locations and sales markets

>40 Countries
85 Cement plants
>600 Quarries
>2,300 Locations

Because cement and aggregates are heavy compared to their price, they are generally produced close to their sales markets. When transported on roads, cement normally has a delivery radius of less than 200 kilometres, while the radius for aggregates and ready-mixed concrete is less than 100 kilometres. That's why we have local production facilities in the **more than 40 countries** where we offer building materials. We operate **85 cement plants** worldwide, as well as more than **600 quarries** and gravel pits and considerably over **1,000 production facilities** for ready-mixed concrete. All in all, our **45,453 employees** work at more than **2,300 locations**.

Market position

A leader worldwide

HeidelbergCement is one of the **world's largest companies for building materials** and operates on **five continents**. Our products are used for the construction of buildings, transport routes, commercial facilities and industrial plants. They help to cover the needs of a growing world population for housing, mobility and economic development.

Organisation of the Group areas 2015

Western and Northern Europe	Eastern Europe-Central Asia	North America	Asia-Pacific	Africa-Mediterranean Basin	Group Services
Belgium Denmark Estonia Germany Iceland Latvia Lithuania Netherlands Norway Sweden United Kingdom	Bosnia and Herzegovina Croatia Czech Republic Georgia Hungary Kazakhstan Poland Romania Russia Slovakia Ukraine	Canada USA	Australia Bangladesh Brunei China India Indonesia Malaysia Singapore	Benin Burkina Faso DR Congo Ghana Israel Liberia Sierra Leone Spain Tanzania Togo Turkey	

The structure of the Group areas was adjusted in April 2016 in the context of the integration of Italcementi.
 → www.heidelbergcement.com/en/group-areas-and-countries

Our activities are divided into five Group areas and organised into **four business lines**: cement, aggregates, ready-mixed concrete and asphalt, and service-joint ventures-other.

Sales figures for 2015

↘ **81.1**
 million tonnes of cement
 2014: 81.8

↗ **249.2**
 million tonnes of aggregates
 2014: 243.6

↗ **36.7**
 million cbm of ready-mixed concrete
 2014: 36.6

↘ **9.1**
 million tonnes of asphalt
 2014: 9.3

Key figures for 2015

↗ **13,465**
 million EUR of turnover
 2014: 12,614




↗ **1,846**
 million EUR of operating income
 2014: 1,595

→ Key figures regarding the company pp. 51-52

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How to find your way through the report

To make it easier for you to navigate through the report, we have added links to this PDF file. In the grey bar at the top edge of the page, you can jump to the individual chapters from any page. The thin green bar shows you which chapter you are currently in. The icons operate similarly to those on a website:

-  Go forwards/back
-  Table of Contents
-  Starting page

You can also directly access the chapters from the table of contents. In each chapter, the column at the far left contains a linked overview of the sub-chapters. The following symbols in the text are also useful:

- Link to the specified page or website
- ✓ **G4-19** A passage of text that contains statements concerning the GRI Materiality Matters indicators



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10,000 employees

were registered to use our **Group-wide e-learning module** on the HeidelbergCement Code of Conduct in 2015. The module is part of our programme of periodic compliance training for employees. **p. 09**

Online platform for sustainability assessments

In 2015 HeidelbergCement launched a **project for the systematic management and assessment of suppliers**. An online platform will make it possible to assess various aspects of sustainability compliance in the supply chain. **p. 16**



Compliance with sanctions lists

Our **Trade Sanctions Policy**, which we introduced in 2014, promotes compliance with official sanctions lists by stipulating the implementation of targeted compliance evaluations. In 2015 we established processes for assessing new business partners and also began periodically evaluating nearly all of our existing business partners. **p. 09**



In 2015

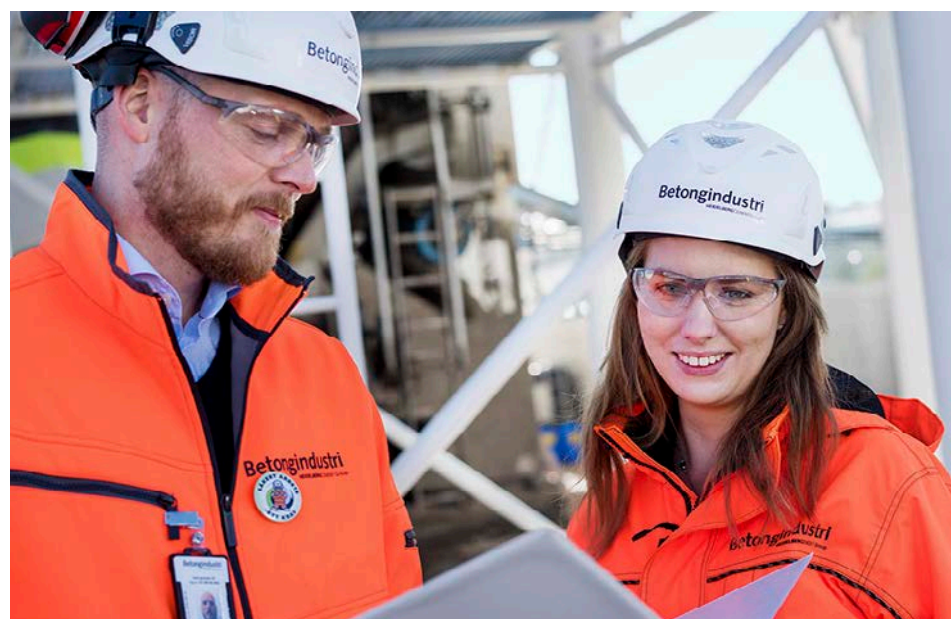
we implemented a **system for assessing and avoiding corruption risks and conflicts of interest** at all business lines throughout the Group. We developed this system with the help of external experts. **p. 10**

In 12 countries

HeidelbergCement has partnerships with Green Building Councils. The goal here is to develop **certification systems** and ensure the more sustainable design, construction and management of buildings. **p. 14**

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HeidelbergCement has dedicated itself to a responsible corporate management system: We aim to achieve our business objectives in a morally acceptable and ethical manner with socially and environmentally responsible methods. This is the only way to ensure that our success will be sustainable.

Outstanding business performance, ecological expertise, social responsibility as well as acting in an ethically as well as legally correct manner form the basis for responsible and sustainable corporate governance at HeidelbergCement.

Our management and monitoring structures comply with the laws governing stock corporations in Germany, the company’s memorandum and articles of association, the rules of procedure of the Managing Board and Supervisory Board and, with a few exceptions, the guidelines laid out in the German Corporate Governance Code.

Compliance

We respect and obey 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 obliged to adhere to global values and standards. As a result, we are 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 around the world to act in conformity with these essential guidelines and recommendations.

Our leadership principles reflect our commitment to the aforementioned standards. We commit our suppliers to these standards with our Supplier Code of Conduct. Our compliance reporting system offers both employees and external parties the opportunity to report compliance violations. This system also includes criteria for violations of human rights and core labour standards such as anti-discrimination and anti child-labour regulations. The system encompasses a variety of channels through which suspected compliance violations can be addressed, ranging from reports sent directly to specifically authorised contact partners to information submitted through our whistleblower hotline. All such reports are handled anonymously if desired.

Most of the reported violations in the reporting year involved employee issues and occupational safety. The whistleblower hotline received 59 reports, including four cases of alleged discrimination. No instances of child labour or forced labour were reported. We examine every report we receive and take appropriate disciplinary action when necessary. In addition to taking corrective action, we implement preventative measures in order to reduce the likelihood of recurrences in the future.

Every two years we conduct a survey in our Group’s country organisations in order to assess the risk of human rights violations or violations of core labour standards. As a second step, we review the risk-minimi-

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sation measures in place and implement additional measures where necessary.

Our compliance programme

Our compliance programme is based on a Group-wide Code of 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

- our employees and managers act with integrity and professionalism when dealing with customers, suppliers, government authorities and business partners;
- conflicts of interest are consistently avoided and prevented;
- company property and assets are treated carefully and responsibly;
- confidential company and business information and personal data are treated carefully and responsibly;
- fair conditions and a workplace free of discrimination are ensured and fair discussions are conducted with employee representatives;
- safe and healthy workplaces are provided;
- natural resources are utilised responsibly and sparingly.

A key element of our compliance programme is our executives’ non-tolerance of violations of applicable law (especially competition law and anti-corruption regulations), and their commitment to taking action against all those who commit such violations. Our compliance programme also includes internal measures and guidelines that provide more specific information on the relevant legal regulations. Measures here include periodic training courses for our employees. For example, we have an e-learning module that addresses our Code of Conduct and provides basic information about compliance topics. Our electronic courses cover topics such as discrimination and harassment in the workplace, competition law and measures to prevent corruption. A total of 10,000 employees were registered to use the e-learning module in the reporting year.

Our compliance organisation

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 applicable laws and regulations, and of course the employees themselves are also responsible for their own compliance. Defined control mechanisms throughout the Group ensure that our compliance programme is implemented correctly. Such mechanisms include regular and special audits by our Internal Auditing department, as well as 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 receives a report each quarter on major compliance violations in his 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. Most recently, such adjustments had to be made in the areas of trade sanctions and corruption prevention.

Compliance activities

Our Trade Sanctions Policy has been in effect since November 2014. The policy stipulates that all companies controlled by Heidelberg-Cement have to check whether their business partners are on the sanction lists published by the EU and the USA. They then have to take appropriate measures if such is the case. The Group Compliance department helps the country organisations implement the Trade Sanctions Policy by supplying data processing solutions in cooperation with Group IT and by delineating business processes that regulate the necessary activities resulting from the evaluation of business partners. In 2015 we fully implemented processes for evaluating new business partners and introduced a system for the periodic evaluation of nearly all of our existing business partners.

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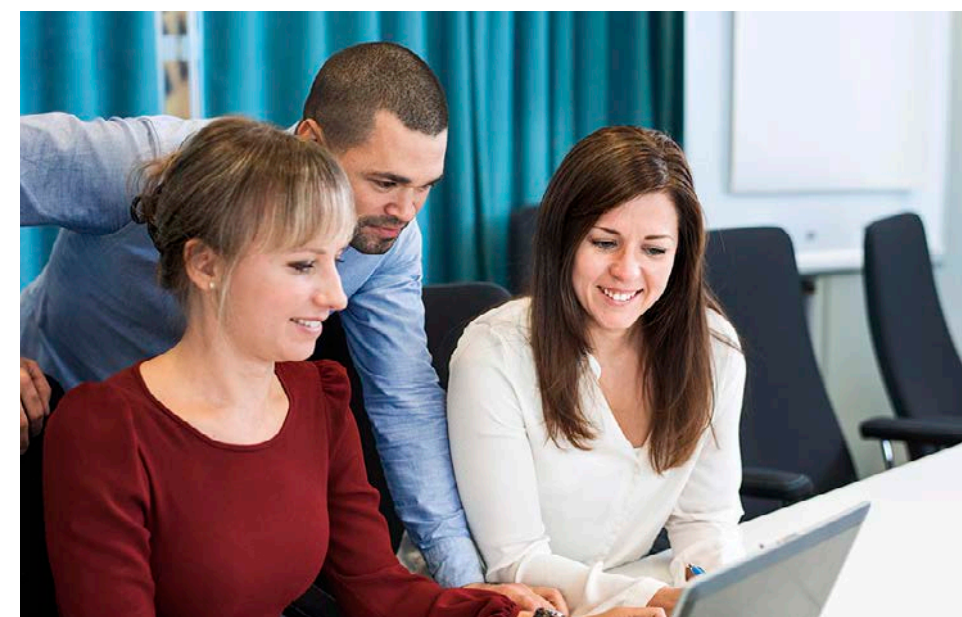
In response to the UK Bribery Act and the IDW PS 980 audit standard, we have worked together with external experts to develop a system for assessing and avoiding corruption risks and possible conflicts of interest. The system is divided into three stages: In the first stage, the system assesses the potential risks in a particular country organisation. Existing measures are then applied to limit such potential risks. In the last step, the system determines whether additional measures might be required. This assessment results in a plan of measures for each country. The implementation of these measures is monitored by Group Compliance. In 2015 we introduced this assessment system for all business lines in all countries where the Group is active. The assessments will now be conducted every three years.

The information submitted via our compliance reporting system in 2015 showed that there were only a few isolated cases of suspected corruption. The necessary countermeasures here include improving process monitoring systems, terminating supplier contracts and taking specific personnel-related actions.

In addition to such aspects, we continue to focus on occupational safety and environmental legislation. This approach reflects the characteristics and special aspects of a heavy industry that extracts raw materials and generally operates on a local level with its production and sale of homogeneous bulk goods. Extensive efforts are also made to ensure compliance with internal procurement stipulations, the ban on insider trading and the regulations governing capital markets, data security and equal opportunity for all employees.

Antitrust law

Antitrust proceedings prompt us to continuously examine and enhance our precautions for the prevention of competition law violations. To this end, our antitrust law compliance system was reviewed in 2010 and 2013 by an external specialist, who confirmed its effectiveness. In order to make further improvements, we have developed electronic antitrust-law courses that have been introduced throughout the Group. These courses are mandatory for senior managers, sales staff, procure-



ment employees who have direct contact with suppliers, employees involved in merger and acquisition projects, and employees in contact with competitors or who might be affected by antitrust regulations in some other way. Throughout the Group, around 5,200 employees from 36 countries and/or functions have registered for the antitrust-law course to date. An additional 650 employees have registered for a country-specific antitrust course in Australia.

→ **Information about current cartel proceedings: AR 2015, p. 137**

Our sustainability strategy

Our company’s mission is to not only achieve outstanding business results but also to act in an environmentally and socially responsible way. While we are minimising the risks for our business and exploiting new opportunities, we are at the same time developing solutions for environmental, social and societal challenges. This work focuses on the following topic areas:

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- **Occupational safety:** Because we are a manufacturing company, occupational health and safety are a top priority at Heidelberg-Cement. We employ targeted measures to improve technical and organisational safety standards and make people more aware of workplace safety issues. Here, we focus not only on our own employees but also on those from outside companies and third parties.
- **Securing raw materials and conserving resources:** Our business operations are dependant on having long-term access to mineral-based raw materials in the vicinity of our plants. Such resources are finite and their local exploitation often leads to conflicts of interest. We therefore view the sustainable safeguarding and conservation of raw materials as a key strategic task.

Our strategy for resource conservation in cement production also involves the use of alternative raw materials and fuels. At the same time, the substitution potential here is heavily dependent on the availability of industrial by-products and the quality requirements for cements.

Water protection and water management are playing an increasingly important role in our business operations as well. Water is scarce in many parts of the world and climate change is exacerbating the situation. Even though the construction materials industry has only a relatively small water footprint as compared to other industries, the scarcity of fresh water at several of our locations presents a challenge to the company. Our Cement business line is now implementing water management plans at those locations where water is particularly scarce.

- **Nature conservation and species protection:** Our raw material extraction and quarrying activities temporarily disrupt the surrounding water supplies, soil, flora and fauna. While we are unable to compensate in the short term for these encroachments, we can offset them over the medium and long term. Here, we place great



store in the high-quality after use of our quarries in line with nature conservation principles, and to this end we seek to engage in a dialogue with local stakeholders.

- **Energy efficiency and climate protection:** The production of cement requires a lot of energy. From both an economic and environmental standpoint, it is therefore imperative that we further increase our energy efficiency. Cement production by its nature also leads to a high level of CO₂ emissions. Our efforts to lower such emissions focus primarily on increasing our use of alternative CO₂-neutral raw materials and fuels. As a result, we have been able to continually reduce our CO₂ emissions over the last few years and we will continue to reduce them further in future. Along with our research on new types of cements with a lower CO₂ footprint, we are also investing in the development of methods for separating and exploiting the CO₂ emissions produced by our cement manufacturing operations. We also support international targets and initiatives for reducing CO₂ emissions and slowing the pace of global warming. We and other cement companies are taking part in the Low Carbon Technology Partnership initiative (LCTPi). To this end, we have committed ourselves to a global plan that specifies measures for reducing CO₂ emissions worldwide.

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Our Sustainability Ambitions 2020

The HeidelbergCement Sustainability Ambitions 2020 describes our most important activities for promoting sustainability. This programme, which is valid throughout the Group, defines the main components and objectives of our sustainability strategy. However, our efforts to achieve greater sustainability can also extend to areas other than those described in the programme, which we are currently updating in order to define our sustainability strategy for the period up until 2030.

✓ G4-19, G4-27

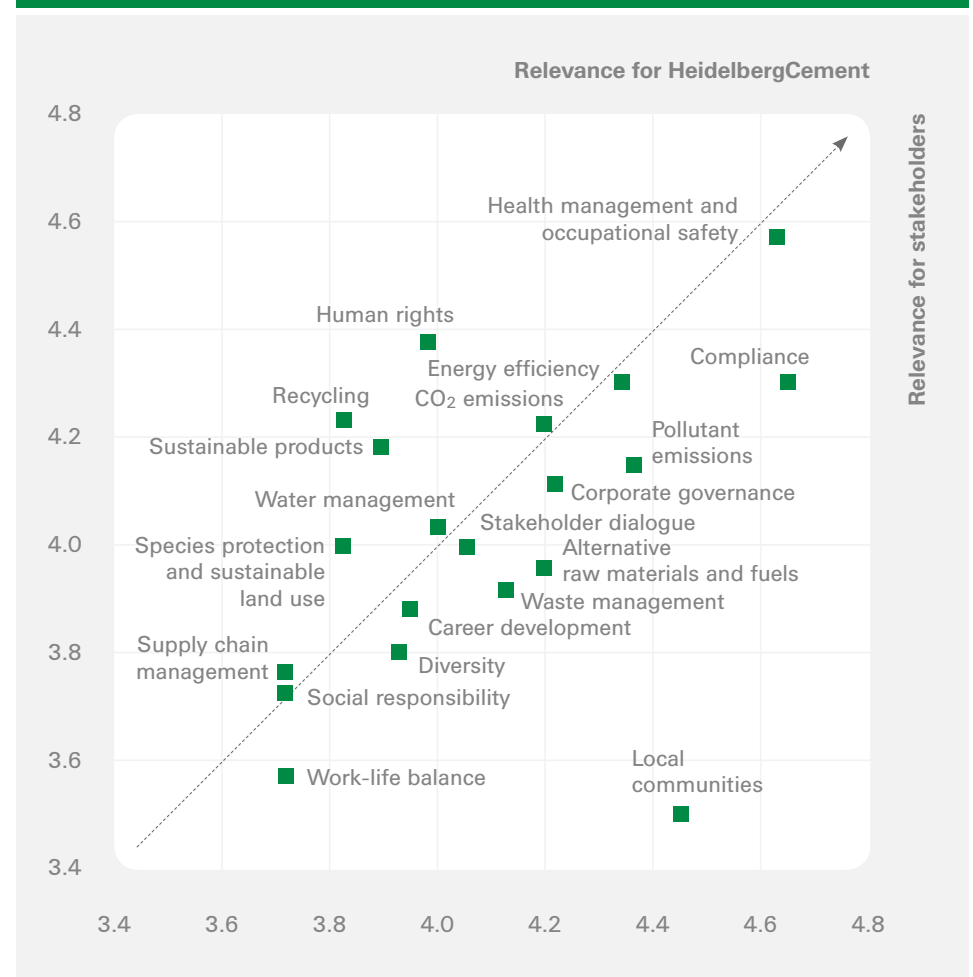
→ www.heidelbergcement.com/en/sustainability-ambitions-2020

Materiality analysis

We use our materiality analysis to regularly determine how important various sustainability issues are from the point of view of different stakeholder groups and the company itself. The analysis thus helps us identify and evaluate issues that are important for our business success today, or could prove to be important in future. The topic list we utilise here is based on our Sustainability Programme 2020 and the key issues defined by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) after close consultation with numerous stakeholder groups and experts. ✓ G4-18, G4-26

We last reviewed our topic list and the materiality matrix in 2014. In order to bring the external assessments of these topics and issues up to date, we asked 57 of our most important stakeholders from various countries to give us their opinions. These stakeholders included suppliers, investors, scientists and representatives of government agencies and non-governmental organisations (NGOs). A total of 26 stakeholders agreed to take part in our survey, which included standardised and open-ended questions. For our internal assessment, we queried some 50 staff members from relevant business lines in all Group areas in the same manner. ✓ G4-18, G4-24, G4-25

Stakeholder survey – Materiality matrix ✓ G4-19, G4-20, G4-21



The Sustainability Steering Committee analysed and discussed the survey results. The answers given to the open-ended questions in particular provided some valuable feedback, which shows, for example, just how important local communities, occupational health and safety, and biodiversity are. The study provided many groundbreaking insights for our sustainability related activities. We plan to expand the survey for the Sustainability Report 2016, which will be published in 2017. ✓ G4-20, G4-21, G4-26, G4-27

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The results of the materiality analysis are depicted in our materiality matrix. These results are also being used to revise our sustainability programme. ✓ G4-18

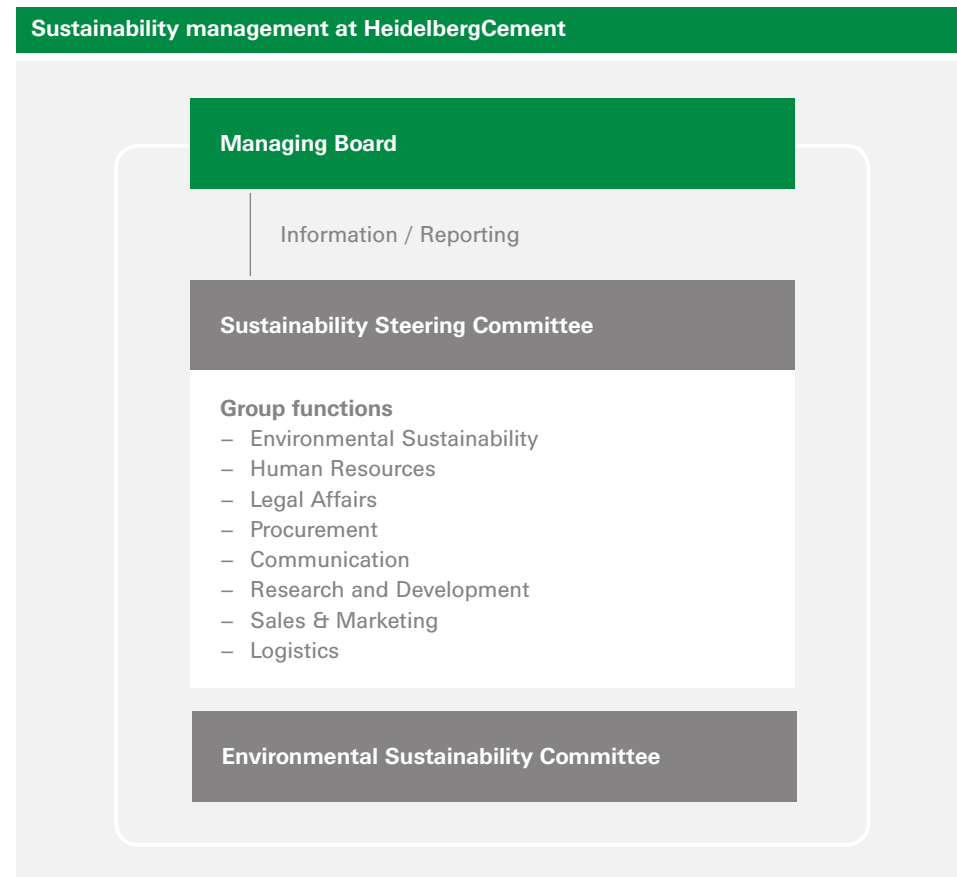
Our sustainability management

Organisational basis

Effective management systems at our various business lines help ensure a continual process of improvement in accordance with our sustainability strategy. Within the framework of 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 targets.

The Sustainability Steering Committee, which reports to the Chairman of the Managing Board, manages and monitors 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 Directors 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 sustainability targets and the implementation of associated measures lies with the individual Group departments and the Group Environmental Sustainability Committee, whose tasks are described in more detail in the Environment chapter.

→ **More on environmental management: p. 21**



Our stakeholder engagement

In view of the strong local focus of our business operations, we can only be successful in the long term if we maintain good cooperative relationships with stakeholders in society. We seek to establish and maintain a dialogue based on trust with all relevant stakeholder groups – especially those on the local level but also with national and international stakeholder groups. The resulting exchange of ideas and opinions helps us identify critical issues at an early stage and gain greater acceptance for our activities. Each country organisation is responsible for establishing and maintaining its own dialogue with national and local stakeholders. The stakeholder dialogue on the international level is managed by the Group departments for Communication and Sustainability. ✓ G4-18, G4-24, G4-25

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Relations with local stakeholders

As most of our plants and quarries are situated near local communities, it is essential for us to continually maintain contact with local communities and government agencies and local organisations. Plant or facility management teams are generally responsible for such stakeholder relationships. Wherever necessary, they are supported by the national subsidiary’s communication department. We take criticism expressed by our stakeholder groups seriously and we discuss with them the points they bring up. We have adopted new approaches in many places in order to reconcile the interests of the company with those of the local community. Along with personal discussions, we also make use of the entire range of modern information and dialogue media (e.g. in the form of newsletters or guidelines) as well as different concepts of civic participation. ✓ G4-24, G4-26

A CSR expert group at Group level regularly brings together managers from all levels for discussing local activities and the various experiences the managers have had in their communities. This helps us continually improve the stakeholder dialogue and the associated internal guidelines. ✓ G4-26

→ **Society: p. 43**

The stakeholder dialogue at the international level

HeidelbergCement is a member of both general and industry-specific associations that represent their members’ interests vis-à-vis governments, businesses and the public. These memberships also promote an exchange with other companies and organisations and a common determination to achieve greater sustainability. The topics addressed focus on challenges specific to individual countries and industrial policy, particularly as regards the secure supply of raw materials, environmental protection, energy conservation, health and occupational safety and social and labour issues.

As a Group headquartered in Germany, we are a member of “econsense – Forum for Sustainable Development of German Business”. This network of global German companies views itself as a partner and an expert forum for dialogue with governments, the scientific community, media and society. econsense seeks to shape and further develop corporate sustainability approaches.

→ www.econsense.de/en

On the international level, we are a member of the Cement Sustainability Initiative (CSI) that seeks to create a more sustainable cement industry. The CSI always incorporates affected third parties into the process for developing standardised guidelines and protocols for the cement industry. Interested partners such as industry associations or non-governmental organisations are therefore brought into many projects. ✓ G4-24, G4-25

→ www.wbcscement.org

HeidelbergCement and its subsidiaries also work with Green Building Councils in 12 countries. The goal here is to jointly develop certification systems for sustainable construction and to make the design, construction and operation of buildings more sustainable.

→ **Sustainable construction: p. 27**

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Dialogue with political decision makers

Legislation in the European Union is increasingly impacting our business operations by addressing all aspects of sustainability. For this reason, HeidelbergCement has established a separate corporate function for political dialogue at the EU level. The manager responsible for this dialogue chiefly represents our interests in CEMBUREAU, the European Cement Association, which speaks for European cement manufacturers in discussions and negotiations with the EU and its various institutions. The 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), we also present our positions on aggregates through an effective lobbying organisation. Our interests concerning concrete are represented by the European Ready-Mixed Concrete Organisation (ERMCO) and the European Concrete Platform (ECP). ✓ G4-18, G4-25

Dialogue with analysts and investors who focus on sustainability issues

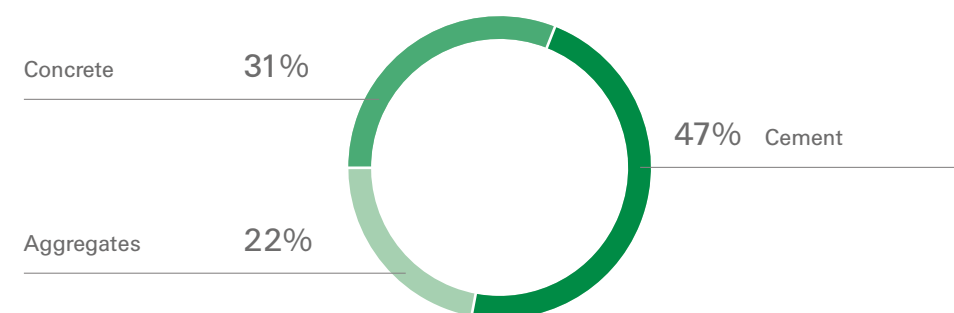
Dialogue with the capital markets is also becoming more and more important, as our shareholders and an ever greater number of financial analysts and rating agencies are now interested in how HeidelbergCement integrates the issue of sustainability into its corporate strategy. They also want to know how successful the company has been in this regard. Dialogue with capital-market stakeholder groups generally has a bilateral format. ✓ G4-24, G4-25

Our relationships with business partners

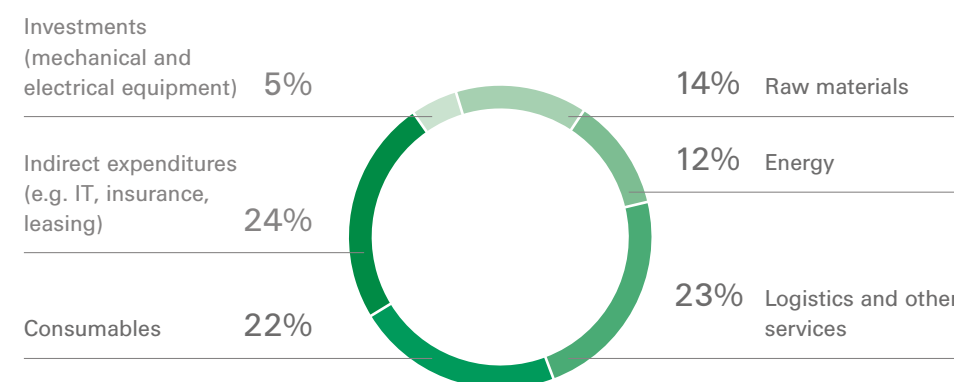
Management of supplier relations

In 2015 HeidelbergCement procured goods and services with a total value of EUR 9,045 million (2014: EUR 8,678 million), which corresponds to 67.2% of total turnover.

Purchasing costs by business line



Expenditure by category



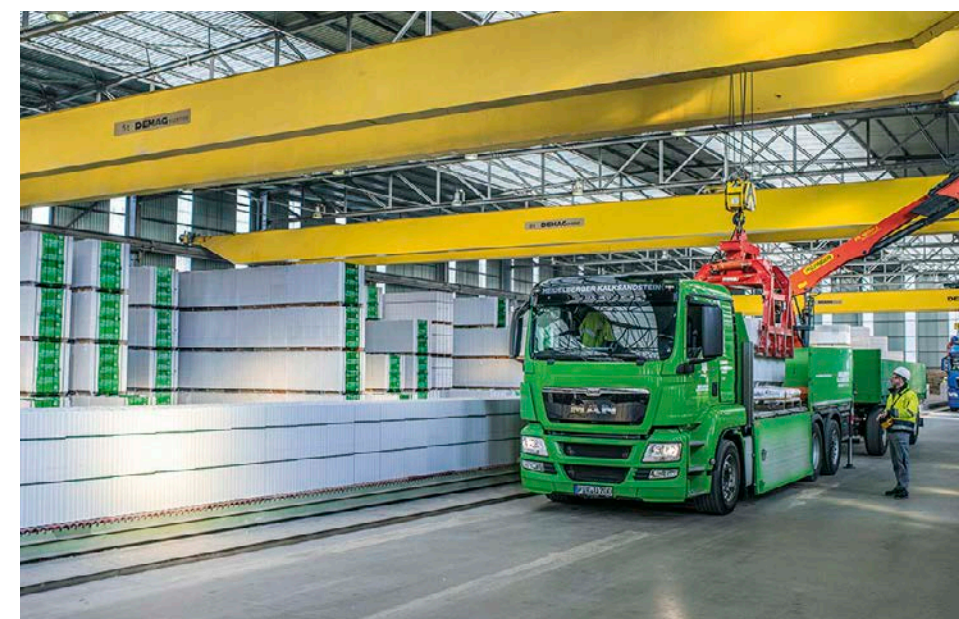
HeidelbergCement strives to ensure compliance with sustainability standards throughout the supply chain. Group-wide procurement guidelines therefore provide clear instructions regarding supplier relationships and procurement activities.

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Here too, we adhere to ethical principles such as respect, fairness and credibility, as laid out in our Supplier Code of Conduct. We systematically and transparently communicate this code to our global and local suppliers, who are obligated to act in line with the principles defined in the code. 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 Organisation (ILO). The code is meant to motivate our suppliers to make continual improvements to their operations. The failure of a supplier to correct a weakness or deficiency that has been identified can result in the termination of the contractual relationship.

Within the framework of a working group in the international Cement Sustainability Initiative (CSI), HeidelbergCement is also helping to establish a standardised approach to sustainable supply chain management in the cement industry. The working group has developed a joint catalogue of principles that are based on the UN Global Compact and ILO standards, and which cover the following areas:

- Occupational health and safety
- Working conditions
- Freedom of association and protection against retaliation
- Forced labour
- Child labour
- Anti-discrimination
- Observance of environmental regulations
- Environmental impact management
- Bribery and corruption
- Transparency and integrity.



In 2015 HeidelbergCement also launched a project for the systematic management and assessment of suppliers. A main component here will be the establishment of a platform for evaluating the sustainability aspects addressed in our Supplier Code of Conduct. This online platform will simplify the systematic collection and consolidation of data and serve as an important tool for identifying areas where the implementation of additional measures, including physical audits and onsite visits, might be necessary. The platform will thus serve as the basis for a continual improvement of sustainability performance in the HeidelbergCement supply chain.

Management of customer relationships

We seek to offer our customers the greatest possible utility, and to establish partnerships based on trust. This in turn requires open and honest communication – and this also applies to advertising measures for innovative products and/or products that improve environmental protection, which require more explanation than standard products.

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Customers who wish to file complaints can get in touch with their local contact partners, whereby all complaints – whether of a technical, logistical, or commercial nature – are forwarded directly to the appropriate department. The structural design and computer-supported implementation of our Complaint Management System is carried out worldwide in accordance with a predefined standard.

In order to offer our customers even greater utility, we are stepping up our systematic, continual and comprehensive customer survey process around the globe within the framework of our Group-wide Customer Excellence Programme (CEP). These surveys enable us to focus our efforts more strongly on the needs of our customers. We use the survey results and other market analyses to develop plans for optimising our products and services and to further enhance the satisfaction of our customers. We treat all the customer data we collect confidentially and do not pass any information on to third parties.

Research and technology

Our research and development activities are geared towards the creation of innovative products that generate value for our customers and our company. At the same time, we seek to minimise energy consump-

tion, CO₂ emissions and thus costs as well by improving our processes and introducing new product recipes.

Organisation and areas of responsibility for research and technology

Our Heidelberg Technology Center Global (HTC Global) and Competence Center Materials bring together knowledge and expertise from throughout the Group and make them available to all operating units quickly and comprehensively. The two competence centers employ numerous international experts who have extensive expertise with regard to cement and aggregates.

Focus of research and development activities

Our innovation activities focus on five main areas:

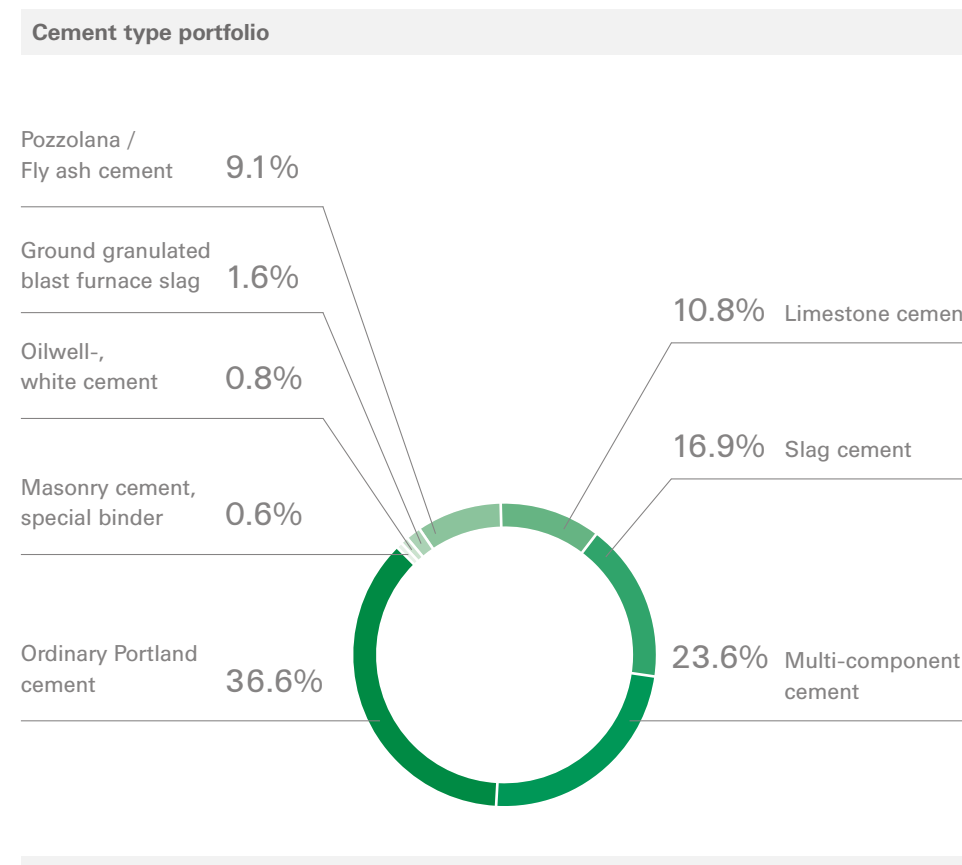
- **Products and applications:** Our research and development activities are geared strongly towards the market and our customers. The main priority here is the development and improvement of binders and concretes with optimised properties and innovative functionalities. We also provide our customers with expert advice on the use and optimisation of their products.
- **Cement production:** The focus here is on the continual improvement of processes and cost structures. This includes the cost-efficient substitution of fossil fuels and natural resources with alternative fuels and raw materials, as well as measures that reduce energy consumption in production. Up until the end of 2013, we pursued such goals in the Group-wide Operational Excellence initiative, which successfully identified and exploited existing potential in our cement plants. The Continuous Improvement Programme (CIP) launched in 2014 is designed to not only maintain the progress we've already made but also to achieve further improvements.

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- **Aggregates:** With the help of various optimisation programmes, we have achieved important improvements in terms of, among other things, throughput, uptime, labour and energy efficiency and the balance between production and sales. We have increasingly focused on implementing standardised processes at all of our plants. We also continue to implement targeted training programmes at all levels – from management to production staff at our facilities. Local managers will remain responsible for ensuring continual improvements and efficiency enhancements in future.
- **Cross-divisional activities:** We are focusing on vertical integration in major metropolitan areas in particular. Extensive financial savings can be achieved through the closely coordinated optimisation of the product ranges, production processes and logistics operations across the aggregates, ready-mixed concrete and cement business lines. The exploitation of our complete raw materials portfolio in individual market regions enables us to optimise the material mix in our ready-mixed concrete plants to an extent that allows us to use our raw material deposits in the best possible manner and lower costs in all of the above-mentioned business lines. At the same time, we are able to guarantee a high level of concrete quality for our customers.

- **Cements and concretes with improved CO₂ footprints:** A key focus here is to further develop composite cements with lower clinker content levels – even lower than required by today’s standards, in fact. The reduction of clinker content is the most important factor for reducing energy consumption and CO₂ emissions and conserving natural resources. We are also conducting research into completely new binder systems that require no clinker. Such innovative alternative products are still in the research stage, and it will therefore take several years before they are ready for the market and wide deployment.

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ENVIRONMENT

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Environmental management

78%

of our integrated cement plants were operating with a **certified environmental management system** at the end of 2015. **p. 21**

Climate protection

Biofuels made from CO₂

could offer a way to **avoid emissions of greenhouse gases**. Together with Joule Unlimited, a pioneer in CO₂ recycling, we have been conducting research into suitable technologies for the cement industry since 2015. **p. 23**



Climate protection

Sector leader according to CDP

The Carbon Disclosure Project (CDP) named us **Sector Leader Energy & Materials** in 2015 in recognition of our transparent and comprehensive climate protection reporting system. HeidelbergCement's rating of **99 A-** makes the company one of the best in the industry. **p. 21**



CO₂ reduction

-30% CO₂

We plan to utilise a new clinker phase in order to reduce CO₂ emissions by 30 percent during the combustion process and lower energy consumption by as much as **15 percent**. In 2015, we launched a multi-year programme to prepare the new technology for the market. **p. 23**

Alternative fuels

-90% coal

Our plant in Lengfurt, Germany, has substituted 90 percent of its **coal requirement** with alternative fuels since 2015. **p. 24**

Biodiversity

454 project ideas

were submitted by students, researchers and nature conservation organisations for the current **Quarry Life Award** competition. The best ideas are being implemented at HeidelbergCement quarries and compete for the award, which will be presented at the end of 2016. **p. 26**

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Securing and conserving resources, increasing energy efficiency, limiting CO₂ emissions, minimising land use and restoring valuable habitats – these are the key components of our approach to environmental protection. We made progress in all of these areas in 2015.

Environmental protection measures at the HeidelbergCement Group are centrally managed by the Group Environmental Sustainability Committee. Under the lead management of the Global Environmental Sustainability department, experts from the various business lines and Group areas define environmental guidelines, goals and measures, and coordinate their implementation.

→ **Our environmental protection goals: pp. 47-48**

In an effort to place environmental protection on a firmer footing at our facilities and achieve continual improvements in this area, we plan to introduce certified environmental management systems at all of our cement plants worldwide by 2020. We will focus here on the ISO 14001 international standard and will also use recognised national standards. At the end of 2015, 78% of our integrated cement plants were operating with a certified environmental management system.

In line with the stipulations in our Sustainability Ambitions 2020, we conducted environmental audits at all business lines throughout the Group in 2015. Our goal is to analyse all of our locations in this manner by 2020. The audits conducted to date have led to the development of several measures to improve our environmental performance. These measures have now been successfully implemented. No violations of environmental protection laws that would have led to significant fines or non-financial penalties were reported during the reporting year.

Energy and climate protection

Our environmental policies focuses on protecting the earth’s climate. In December 2015, we reconfirmed our commitment by joining the LCTPi during the COP 21 in Paris. As an energy-intensive company, we have for many years been diligently striving to reduce our CO₂ emissions. Between 1990 and 2015, we reduced specific net CO₂ emissions by 22% to 606 kg CO₂/t cement. By 2030, we plan to lower CO₂ emissions by around 20 million tonnes of CO₂ per year as compared to 1990 levels. This is an ambitious goal, but also one that can be achieved.

Climate protection			
	2013	2014	2015
Specific net CO ₂ emissions (kg CO ₂ /t cement)	617	613	606
Alternative fuel rate	21%	21%	21%
Clinker factor	76%	76%	75%

In recognition of our transparent and comprehensive CO₂ reporting system, the CDP named us Sector Leader Energy & Materials in the DACH region (Germany, Austria, Switzerland) in 2015. Heidelberg-Cement’s rating of 99 A- makes the company one of the five best in the industry in these countries and one of the ten best companies listed in the DAX stock index.

Participation in the EU’s emissions trading system

HeidelbergCement operates 35 facilities in 11 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 trading issues was therefore established in 2004. The associated corporate department not only manages our trading activities within the European Union (EU), but also monitors developments in countries outside of Europe that might impact the operations of our plants.

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The EU now has to make critical decisions regarding the future of the European emissions trading system. Moreover, uncertainty will increase due to the discussions regarding a fundamental reform of the EU emissions trading system. We are trying to minimise the effect that these uncertainties in the European emissions trading market can have on our company by making more extensive use of alternative, CO₂-neutral fuels and replacing some of our CO₂-intensive clinker.

Emissions trading systems outside of Europe

Emissions trading systems are also being set up in regions outside of Europe. China, for example, is testing a variety of concepts in six of its provinces. One of these provinces is Guangdong. We operate a joint venture there, so we closely monitor how the local emissions trading system is developing. A national emissions trading system will be introduced in China in 2017. In 2013 California (USA) launched its long-awaited emissions trading system, which we helped to develop. However, the system has minimal impact on our business operations.

Innovations for climate protection

In 2015 we completed our tests of four different technologies for separating CO₂ from combustion exhaust gases at our plant in Brevik, Norway. We presented the test results at the Carbon Capture and Storage (CCS) conference that we held in May 2015 with the support of Norway’s Ministry of Petroleum and Energy. We are now using the knowledge gained from the tests to put together a comprehensive feasibility study for the construction of a major CO₂ capture facility in Brevik. We are receiving financial support for the study from Norway’s state-owned Gassnova carbon capture and storage company. This facility would be the first major CCS plant in the cement industry.

→ [CCS conference: www.norcem.no/en/CCS-conference](http://www.norcem.no/en/CCS-conference)

As part of our efforts to further develop oxy-fuel technology, Heidelberg-Cement is participating in the CEMCAP project for promoting the use of CO₂ separation technology in the cement industry. The project is being financed through the EU’s Horizon 2020 programme. In the oxy-fuel process, pure oxygen rather than ambient air is fed into a rotary furnace, which makes it easier to capture CO₂. We are currently working on the development of this technology on a pilot-plant scale at our facility in Hanover, Germany.

→ www.sintef.no/projectweb/cemcap

HeidelbergCement is also playing a major role in the LEILAC (Low Emissions Intensity Lime And Cement) project, which is also being funded via Horizon 2020. The goal here is to demonstrate the technological and economic feasibility of a process technology that helps separate CO₂ in a highly pure form when the latter is released by the combustion of the raw material. This approach complements the oxy-fuel process described above.

→ www.leilac.org.uk

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In December 2015, HeidelbergCement began working with Joule Unlimited Inc, a pioneer in CO₂ recycling. The goal of this new strategic partnership is to examine ways of producing biofuels from CO₂ emissions.

→ www.jouleunlimited.com

Development of an alternative clinker

With the discovery of a new reactive clinker phase, HeidelbergCement has created the foundation for an alternative clinker technology. The associated altered chemical composition and lower combustion temperatures result in CO₂ emissions that are roughly 30% lower than is the case with conventional clinker, as well as energy savings of 10%–15%. The basic technology is protected by several patents and the new clinker has been registered under the brand name TernoCem®. After completing a preliminary study, we launched a multi-year research programme in 2015 to prepare the technology for the market. This programme, which will establish the conditions necessary for the future standardisation of products, is being supported by the ECOBINDER project, which is funded in part by the EU.

→ www.ecobinder-project.eu/en

Energy efficiency

We have been generating electricity from waste kiln heat at our plant in Fieni, Romania since July 2015. The power-generation facility has an average net output of 3.6 MW. This facility and other energy efficiency measures have enabled the plant to reduce the amount of electricity it obtains externally by 25%. Some 40% of the investment required to build the facility was provided by the EU and the Romanian government. We have also set up facilities for generating electricity from waste kiln heat at our plants in Damoh, India and Guangzhou, China.

In 2015 the Environmental Protection Agency (EPA) awarded the ENERGY STAR® to four of our cement plants in the USA: Leeds (Alabama), Union Bridge (Maryland), Glens Falls (New York) and Redding (California). The four facilities were honoured for their above-average energy efficiency. All four plants meet stringent EPA requirements and are also among the top 25 cement plants in the USA when it comes to energy efficiency. The Union Bridge plant received the award for the third time, while the plants in Leeds, Glens Falls, and Redding were issued the award for the second time in a row. The Rocky Mount quarry in North Carolina was also awarded the ENERGY STAR® in recognition of its extraordinary energy efficiency.

Raw materials and fuels

Many waste materials and by-products from other industries serve as valuable raw materials for HeidelbergCement. We use these resources as alternatives to finite natural raw materials and fossil fuels in the production of cement. In this way, we are helping to reduce the problems that municipalities and industrial companies near our plants have with waste. At the same time, these efforts are reducing our CO₂ emissions as well.

Alternative fuels replace natural resources

In all countries in which HeidelbergCement produces clinker (the main component of cement), we investigate possibilities for using waste from municipalities, agriculture and industry in an economically and environmentally responsible manner. In order to develop optimal solutions, we work together with regulating authorities, waste producers, neighbours, employees, NGOs and other stakeholders.

In 2015 we were able to increase the share of alternative fuels at our TulaCement plant in Russia to a double-digit figure, although we had only started using such fuels the year before. Our three plants in Romania have now significantly increased the share of alternative fuels used in their operations for the seventh consecutive year. We've even

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been successful in this area in countries with relatively low prices for fossil fuels and waste disposal. The best example of this is our plant in Kunda, Estonia, where we have been able to substitute more than 45% of the fossil fuels previously used. The highest substitution rate for the Group as a whole in 2015 was achieved at our Lengfurt plant in Germany, where 90% of the coal we previously used was replaced by alternative fuels.

We also made good progress in China with the use of sewage sludge as an alternative fuel at our Guangzhou plant. We are now making preparations for testing the use of sewage sludge in another kiln at the nearby Zhujiang plant.

Our pilot plant in Indonesia for utilising local domestic waste as fuel has exceeded all expectations. This plant is playing an important pioneering role in the development of solutions for waste disposal problems in Jakarta and surrounding cities. For example, two other cities – Depok and Bogor – are now using the technology to develop a major project for waste use.

As a result of all these measures, HeidelbergCement is well on track to reach the Group’s target of using 30% alternative fuels as defined in our Sustainability Programme 2020.

Alternative raw materials for clinker and cement manufacturing

One of the most important measures for reducing CO₂ emissions in cement manufacturing involves the use of alternative raw materials that are produced as waste in other industries. Particularly valuable here are materials whose composition and/or properties enable them to be used as a logical supplement to raw materials such as limestone, marl, clay, sand and iron. A very large share of these secondary raw materials comes from the steel industry. However, coal-fired power plants also produce ash of a very uniform quality. The systematic assessment of the suitability of all raw materials used – both primary and secondary – ensures a consistently high level of product quality.

HeidelbergCement generally uses alternative raw materials in two areas: in the combustion process for the production of clinker, which is the most important intermediate product in the manufacture of cement, and as additives that give cement special properties. The increased use of alternative raw materials in cement production is a core element of our climate strategy, along with the use of alternative fuels. At Group level, we were able to maintain the share of alternative raw materials used for cement production at 12% during the reporting period. We were also able to reduce the amount of clinker in our cement to 75%.

HeidelbergCement continues to introduce composite cements made with alternative raw materials, especially in countries where Portland cements predominate. Huge amounts of alternative raw materials that have remained unused for decades are available in Eastern Europe and Central Asia in particular. We are also conducting extensive research on additional alternatives, with a focus on the creation of completely new types of cement.

→ **Additional information: pp. 23 and 27**

Use of hazardous wastes

The careful handling of hazardous wastes is a key element of every country’s waste disposal infrastructure. For most types of hazardous waste, reuse in cement plants has proved to be a totally safe means of disposal and utilisation. The high temperatures and long incineration period in the kilns ensure that all harmful components are completely destroyed. This has been confirmed by measurements taken by independent state-certified institutes. At the same time, HeidelbergCement does not use certain types of waste, including nuclear, medical and highly toxic waste.

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Land use and biodiversity

We only extract worthwhile deposits if they can be exploited in an environmentally compatible and economical manner. Before making any decision concerning the development of a new quarry or the expansion of an existing one, the company first conducts an extensive approval process in line with the corresponding laws and regulations. This process includes an environmental impact assessment and – if the affected area is of exceptional biological value – special biodiversity studies. In these studies, the priorities are set as follows: prevention, mitigation, compensation. We accordingly first check whether excavation work can be avoided or at least adjusted in such a way that the ecosystem isn't disrupted or that such disruptions are kept to a minimum. Wherever necessary, we then implement a biodiversity management plan in order to reduce the impact of our excavations, and we also take suitable compensatory measures.

Concepts for the limitation of land consumption

For environmental and economic reasons, we always strive to limit land consumption when planning our quarry and renaturation activities. In principle, the authorised raw material supply is always completely extracted in order to minimise land consumption. As a result, we prefer to expand existing quarries rather than develop new sites. 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 now an integral part of approval processes. These plans define the goals and timetable for the reintegration of a quarry into the surrounding landscape. Even while a quarry is still in operation, we renature and recultivate those areas of the quarry that are no longer used.



As early as 2010, we began to collect and analyse information about the biodiversity of our quarries. In cooperation with our partner, BirdLife International, we conducted a study to determine how far our quarries are from nature reserves in Europe, Africa and Asia. The study encompassed slightly more than half of our active quarries worldwide.

We collect global data on three key indicators:

- Proportion of active quarries with restoration plans
- Proportion of quarries in areas with a high level of biodiversity
- Proportion of quarries in areas with a high level of biodiversity for which biodiversity management plans are being implemented.

In 2015 85% of the cement-related quarries had restoration plans. The corresponding figure for aggregates quarries was 89%. By 2020, we plan to increase this share to 100% in both areas.

HeidelbergCement has also committed itself to implementing locally adapted biodiversity management plans at quarries in areas with a high level of biological diversity. Altogether, 74% of such quarries operated by the cement business line already have such plans in place; the corresponding figure for the aggregates business line is 81%. As

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

Habitat protection

HeidelbergCement has been able to restore many habitats by recultivating and renaturing former quarries. In order to effectively promote biological diversity, we became the first company in the construction materials sector to define uniform standards for recultivation, renaturation and habitat management. These standards are combined in a guideline that is binding throughout Europe. In comparable form, the standards are also used as a handbook in Asia and Australia.

We determine at country level which areas our company has renatured and recultivated. The associated activities cover a variety of habitats:

- Aquatic habitats: lakes, ponds, fens and springs
- Terrestrial habitats: forests, grasslands, cliffs and escarpments
- Anthropogenous habitats: settlements and agricultural areas

Several of these habitats are particularly important for biodiversity because many endangered species settle there. This is especially true of those habitats marked by the early stages of ecological succession. In Europe in particular, our quarries are now important refuges and stepping-stone biotopes for certain species such as the sand martin, the yellow-bellied toad, the eagle-owl and the tree frog. HeidelbergCement takes part in numerous species-protection programmes run by governmental and non-governmental institutions and thus supports local and international nature conservation efforts.

Cooperation with nature conservation organisations

We work together with a variety of local nature conservation organisations worldwide. Since 2012, we have also been working together with the largest international nature conservation organisation, BirdLife International. This partnership helps us improve our environmental performance and strengthen the acceptance our company enjoys in society. Our work with BirdLife International and our cooperation with its national partner organisations help us minimise our environmental impact and protect and promote biodiversity wherever necessary.

→ www.birdlife.org

Our joint projects support the achievement of global nature conservation objectives while also having a local impact. During the reporting year, we implemented 15 projects that restored natural habitats or else linked them together, brought invasive non-native vegetation under control, expanded the populations of endangered bird and amphibian species and helped local communities gain access to natural environments. We are now extending our cooperation with BirdLife International to Asia and Africa, among other ways by establishing a partnership with the Ghana Wildlife Society.

Quarry Life Award

In 2015 we started our third Quarry Life Award research competition, which is designed to make people aware of the high biological value of our quarries. Here, we offered young scientists and students the opportunity to conduct research at 69 quarries and gravel pits in 22 countries, and enter their projects in both national and international competitions. Estonia, Togo and the Democratic Republic of the Congo – all countries where the Group operates facilities – are participating for the first time. A total of 454 project proposals were submitted worldwide up until the end of the registration period on 1 March 2016. The winners will be announced at the end of 2016.

→ www.quarrylifeaward.com

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Sustainable construction

HeidelbergCement continued to focus on the development of more sustainable construction materials in 2015 as well. Experts at our central research laboratory have discovered a new reactive clinker phase and we are now working on the development of a manufacturing technology for this clinker, which has already been registered under the brand name TernoCem®. To this end, and within the framework of the TernoCem® product development programme launched in 2015, we now want to obtain scientific-technical knowledge about raw materials suitability, clinker production and hydration mechanisms for cement. We are also establishing the expertise needed to ensure important product attributes such as workability and durability.

→ **Development of an alternative clinker: p. 23**

As a leading member of the European Construction Technology Platform, we also promote the development and utilisation of product solutions for energy efficient buildings and cities. In 2015, for example, we continued to move ahead with the distribution of our Cem-flow technology for a self-levelling floor finish that perfectly embeds in-floor heating pipes. We also continue to develop Heatcrete, a new concrete-based solution for thermal energy storage.

As a founding member of the Concrete Sustainability Council, we actively participated in 2015 in the development of a new certification system for sustainably manufactured concrete. This system takes into account social, ecological and economic aspects along the value chain. The widespread use of this transparent certification system will make it possible for the concrete industry to obtain greater recognition from Green Building Councils and in tendering processes for public construction projects. HeidelbergCement is also a member of 12 national Green Building Councils.

As early as 2013, we launched Ecocrete® in the Netherlands. This concrete, which contains recycled aggregates, makes an important contribution to closing the loop in the material cycle. In 2015 our orga-

nisation in Germany took over the management of a research project on the utilisation of recycled construction materials. The project, which supports the goals of the European Commission regarding the transition to a more circular economy, was launched with several cooperation partners and receives funding from the German government.

Local environmental impact

Air pollution and noise

During the reporting year, we made technical improvements at many of our plants in Europe and Indonesia in order to reduce emissions of dust, nitrogen oxides and sulphur oxides. In the Czech Republic, we continued our long-term project for reducing noise and dust at our cement plants in Mokra and Radotin. We also installed sound dampers at TulaCement in Russia in order to reduce noise levels at that facility. Our new plants in Togo and Burkina Faso comply with international standards for reducing emissions. Facilities for the continual monitoring of dust, nitrogen oxide and sulphur oxide emissions in line with CSI guidelines were installed at our new clinker plant in Tabligbo, Togo. In 2015 activities at our aggregates business line also focused on reducing noise and dust emissions.

Reduction of specific emissions (g/t clinker) 2008-2015



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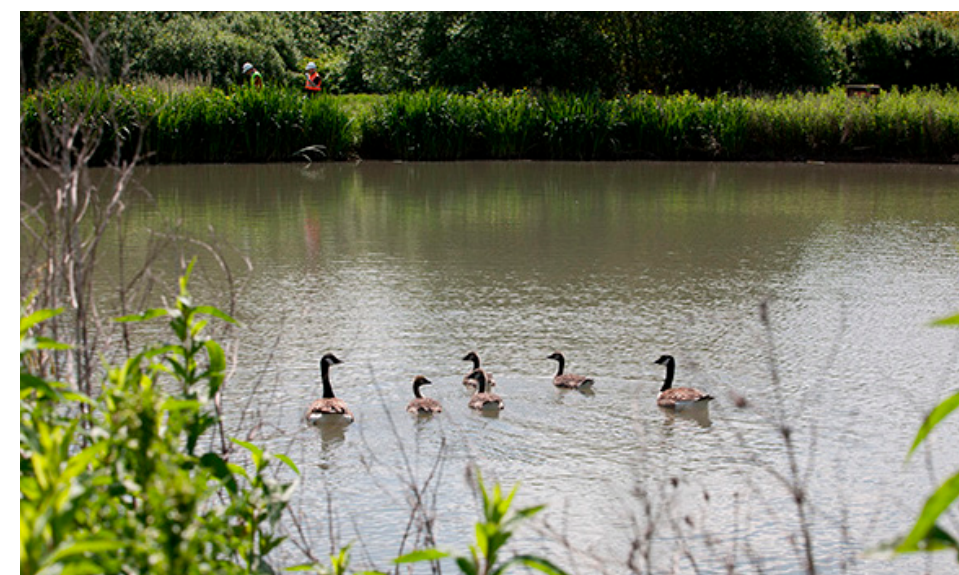
New emission standards went into effect in the USA in September 2015: In order to be able to meet the National Emission Standards for Hazardous Air Pollutants (NESHAP), we implemented measures for monitoring and reducing dust, mercury, hydrochloric acid and hydro-carbon emissions at all of our cement plants in the USA.

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 our raw material quarrying will not endanger local bodies of surface water and ground water resources.

In 2014, a global water-risk study supplied us with fundamental information for the creation of a Group-wide guideline concerning sustainable water management in the cement, aggregates and ready-mixed concrete business lines. The study showed that 14.3% of our plants are located in regions suffering from water scarcity, i.e. regions where less than 1,000 m³ of water is available per person each year. In response to this situation, we began developing individual water management plans for these facilities in 2015. The plans, which will be completed by 2030, will ensure the sustainable use of scarce water resources and include concepts and measures for reducing water consumption. In addition, the plans aim to involve external local stakeholders in order to implement non-commercial and sustainable water utilisation concepts that minimise local water risks. We will begin this process at those locations where water scarcity is an especially urgent problem.

In 2013 and 2014, we introduced industry indicators for water reporting at all of our cement plants. We developed these indicators in cooperation with the CSI. We are publishing the key figures for the first time in this sustainability report.



We have also started to introduce these indicators at our aggregates and ready-mixed concrete business lines. However, we are only collecting this information in regions suffering from water stress, due to the large number of plants involved. In this context water stress means that less than 1,700 m³ of water are available per person each year. This information will be collected at all of our plants in the affected regions by 2030.

Waste materials

Our primary focus in terms of waste management concerns the kiln dust that is a by-product of clinker production. This dust has to be removed from the kiln systems at several facilities in order to prevent disruptions to proper kiln operation. We generally 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 for us is to use the kiln dust as a raw material for the production of special 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 it is to be used.



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FIT for LIFE

To enable our employees to stay fit, we have further expanded our health management measures. Our FIT for LIFE initiative helps to **detect illnesses and risk factors early on** and reinforces **employees' efforts to lead a healthy life.** [p. 37](#)

More than 1,800

managers from the aggregates business line attended **courses of our company's Aggregates Academy** in 2015. [p. 37](#)

We further expanded

our **programmes for the advancement of future executives in 2015.** As a result, we were able to hire 296 college graduates. Around 830 employees are currently attending support programmes so that they can take on higher-level tasks. [p. 36](#)



A new tool for accident management

A new software is helping us to record accident details and evaluate accident statistics. This lets us **standardise our accident analyses** and enables us to identify and initiate the necessary measures more quickly. [p. 34](#)



77%

of our operational locations around the world have externally **certified occupational safety management systems.** [p. 33](#)

NOW empowers women

NOW – Network of Women promotes women within our company and supports their **career development.** In addition to connecting women employees virtually worldwide, the initiative enables women to take part in specific career development programmes and regularly hold face-to-face discussions. [p. 39](#)

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More than 45,400 men and women work for HeidelbergCement worldwide. Their achievements make us one of the leading companies in our sector. That's why it is very important for us to provide them with good and attractive working conditions. As a manufacturing company, we put a high priority on occupational safety and the protection of our employees' health.

To ensure our company's sustained success, we must have highly qualified and motivated employees. That's why our human resources policy focuses especially on identifying talented individuals in the market, developing them within the company, and binding them permanently to our enterprise.

Our Leadership Principles specify binding personnel management regulations. They deal with issues such as respectful treatment, employee development and our company's pronounced feedback culture. The main leadership principles are embedded in standard human resources processes and described in detail in HeidelbergCement's Human Resources Guidelines.



Because outstanding business performance is also a result of legally and ethically compliant behaviour, the Managing Board has approved a Code of Conduct that is binding throughout the Group. This code specifies our values and our ethical and legal standards. This particularly includes non-discriminatory employment conditions and an open and fair dialogue with employee representatives.

HeidelbergCement is also 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 have also enshrined this commitment in our Leadership Principles. We expect our employees and business partners worldwide to act in conformity with these essential guidelines and recommendations.

Employment and co-determination

Development of workforce numbers worldwide

At the end of 2015, HeidelbergCement employed 45,453 (2014: 44,909) men and women. The increase of 544 employees was primarily the result of two opposing developments. On the one hand, we eliminated more than 1,000 jobs, most of them in the Group areas of Eastern Europe-Central Asia as well as in India and Indonesia. These job cuts resulted from facility optimisation and increased efficiency at sales and administrative units. On the other hand, the merger of our Swedish subsidiary Abetong AB with Contiga AB to create Nordic Precast Group AB caused our workforce to increase by almost 1,400 employees in Northern Europe. Moreover, around 200 employees were added in Australia, mainly due to the insourcing of truck drivers.

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Dialogue with employee committees

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 Central Works Council and its associated committees for the company and the Group Works Council. Moreover, employees are equally represented on the Supervisory Board.

Employee representation committees also exist in most of the European countries. 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, there are labour unions and similar organizations in nearly all countries in which HeidelbergCement operates. As required by our Code of Conduct, we also engage in a fair and open dialogue with their representatives.

Remuneration policy and work time regulation

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

We want the variable component to make up a large share of our managers' total remuneration so that their individual and joint performance and the company's success are clearly and directly taken into account. For the period from 2015 to 2017/18, we have created a Group-wide long-term bonus plan for the 150 executives from our top

management level. This bonus plan pursues the same objective as the long-term bonus plan of the Managing Board.

The employees of our foreign subsidiaries profit from attractive 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.

Personnel costs and insurance contributions

In 2015 expenditures for wages, salaries, social security, pension contributions and social assistance increased by 10.9% to EUR 2,274 million (2014: EUR 2,050 million). That corresponds to 16.9% of turnover (2014: 16.3%). After adjusting for currency effects, the increase amounted to 5.3%. Higher provisions for the ongoing long-term bonus plans accounted for 2.3% of this increase.

The amount of the contribution to the pension scheme at HeidelbergCement corresponds to the accepted market level. In Germany, we have created a matching model for the pension scheme, with contributions from the employer and the employees. In countries without any statutory retirement or health insurance, we support our employees in a manner that is at least commensurate with local practices.

Work time regulation

In our work time regulation practices, we conform to the legal requirements in effect at our locations. We promote adherence to these regulations by means of our compliance system, which enables employees to individually report possible violations (passive monitoring). To promote flexible work time options, we offer models such as flextime, work time accounts, part-time positions and leaves of absence to our employees in Germany. Older employees have the option of switching to pre-retirement part-time work. Part-time work currently accounts for 11% of all positions at HeidelbergCement AG and for 2.2% of the positions at the Group as a whole.

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Occupational health and safety

Occupational health and safety have top priority at HeidelbergCement. Health and safety are, in fact, two of our main corporate values. Our stated objective is to minimize the risk of accidents and injuries, and the risk of occupational illness, by means of effective preventative measures. In our corporate guideline on occupational health and safety we have specified our principles for promoting the health of the workforce.

→ www.heidelbergcement.com/en/occupational-health-and-safety

Group standards

In the reporting year, we further improved the Group’s technical and organisational safety standards in order to strengthen the company’s safety culture. Occupational safety management systems that correspond to the internationally widespread OHSAS 18001 standard, for example, have already been introduced at most of our plants. These systems require the site managers to employ a structured approach involving plans, clear work regulations, responsibilities and controls in order to ensure a continuous improvement process and prevent accidents even more effectively than in the past. In 2015 several plants in Sweden and Malaysia introduced new management systems in accordance with OHSAS 18001, while other plants were able to renew their certifications. As a result, 77% of our operational locations worldwide have externally certified occupational safety management systems. Additional locations will introduce management systems in 2016.

To enable us to identify and exploit additional improvement potential, we have supplemented the required management audits with Health & Safety Improvement Reviews.



Occupational safety as a management task

Even though we have been continuously improving the technical and organizational aspects of occupational health and safety for many years now and further reduced accident frequency, serious accidents, and even deaths, continue to occur at our facilities and the cause is often human error.

To make it unmistakably clear that all of the management levels at HeidelbergCement are responsible for occupational health and safety, we once again highlighted this management responsibility in our corporate guideline on health management and occupational safety, which was revised in 2015. At the same time, we emphasize that every employee, contractor and visitor is responsible for complying with the occupational safety regulations.

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Together with the Group guideline, we have also introduced a series of basic rules that are binding for all employees and contractors. These basic rules relate to actual accident black spots. Although they are already covered by our Group standards, we still have to pay attention to them at all times. In 2016 we will intensify our communication activities regarding these basic rules.

Our Group-wide Safety Week, which was first held in 2011, has now become an integral part of our company training activities. As part of these activities, both our employees and our customers receive occupational safety training and are made more aware of dangerous situations. The line managers have also launched and supported many local events that demonstrate that everyone has to work together so that occupational health and safety measures can be effective. In addition to various occupational safety topics, the local units primarily focus on emergency and health issues. Family members, customers and neighbours also get involved in the activities during the Safety Week.

Accident management software

In 2015 we introduced a new software for the Group-wide registration of accidents. The software eliminates the need for manual entries, as was previously the case, and combines the qualitative recording of accident details with the statistical evaluation of accidents. The software will replace a series of local programs and standardise accident investigations Group-wide. The uniform processes will make accident analyses and the implementation of corrective and preventative measures more transparent for the responsible supervisors. We will further enhance the software so that it can be used for other applications as well.

Development of accident figures

For the first time in several years, we were unable to significantly reduce accident frequency in 2015. This is very unfortunate, especially since many locations have now experienced no accidents for years while others drastically reduced their accident rates. As encouraging as the latter development is, we will have to continue to implement the current measures and further intensify them in order to prevent accidents everywhere and on a lasting basis. This applies especially to locations where accident frequency rose substantially in 2015 compared to the prior year.

During the reporting year, we mourned the death of six Group employees who lost their lives as a result of work accidents. We also regret that eight employees from external companies died, with two of them being traffic fatalities. Although these results constitute a slight improvement on the prior year, they also clearly show that we will have to further intensify our efforts and continue to improve our occupational health and safety. We analyse every fatality in depth and the Managing Board discusses all such cases. Appropriate measures are then drawn up and shared throughout the Group in order to prevent similar accidents from happening at other locations.

Occupational illnesses

The general sick rate has been low at HeidelbergCement for many years, amounting to around 1.8% of all hours worked.

Most of the cases of occupational illness acknowledged in recent years have involved noise-induced hearing impairment. In addition, some employees suffered from respiratory diseases and back problems.

To prevent job-related illnesses, we check the levels of noise and dust at the work sites and regularly conduct medical examinations of the employees. In countries with less-developed statutory healthcare systems, our subsidiaries offer comprehensive health check-ups for all employees and in some instances for their families. In regions where

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HIV/Aids, Ebola or malaria can frequently occur, the local units have set up programmes to advise the employees and inform them of the risks. These services are mostly offered through our own medical stations or the medical staff of in-house hospitals.

Human resources development

Talent management

Qualified, motivated employees are a key prerequisite for the long-term success of our company. That's why our Group-wide human resources policy focuses on identifying and further developing highly talented individuals and competing with other companies to retain them. We use the HeidelbergCement competence model to do so. This model defines the professional and personal talents and skills that are crucial for our business success. It thus allows the respective supervisors to carry out systematic Group-wide evaluations of performance and potential on the basis of standardised criteria. It also serves as a basis for strategic executive development and effective succession planning. Supervisors and employees hold structured human resources talks in which they discuss development opportunities and prospects. The dialogue is primarily geared toward senior and middle management, experts and future executives. It helps us to attain three goals:

- To fill key positions worldwide with top-quality candidates from within the company;
- To develop highly talented individuals in a targeted way;
- To bind talented employees to the Group over the long term by offering individual development planning programmes.

IT-supported human resources processes

In recent years, one of the focal points of the Human Resources unit was the global introduction of key IT-supported processes for the top, senior and middle management levels. Since the beginning of 2013, the unit has been conducting the performance management, target agreement, remuneration, employee dialogue and individual develop-

ment plan processes for senior executives on the new IT-supported platform HR GLOBE. At the end of 2015, we completed the platform's expansion to the middle management and the future executives as scheduled.

Training and career development

Sustainable human resources work means investing in the systematic training of our staff and thus in recruiting and training highly qualified young employees. In Germany as a whole, 5% of our employees are involved in training programmes (2014: 5%). Around 80% of the people who complete their traineeships are retained as permanent employees (2014: 84%).

Technical and mechanical skills are indispensable for ensuring that process engineering and maintenance activities are properly carried out at our plants. Besides professional training, we therefore offer master craftsman courses every year at the Verein Deutscher Zementwerke (VDZ).



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As was the case in the previous year, occupational safety was a key focus of our Group-wide training and career development programmes in 2015. Around 50% of all the training measures were devoted to this topic. Other focal points included specialist career development (30%) and advanced management training (6%). Each of the Group's full-time employees spent 31 hours on training measures on average.

Our extensive training programmes cover nearly all areas of work and are characterised by a practical and business-oriented curriculum that enables our employees to increase their skills in a targeted way.

Management training

The motivation and skills of our managers are key reasons why HeidelbergCement occupies such a strong position in the global competitive field. In order to prepare managers for their future assignments and challenges, we offer training courses that are specially tailored to the needs of our company. Training is provided in classic disciplines such as strategy, leadership and management, and special training options are offered in the area of engineering, for example. The stand-



ardised course content ensures that everyone at the company develops a shared understanding of strategy, leadership and integrated management.

One of the Group's strategic initiatives focuses on further increasing the skills of our top managers. In the Summit programme that was developed in close cooperation with Duke Corporate Education, all of the Group's top managers from 41 countries participate in a three-stage curriculum. The programme focuses on general management and leadership, and takes global, regional and local issues into account.

Securing and promoting future executives

The promotion of future executives continued to be a very important objective during the reporting year. We always offer highly motivated and qualified college graduates international training programmes that focus on engineering, sales, finance, human resources, purchasing and IT.

We continued to expand our programmes for the advancement of future executives and further intensified our global activities for the recruitment of college graduates with or without initial job experience. In 2015 we hired a total of 296 college graduates. Around 830 employees are currently participating in programmes that prepare them for higher-level tasks.

In 2011 we launched a pilot project in Europe and Central Asia that prepares high-quality engineers from the cement business line for higher-level engineering positions. After completing the introductory Engineer in Training programme, the participants attend specific engineering courses for several years, during which they work at various plants in Germany and abroad. This training is supplemented by additional courses in management and leadership. Since 2013 we have been expanding this programme to other Group areas, such as Africa and Asia.

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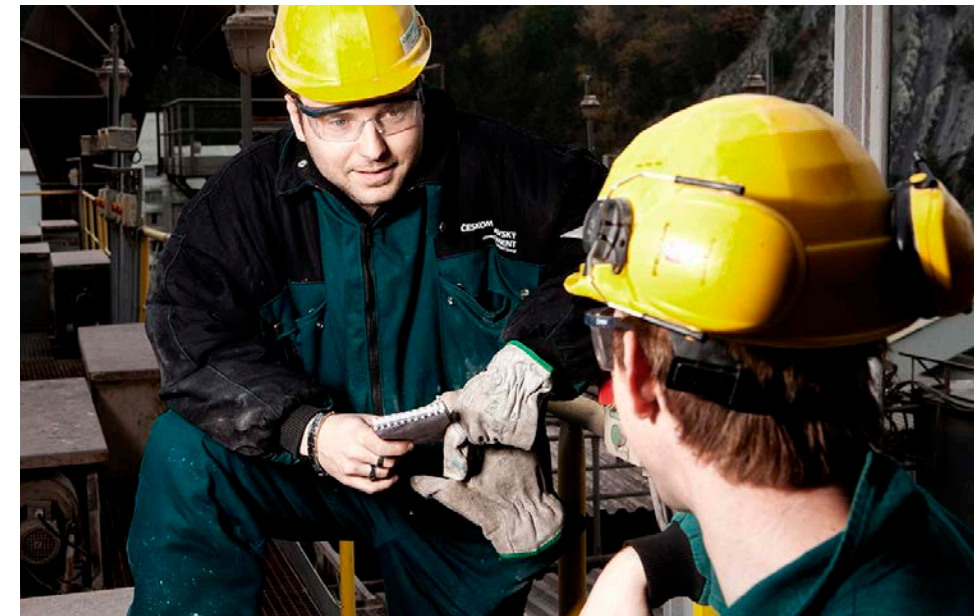
Aggregates Academy

At the aggregates business line, the company’s Aggregates Academy offers a comprehensive range of training and career development opportunities. Over 1,800 managers from 18 countries were trained in 2015. The courses offered by the Aggregates Academy are geared towards almost all of the levels of our company’s hierarchy – from the Managing Board as well as the top and senior managers to the plant directors and the specialists from quality assurance and sales.

During the reporting year, we introduced additional practice-related CREW training modules at our plants. With the help of these modules, we want the participants to achieve key learning objectives and our plant workers to receive further qualification in order to forge ahead with the continuous improvement process. The Aggregates Academy has also developed several e-learning modules and video clips as well as printed and electronic handbooks. They enable employees to learn at their workplaces at their own pace. The training materials and courses are generally offered in the employees’ languages. The career development activities are supported by local managers who have been trained in adult education techniques.

Knowledge management

Because knowledge is needed in order to gain a competitive edge, we promote the sharing of knowledge, experiences and expertise – not only in our business operations, but also during in-house projects and in our cooperation with external partners. Our Knowledge Management Board, which consists of representatives from our Group areas and functions, controls internal knowledge management and supports our external activities in national and international bodies. Key components of our Group-wide system involve the systematic networking of our experts – for example, through the utilisation of an integrated online knowledge platform and a Technical Discussion Forum on our company’s intranet. Both platforms enable access to knowledge and promote the sharing of experiences throughout the entire Group.



Work-life balance

Generation management

HeidelbergCement is also faced with the consequences of demographic change. Only about 14% of our employees are under 30. Most of our employees are aged 30 to 49; they constitute about 51% of the Group’s total workforce. A total of 35% of our employees are over 50. This age group’s share of the workforce will rise in many countries in future.

We are responding to this development with numerous regionally adapted measures that are intended to maintain the employees’ ability to work and promote cooperation between people of different generations. In Germany, for example, we have further expanded our range of health management services and consolidated them in our FIT for LIFE initiative. Besides encompassing a preventative programme for the early detection of illnesses and risk factors, the initiative primarily helps employees take a proactive approach to leading a healthy life. The services include check-ups to prevent intestinal cancer, flu vaccinations, special “Health Days” and presentations on health-related

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issues. In future, our health management activities will continue to focus on preventing typical age-related health risks and increasing employees' awareness of this issue. As a result, we particularly promote company sports activities for people of all ages.

Diversity as a success factor

When putting together teams of employees, our Group-wide human resources policy makes sure that they consist of a balanced mixture of people with different personalities, skills and experiences. We see diversity as a management concept that brings various cultures, talents and experiences together to create a workforce that reflects the diversity and international scope of our markets, our customer structure and our business environment. We achieve this goal by:

- Local country management in order to create an international leadership team;
- Maintaining an international workforce at corporate headquarters;
- Ensuring the complementary composition of the management and the various teams (nationality, skills, experience, age, gender etc.);
- Ensuring the percentage of women in leadership positions is as high as women's share of our entire German workforce.

The goal is to recruit and promote highly qualified, top-performing employees worldwide and apply their various social and professional skills to contribute to our company's business success. The international character of our management team enables us to benefit from a varied spectrum of experiences in different cultures and thus to react more flexibly to global challenges and also satisfy the needs of local markets. Local managers continue to hold around 80% of all of our senior management positions.



We make sure that employees from the countries in which we operate work at our Group headquarters. We benefit greatly from their knowledge of local markets and their presence makes it easier to cooperate with colleagues on site. Of the 584 employees at our Group headquarters and the technology centres (Competence Center Materials and Heidelberg Technology Center) in Heidelberg and Leimen, 424 are from Germany and 160 are from 42 other countries all over the world.

At our company we believe diversity also means that when we are hiring to fill management positions the ratio of women to men should reflect the corresponding ratio in our workforce as a whole. In 2015 women accounted for 15% of the total Group workforce and 9% of senior managers.

In Germany, HeidelbergCement and other DAX-listed companies signed a voluntary self-commitment in 2011. As a result, we committed ourselves to more than double the share of women in management positions in Germany: from 7% in the base year of 2011 to 15% by 2020. In 2015 women accounted for 15% of our total workforce in Germany and held 8% of leadership positions in the top, senior, and middle management.

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According to the law for the promotion of women in leadership positions, companies in Germany have to specify concrete targets for the two management levels below that of the Managing Board. The first of these two levels consists of the HeidelbergCement executives who, in their main position, report directly to the Managing Board, while the second level encompasses their employees with leadership responsibilities.

In 2015 women held 10% of the positions on the first level and 9% on the second level. HeidelbergCement has decided to retain its target for the two levels from its self-commitment, but to pull the target-achievement date forward to mid-2017. This means that by 30th June 2017, we want women to hold 14% of the positions on the first management level below that of the Managing Board and 15% of the positions on the second level. As a result, the percentage of women in leadership positions would then correspond to their share of our entire German workforce. Our decision to pull the target-achievement date forward to mid-2017 demonstrates that we have forged ahead with the promotion of women in recent years and achieved successes in this regard. For example, the share of women in programmes for the

advancement of future executives is already at 24% across Germany as a whole, and thus much higher than the percentage of women in the total workforce.

The global NOW – Network of Women also aims to promote women at HeidelbergCement and assist them in their individual career development. This initiative connects women with one another worldwide – virtually as well as face to face. Among other things, it offers specific development training and provides an informal setting where women can regularly share their ideas and experiences.

Reconciling work and family

In competing for the best employees, we are making adjustments worldwide in line with changing lifestyles. In support of our employees who must reconcile their family and professional responsibilities, we rely on models such as flextime, part-time and leave of absence. Part-time work currently accounts for 11% of all positions at HeidelbergCement AG. Given the small size of our facilities, cooperation with external networks has provided good solutions for support services such as daycare centres, summer camps for children and the care of family members who require assistance. This enables our employees to benefit from easy access to a professional and flexible network at affordable costs. As part of our FIT for FAMILY initiative, we have formed partnerships with daycare centres for our location in Heidelberg. In this way, we can offer a number of daycare slots specifically for our employees.



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Solar energy from kiosks

In cooperation with the energy company Solergie, we installed solar kiosks in five villages located near our facility in **Tabligbo** in Togo. Some 300 households not connected to the power grid can now use these kiosks to recharge batteries for their lamps and mobile phones. **p. 43**



Determined to fight corruption

HeidelbergCement revised its **Corporate Citizenship Guideline** in 2015. The guideline now explicitly requires compliance with our Anti-Corruption Guideline. This measure is designed to ensure that any corporate citizenship activities that take place within the framework of investment projects will not be misconstrued as an attempt to exert influence. **p. 42**



2015

was the year in which the HeidelbergCement Togo Foundation opened a **Center of Entrepreneurship** in Tabligbo. The center supports entrepreneurial initiatives in local communities with the goal of improving living conditions throughout the region. **p. 43**

25 schools

are now working with our nationwide **"KIS – Cooperation Industry-School"** education initiative in Germany. The initiative provides practice-oriented instruction that teaches students the principles of economics and economic relationships. **p. 44**

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As a global company with strong regional ties, we are dedicated to the principle of “Think globally, act locally”. Our business operations create value for our company and for the communities all over the world in which we are based. We do more than simply conduct business in these communities; we also take measures that protect the environment and promote social progress.

Good cooperative relationships with the communities in the areas where we are active are indispensable for our business operations and also one of the keys to our business success. Here, we establish business contacts, capitalise on local know-how and maintain a dialogue with our neighbours. Our materiality analysis has confirmed that good relations with local communities is extremely important, especially from the viewpoint of our internal stakeholders. That’s why we will take local communities into account to a greater extent in our revised Sustainability Programme 2020.

→ **Materiality analysis: p. 12**

We aim to create value not only for our company but also for the communities in which we operate. Wherever possible, we therefore make sure that local employees are selected to manage operations at our locations. Over the past three years, local managers have held 80% of the senior management positions at our various sites. All of our plants work closely with local suppliers and service providers, and we invest around 90% of our procurement volume in the immediate vicinity of our plants or within the respective countries. In this way, and through the creation of jobs, we contribute to creating value at our locations and promote economic development by means of wages, investment, purchases and taxes.

Corporate citizenship

Our corporate responsibility is not limited to our business processes and their direct impact. We are also a part of society, and we benefit from the regional networks at our locations worldwide. We therefore also play an active role in addressing social issues.

This understanding of our role forms the basis for our Group-wide Corporate Citizenship Guideline, which lays down the general criteria and objectives relating to our social responsibility. We revised the guideline in 2015. We paid special attention here to corporate citizenship activities within the framework of investment projects, as such activities could be misconstrued as an attempt to exert influence. The reworked guideline therefore expressly requires compliance with the relevant stipulations of our Anti-Corruption Guideline.

Our social responsibility focuses on three areas in which our core competencies enable us to benefit others the most and achieve noticeable improvements:

- Construction, architecture and infrastructure: We offer practical assistance in construction projects by providing materials, time, financial assistance and know-how.
- Environment, climate and biodiversity: We support initiatives that address the most significant environmental impacts associated with our business operations.
- Education, training and culture: Here, we tailor our activities to the specific needs of each region.

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We have also defined certain evaluation criteria in order to ensure that these 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. We also make sure that the guidelines and principles of such organisations are in accordance with our own corporate philosophy.

The decisions regarding our support of projects in individual countries or at our locations are made decentrally by country managers on the basis of a predefined budget. These managers are also responsible for implementing and controlling projects as well as for local reporting. Group Communication & Investor Relations is responsible for reporting on Group-wide corporate citizenship activities within the framework of our sustainability-related communication measures.

→ **The exact wording of our Corporate Citizenship Guideline:**
www.heidelbergcement.com/en/society

Our CSR expert group, which was established in 2014, has begun documenting various corporate citizenship activities and has also produced a handbook for community relationship management. A planned internal platform for knowledge transfer and the sharing of experiences will be established in 2016 and made available throughout the Group. The expert group also plans to introduce a system that will facilitate the selection and evaluation of CSR projects.

Practical examples

Center of Entrepreneurship

At the end of November 2015, we opened a Center of Entrepreneurship at our Tabligbo plant, Togo. The center offers training courses to residents from the surrounding communities and also assists with the establishment of small businesses and companies. However, the center, which is funded by the HeidelbergCement Togo Foundation, will also be used for social and cultural events. A committee made up of representatives from the communities and the foundation will



ensure that projects that promote sustainability are funded and that disadvantaged groups such as young people and women are supported. The foundation's general support of entrepreneurship is meant to promote the economic and social development of the region.

Solar energy from kiosks

The HeidelbergCement Togo Foundation has also launched a project with expert assistance from the energy company Solergie: A solar kiosk that generates electricity has been installed in each of five villages located in the vicinity of our Tabligbo plant. Some 300 households not connected to the power grid can now use these kiosks to recharge batteries for their lamps and mobile phones, which means they no longer have to rely on petroleum or expensive batteries. Five additional solar kiosks will be built in 2016.

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KIS – Cooperation Industry-School education initiative

In 2000 HeidelbergCement launched its nationwide “KIS – Cooperation Industry-School” education initiative in Germany. We are now working with ten schools just in Heidelberg, where our Group headquarters is located, and we have 25 school cooperation partners throughout Germany. The goal of KIS is to teach students principles of economics and economic relationships and enable education with high practical relevance at schools. The initiative offers everything from practice-oriented instruction modules to presentations by HeidelbergCement employees, job-application training, continuing education for teachers and tours of company plants and quarries.

Local conflicts of interest

Over the last few years, allegations have been made in Israel that our business operations are not in conformity with international standards. A lawsuit filed by an Israeli human rights organisation concerning the general cessation of aggregates mining by foreign companies in occupied territory was, however, dismissed by the Supreme Court of

Israel in a legally binding ruling on 26 December 2011. The quarrying of aggregates was thus deemed as being in compliance with international law.

Nevertheless, non-governmental organisations and interest groups repeatedly demand that we explain and clarify various aspects of the business activities of Hanson Israel in the West Bank. We have carefully examined this issue with our local management team and are engaging in a dialogue on the local level. We also take care to ensure that our Israeli and Palestinian employees are treated and paid equally. Here, we place great priority on close cooperation in intercultural teams that promote an exchange between our Israeli and Palestinian employees and thus understanding between these two groups in a conflict-ridden region.

The Palestinian people also benefit economically from our quarrying activities. For example, we pay a quarrying tax to the Israeli civil administration in the West Bank, which uses the funds to maintain local infrastructure and promote economic development. Our activities also create good jobs in an area otherwise plagued by high unemployment. Palestinians from the occupied territories account for more than 60% of the workforce in our quarry in the West Bank, and the wages we pay them are many times higher than the local average. Moreover, our quarrying activities have virtually no impact on the existing raw material reserves in the region, which will last for several centuries.

We received all required permits, without exception, before we commenced our quarrying activities. In addition, there has never been a single instance in which we continued our quarrying activities without permission, and no such instances will ever occur in future.



TARGETS

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Strategy and management

Target	Measures	Achieved in 2015	Deadline	Status	Page
Partnerships and stakeholder dialogue					
Strategic involvement of stakeholders.	Expansion of contacts to stakeholders and intensification of dialogue on both local and Group levels.	An in-house group of CSR experts was established in 2014 to promote the company-wide transfer of knowledge about local corporate citizenship projects and local measures for the stakeholder dialogue. In 2015 a handbook was developed for community relationship management at HeidelbergCement.	Ongoing	■	13-15
Integration of sustainability criteria into decision-making processes in line with the Cement Sustainability Initiative in the WBCSD (CSI).	Discussion of the criteria and requirements in the Sustainability Committee and in the Environmental Sustainability Committee. Integration of the CSI stipulations into the Group's own guidelines.	In 2015 the environmental and occupational safety indicators were once again subjected to an external audit in line with CSI stipulations.	Ongoing	■	56
Implementation of the guidelines formulated by the CSI.	Development of internal guidelines in line with CSI stipulations. Continuation of reporting on implementation of the CSI guidelines.	A reporting system for water management in the cement business line was implemented according to sector-specific CSI criteria. The key figures are being published for the first time in this Sustainability Report for 2015.	Ongoing	■	28
Sustainability management					
All cement plants are to operate with a certified environmental management system.	Implementation of an action plan for the Group-wide control and monitoring of the continuous introduction of certified environmental management systems.	78% of all plants worldwide operate with an environmental management system. The figure was 79% in 2014.	2020	■	20-21, 52
All facilities will undergo an environmental audit once every five years. The audit is to be carried out by either an external expert or a neutral auditor from within the company.	The implementation of an action plan for the Group-wide control and monitoring of the regular audits.	An environmental audit has been carried out at 55% of the cement plants within the last five years. The figure was 35% in 2014. In the aggregates business line, such audits were conducted at 69% of locations in 2015 and 74% in 2014.	2020	■	21, 52
Further development of the Group compliance programme.	Adaptation of the Group compliance programme to take account of current developments in the area of anti-corruption measures and trade sanctions.	In response to the UK Bribery Act and the new IDW PS 980 audit standard, we have introduced a concept for assessing potential corruption risks in all of the Group's countries and business lines. We also introduced the processes for assessing new and existing business partners as part of the HeidelbergCement Trade Sanctions Policy.	Ongoing	■	8-10
Improving customer satisfaction.	Introduction of a Group-wide "Customer Excellence Programme" (CEP) to improve customer satisfaction and extend systematic customer satisfaction analyses.	Implementation of improvement measures in the CEP pilot countries on the basis of analyses of customer satisfaction.	Ongoing	■	17

■ Target achieved ■ Target partly achieved ■ Target not achieved

Strategy and management

Target	Measures	Achieved in 2015	Deadline	Status	Page
Competitiveness					
Improvement of the margins in the cement and aggregates business lines by EUR 230 million and EUR 120 million respectively.	The focus is on the pricing policy at the two business lines. In-depth market research at the aggregates business line. Training of the sales personnel at the cement business line.	Total margin increase from 2013-2015: EUR 370 million	2015	■	
Intensified research into innovations for building material recycling and special concretes.	Results-oriented research work in the area of low-CO ₂ clinker.	To increase the understanding of raw material suitability, clinker production and hydration mechanisms for cement, HeidelbergCement launched the product development programme TernoCem®.	Ongoing	■	27

Environment

Target	Measures	Achieved in 2014/2015	Deadline	Status	Page
CO₂ emissions and alternative raw materials and fuels					
Reduction of the specific net CO ₂ emissions by 23% compared to 1990.	Further investment in research and energy-efficient technologies and production processes. Promotion of composite cements with reduced clinker content. Increased use of alternative fuels and biomass.	As of 2015: CO ₂ emissions were reduced by 22% compared to the reference year of 1990.	2015	■	21
Lowering clinker content of cement to 70%.	Development of new composite cements. Use of alternative raw materials.	As of 2015: 75,0% clinker (75,7% in 2014).	2020	■	21, 23-24, 53
Increasing the share of alternative fuels used to 30%.	Focus on three waste flows: sorted contingents of household and residential waste elements with high calorific values, sewage sludge and waste subject to special monitoring regulations.	As of 2015: 20.7% alternative fuels (20.7% in 2014).	2020	■	21, 23-24, 52
Increasing the share of biomass fuels used to 9%.	Increased use of waste such as dried sewage sludge, agricultural residues etc.	As of 2015: 7.5% biomass (7.6% in 2014).	2020	■	52
Increasing the share of alternative raw materials in cement to 12%.	Use of additives, such as slag or old foundry sand.	As of 2015: 12.3% alternative raw materials in cement (11.5% in 2014).	2020	■	53

■ Target achieved ■ Target partly achieved ■ Target not achieved

Environment

Target	Measures	Achieved in 2015	Deadline	Status	Page
Local environmental effects					
Lowering water consumption and initiating a Group-wide exchange of best practices in the area of water management.	Introduction of water management indicators in the aggregates and concrete business lines, as was already implemented at the cement business line in 2014.	Water consumption was measured in the cement business line; the key figures are being published for the first time in this Sustainability Report for 2015.	Ongoing	■	28, 52
Measuring emissions of heavy metals, volatile organic compounds (VOC) and dioxins/furans at all locations.	Continuous emission measurements.	As of 2015: 91 kilns report on mercury emissions (2014:85) 79 kilns report on dioxins/furans (2014: 72).	Ongoing	■	27-28, 53
Lowering emissions per tonne of clinker (reference year: 2008): – Dust: by 35% – Nitrogen oxides: by 10% – Sulphur oxides: by 10%	Continuous optimization and modernization of processes (best available technology, or BAT) in the cement plants.	As of 2015: – dust: -64.2% – nitrogen oxides: -13.3% – sulphur oxides: -13.7%	2020	■	27-28, 53
Subsequent land use and biodiversity management					
Restoration plans for 100% of the active quarries for cement and aggregates.	Continuous Group-wide expansion of restoration plans.	As of 2015: restoration plans – in the cement business line: 85% – in the aggregates business line: 89%.	2020	■	25-26, 53
Implementation of biodiversity management plans at 50% of quarries in areas with a high biological value.	Developing training documentation and manuals; carrying out corresponding training on site.	As of 2015: – cement business line: 74% – aggregates business line: 81%	2020	■	25-26, 53
Sustainable construction					
Participation in national Green Building Councils in all countries where this is relevant to HeidelbergCement.	Training sessions and internal sharing of ideas on the topic of sustainable construction and the activities of the Green Building Councils.	HeidelbergCement is a member of 12 Green Building Councils worldwide, compared to 11 in 2014.	2020	■	27, 53

■ Target achieved ■ Target partly achieved ■ Target not achieved

Employees

Target	Measures	Achieved in 2015	Deadline	Status	Page
Occupational health and safety					
Reduce the number of accidents and the accident severity indicator to zero for Group employees.	Analysis of the most frequent causes of accidents, and targeted sensitisation of Group employees and employees of other companies regarding workplace safety by means of Group-wide and local campaigns (e.g. films about workplace safety, Safety Week, training programmes focusing on specific themes).	<ul style="list-style-type: none"> – Accident frequency in 2015: 2.1 (2014: 2.1). – Accident severity indicator in 2015: 106 (2014: 91). 	2020	■	34, 55
Reducing the number of fatalities to zero for Group employees.	Analysis of the most frequent causes of death, and targeted countermeasures. Revision of the corporate guideline concerning occupational health and safety with regard to the responsibility of management and the employees.	<ul style="list-style-type: none"> – Fatality rate in 2015: 1.7 (2014: 1.0). 	Ongoing	■	34, 55
Diversity					
Share of women in management positions (first level) in Germany: 14% Share of women in management positions (second level) in Germany: 15%	Targeted support of women by means of appropriate management and programmes for the advancement of future executives.	<ul style="list-style-type: none"> – Share of women in management positions in Germany in 2015: first management level: 10%, second management level: 9% – Share of women in management trainee programmes in Germany in 2015: 24% 	2017	■	38-39, 54

■ Target achieved ■ Target partly achieved ■ Target not achieved

KEY FIGURES

- 51 Strategy and management
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Strategy and management

	2013	2014	2015	Unit	GRI
Revenue/result					
Total Group revenue	12,128	12,614	13,465	EUR million	G4-9, EC1
Operating income before depreciation (OIBD)	2,224	2,288	2,613	EUR million	G4-EC1
Operating income (OI)	1,519	1,595	1,846	EUR million	G4-EC1
Profit for the financial year	933	687	983	EUR million	G4-EC1
Group share of profit	736	486	800	EUR million	
Dividend per share	0.6	0.75	1.30	EUR	G4-EC1
Earnings per share	3.93	2.59	4.26	EUR	G4-EC1
Investments in tangible fixed assets (e.g. maintenance, optimisation and environmental protection measures)					
	861	941	908	EUR million	G4-EC1
Amortisation					
	704	693	767	EUR million	G4-EC3
Balance sheet					
Equity (including non-controlling interests)	12,514	14,245	15,976	EUR million	G4-9
Balance sheet total	26,276	28,133	28,374	EUR million	G4-EC1
Net debt	7,352	6,957	5,286	EUR million	
Material costs and other operating expenses					
Material costs	5,115	5,320	5,477	EUR million	G4-EC1
Other operating expenses	3,337	3,447	3,689	EUR million	G4-EC1
Costs for research and technology					
	103.9	99.6	107.8	EUR million	G4-EC1

→ For an overview of further key financial figures see: Annual Report 2015, cover

Strategy and management

	2013	2014	2015	Unit	GRI
Group sales					
Cement and clinker:					
– Western and Northern Europe	20.9	21.6	21.4	m tonnes	G4-9
– Eastern Europe-Central Asia	16	17.1	16.6	m tonnes	G4-9
– North America	11.6	12.1	12.3	m tonnes	G4-9
– Asia-Pacific	23.4	24.6	23.5	m tonnes	G4-9
– Africa-Mediterranean Basin	6.6	6.4	7.4	m tonnes	G4-9
– Total	78.1	81.8	81.1	m tonnes	G4-9
Aggregates:					
– Western and Northern Europe	62.1	65.2	63.8	m tonnes	G4-9
– Eastern Europe-Central Asia	18.7	20.4	22.4	m tonnes	G4-9
– North America	104.1	110.5	116.6	m tonnes	G4-9
– Asia-Pacific	36.2	37.7	35.9	m tonnes	G4-9
– Africa-Mediterranean Basin	11.3	10.8	11.1	m tonnes	G4-9
– Total	230.6	243.6	249.2	m tonnes	G4-9
Asphalt:					
– Western and Northern Europe	2.6	3.1	3.0	m tonnes	G4-9
– North America	3.0	3.6	3.7	m tonnes	G4-9
– Asia-Pacific	2.2	2.3	2.0	m tonnes	G4-9
– Africa-Mediterranean Basin	0.5	0.4	0.4	m tonnes	G4-9
– Total	8.4	9.3	9.1	m tonnes	G4-9
Ready-mixed concrete:					
– Western and Northern Europe	12.1	13.0	13.0	million cbm	G4-9
– Eastern Europe-Central Asia	2.7	2.9	3.4	million cbm	G4-9
– North America	5.8	6.3	6.4	million cbm	G4-9
– Asia-Pacific	11.4	11.4	10.9	million cbm	G4-9
– Africa-Mediterranean Basin	3.0	3.0	3.0	million cbm	G4-9
– Total	34.9	36.6	36.7	million cbm	G4-9

Strategy and management

	2013	2014	2015	Unit	GRI
Cement type portfolio					
– Ordinary Portland cement	–	–	36.6	%	
– Limestone cement	–	–	10.8	%	
– Pozzolana / Fly ash cement	–	–	9.1	%	
– Slag cement	–	–	16.9	%	
– Multi-component cement	–	–	23.6	%	
– Oilwell-, white cement	–	–	0.8	%	
– Masonry cement, special binder	–	–	0.6	%	
– Ground granulated blast furnace slag	–	–	1.6	%	
Share of cement plants with a certified environmental management system (ISO14001 or similar)*	80	79	78	%	
Production facilities in which environmental audits have been carried out within the last five years:					
– Cement	–	35	55	%	
– Aggregates	–	74	69	%	

*The data pertains exclusively to integrated cement plants.

Environment

	1990	2013	2014	2015	Unit	GRI
Reduction in CO₂ emissions						
Cement business line:						
– Absolute gross CO ₂ emissions	54.7	52.8	54.6	53.9	m tonnes	G4-EN15
– Absolute net CO ₂ emissions	53.3	49.7	51.5	50.8	m tonnes	G4-EN15
– Specific gross CO ₂ emissions (per tonne of cementitious material)	781.1	645.5	641.8	634.8	kg CO ₂ /t	G4-EN18
– Specific net CO ₂ emissions (per tonne of cementitious material)	773.0	616.7	612.8	606.3	kg CO ₂ /t	G4-EN18
– Indirect gross CO ₂ emissions	4.3	6.4	7.8	6.2	m tonnes	G4-EN16
Energy/raw materials						
Absolute energy consumption:						
– Cement	298,849	268,637	276,615	270,959	TJ	G4-EN3
– whereof clinker production	252,741	225,106	232,430	227,250	TJ	G4-EN3
– Aggregates	N.A.	7,334	7,240	7,424	TJ	G4-EN3
Specific energy consumption:						
– Cement	4,331	3,336	3,293	3,236	MJ/t	G4-EN5
– whereof clinker production	4,312	3,703	3,705	3,650	MJ/t	G4-EN5
– Aggregates	N.A.	33.29	32.05	31.86	MJ/t	G4-EN5
Fuel mix for clinker production:						
– Hard coal	60.7	57.6	58.1	56.5	%	
– Lignite	0.0	3.3	3.1	3.1	%	
– Petroleum coke	2.4	9.6	10.6	10.9	%	
– Natural gas	22.8	7.3	6.2	8.3	%	
– Light fuel oil	1.0	0.3	0.3	0.3	%	
– Heavy fuel oil	6.7	0.5	0.4	0.2	%	
– Other fossil fuels	3.4	0.6	0.5	0.2	%	
– Alternative fossil fuels	2.8	12.9	13.2	13.2	%	
– Biomass	0.3	8.0	7.6	7.5	%	
– Proportion of biomass in mix of alternative fuels	9.2	38.3	36.6	36.1	%	

Environment

	1990	2013	2014	2015	Unit	GRI
Alternative fuel mix for clinker production:						
– Plastics	0.0	27.5	29.0	29.2	%	G4-EN3
– Waste oil	39.0	2.3	1.7	2.2	%	G4-EN3
– Used tyres	25.0	10.0	9.4	9.4	%	G4-EN3
– Solvents	4.7	4.4	4.0	4.0	%	G4-EN3
– Dried sewage sludge	0.0	4.4	3.9	3.9	%	G4-EN3
– Meat and bone meal	0.0	4.8	5.0	4.6	%	G4-EN3
– Agricultural waste and waste wood	0.0	5.4	4.5	3.8	%	G4-EN3
– Other biomass	9.2	23.8	23.2	23.8	%	G4-EN3
– Other alternative fuels	22.2	17.5	19.2	19.2	%	G4-EN3
Proportion of alternative fuels (incl. biomass)	3.1	20.9	20.7	20.7	%	G4-EN3
Clinker content in the cement	84.8	76.2	75.7	75.0	%	G4-EN1
Proportion of alternative raw materials:						
– Clinker	–	3.8	3.6	3.5	%	G4-EN2
– Cement	–	10.8	11.5	12.3	%	G4-EN2

	2008	2013	2014	2015	Unit	GRI
Emissions						
NO_x:						
– Absolute emissions	95,859	82,597	83,923	85,160	t	G4-EN21
– Specific emissions	1,579	1,359	1,340	1,369	g/t clinker	G4-EN21
SO₂:						
– Absolute emissions	28,902	28,208	25,442	25,557	t	G4-EN21
– Specific emissions	476	464	406	411	g/t clinker	G4-EN21
Dust:						
– Absolute emissions	17,682	10,489	6,732	6,481	t	G4-EN21
– Specific emissions	291	173	108	104	g/t clinker	G4-EN21

Environment

	2013	2014	2015	Unit	GRI
Proportion of clinker produced in kilns with continuous or discontinuous measurement of all emissions	74	73	74	%	
Proportion of clinker produced in kilns with continuous measurement of dust, NO _x and SO ₂ emissions	86	85	84	%	G4-EN21
Mercury:					
– Specific emissions	0.047	0.052	0.057	g/t clinker	G4-EN21
– Number of kilns reporting	61	85	91		G4-EN21
Dioxins and furans:					
– Specific emissions	0.059	0.059	0.040	µg TEQ/t clinker	G4-EN21
– Number of kilns reporting	61	72	79		G4-EN21
Sustainable construction					
Sales of recycled aggregates	1.3	1.6	1.3	m tonnes	G4-EN2
Membership in Green Building Councils					
Number of memberships	–	11	12		
Biodiversity and conservation of resources					
Proportion of quarries in areas with a high biological value:					
– Cement	N.A.	28	33	%	G4-EN11
– Aggregates	N.A.	22	20	%	G4-EN11
Proportion of quarries in areas with a high biological value, with biodiversity management plan:					
– Cement	N.A.	79	74	%	
– Aggregates	N.A.	80	81	%	
Proportion of active quarries with a restoration plan:					
– Cement	N.A.	83	85	%	
– Aggregates	N.A.	89	89	%	

Environment

	2013	2014	2015	Unit	GRI
Water management (cement)					
Water withdrawal	–	–	44.0	million m ³	G4-EN8
Wastewater discharge	–	–	18.8	million m ³	G4-EN10
Water consumption (water extraction minus wastewater discharge)	–	–	25.2	million m ³	
Quarry water not used	–	–	71.9	million m ³	
Specific water consumption for clinker	–	–	416.2	l/t	
Specific water consumption for cement	–	–	298.4	l/t	

Employees

	2013	2014	2015	Unit	GRI
Employees and employment					
Number of employees as of 31 December:					
– Western and Northern Europe	11,882	12,441	13,818	Employees	G4-10, LA1
– Eastern Europe-Central Asia	8,696	8,453	8,177	Employees	G4-10, LA1
– North America	7,513	7,644	7,658	Employees	G4-10, LA1
– Asia-Pacific	14,133	13,482	13,029	Employees	G4-10, LA1
– Africa-Mediterranean Basin	2,885	2,811	2,690	Employees	G4-10, LA1
– Group Services	61	79	81	Employees	G4-10, LA1
– Total	45,169	44,909	45,453	Employees	G4-9, 10, LA1
Employee turnover:					
– Western and Northern Europe	8	8	11	%	G4-LA1
– Eastern Europe-Central Asia	10	13	17	%	G4-LA1
– North America	14	14	13	%	G4-LA1
– Asia-Pacific	6	8	13	%	G4-LA1
– Africa-Mediterranean Basin	4	3	10	%	G4-LA1
– Total	9	10	13	%	G4-LA1
Proportion of part-time employees (Group)	2.4	2.4	2.2	%	G4-10
Proportion of part-time employees (HeidelbergCement AG)	10.7	11.1	11.0	%	G4-10

Employees

	2013	2014	2015	Unit	GRI
Personnel costs and social benefits:					
– Wages, salaries, social security costs	1,878.7	1,939.4	2,152.1	EUR million	G4-EC1
– Costs for retirement benefits	68.5	86.4	97.0	EUR million	G4-EC1
– Other personnel costs	21.3	24.1	25.1	EUR million	G4-EC1
– Total	1,968.5	2,049.9	2,274.2	EUR million	G4-EC1
Age structure (Group):					
– Younger than 30	13	14	14	%	G4-LA1
– 30-49	53	51	51	%	G4-LA1
– 50 and older	34	35	35	%	G4-LA1
Share of female employees (Group)	14	13	15	%	G4-10, LA12
Share of female employees (Germany)	16	14	15	%	G4-10, LA12
Share of female employees in top management positions (Group)	9	9	9	%	G4-10, LA12
Share of female employees in top management positions (Germany)	7	8	8	%	G4-10, LA12
Share of female employees in management training programmes (Group)*	24	17	14	%	G4-10, LA12
Share of female employees in management training programmes (Germany)	25	21	24	%	G4-10, LA12
Share of female employees N-1 (Germany)	N.A.	10	10	%	G4-10, LA12
Share of female employees N-2 (Germany)	N.A.	7	9	%	G4-10, LA12
Share of local managers in senior management positions	80	80	80	%	G4-EC6
Proportion of disabled employees:					
– Germany	4.6	4.1	4.3	%	
– HeidelbergCement AG	5	4.8	4.9	%	

*Change from 2013 due to new development programmes, primarily in the technical area.

Employees

	2013	2014	2015	Unit	GRI
Training and career development					
Employees in programmes for the advancement of future executives	744	801	828	Employees	
Training hours per employee	29	34	31	Hours	G4-LA9
Structure of training hours:					
– Management training	9	5	6	%	G4-LA10
– Soft skills training	5	6	4	%	G4-LA10
– Specialist training	30	36	30	%	G4-LA10
– Occupational safety training	46	43	50	%	G4-LA10
– Language courses	3	6	2	%	G4-LA10
– Other	7	4	8	%	G4-LA10
Percentage of trainees in Germany	6	5	5	%	
Percentage of trainees retained as permanent employees throughout Germany	82	84	80	%	
Occupational health and safety					
Accident frequency ¹⁾	2.6	2.1	2.1		G4-LA6
Accident frequency cement business line	2.1	1.7	1.4		G4-LA6
Accident severity indicator ²⁾	94	91	106		G4-LA6
Accident severity indicator Cement business line	77	77	81		G4-LA6
Fatality rate ³⁾	1.1	1.0	1.7		G4-LA6
Fatality rate, cement business line	0.94	1.37	1.6		G4-LA6
Number of fatalities:					
– Group employees	5	4	6	Individuals	G4-LA6
– Employees of other companies	12	12	8	Individuals	G4-LA6
– Third parties	2	2	3	Individuals	G4-LA6
– Thereof outside our plants	2	0	2	Individuals	G4-LA6

¹⁾ Number of accidents involving Group 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 Group employees per 1,000,000 hours worked for cement, ready-mixed concrete and aggregates.

³⁾ Number of fatalities of Group employees per 10,000 Group employees working for cement, ready-mixed concrete and aggregates.

Employees

	2013	2014	2015	Unit	GRI
Accident frequency ¹⁾					
– Western and Northern Europe	8.9	5.3	4.9		G4-LA6
– Eastern Europe-Central Asia	2.2	2.2	1.3		G4-LA6
– North America	1.5	1.8	2.0		G4-LA6
– Asia-Pacific	1.4	0.8	1.8		G4-LA6
– Africa-Mediterranean Basin	2.6	1.6	0.8		G4-LA6
Occupational illness rate ⁴⁾	1.96	1.03	0.57		G4-LA6
Illness rate ⁵⁾	1.81	1.78	1.72		G4-LA6
Proportion of employees represented by H&S committees	99.5	99.4	97.0		G4-LA5
Proportion of employees represented by H&S committees with trade union representation ⁶⁾	92.3	90.4	85.4		G4-LA5

⁴⁾ Number of officially recognized occupational illnesses suffered by Group 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).

⁶⁾ The lower proportion is due to the lack of appropriate trade unions in several countries.

About this report

HeidelbergCement is publishing a Group Sustainability Report for the seventh time. In this publication we explain how HeidelbergCement is fulfilling its economic, environmental and social responsibilities and report on the progress we have made in 2015 in the implementation of our Sustainability Ambitions. The report targets our employees, investors and analysts, business partners, as well as political players and non-governmental organisations. ✓ G4-18, G4-24

Report content and organisation

This sustainability report has been prepared according to the latest guidelines of the internationally recognized Global Reporting Initiative (GRI 4). The report conforms to the requirements of the “Core” option of the GRI G4 guidelines.

→ [Our complete GRI Index: www.heidelbergcement.com/GRI-index](http://www.heidelbergcement.com/GRI-index)

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.

✓ G4-18

In accordance with these principles, we already streamlined the reporting on target achievement in our Sustainability Report 2013/14 and oriented it more closely to the results of the materiality analysis. We have eliminated targets that were immaterial or difficult to measure. This is a preparatory measure that is part of the preparation of our new Sustainability Ambitions. ✓ G4-23

Precise definition and methodology of the report

This Sustainability Report for 2015 deals with the business year 2015 of the HeidelbergCement Group. The business year ran from 1 January to 31 December. The key facts and figures included in this report correspond to those in the consolidated financial statements and the management report of HeidelbergCement’s Annual Report for 2015. This is also the case for the facts and figures concerning our workforce.

→ [You can find information about the indicators G4-17 in the Annual Report 2015, pp. 255-279](#) ✓ G4-17

We report our key figures for environmental performance 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)

Some of the key figures on environmental protection and occupational safety from the cement business line were subject to an independent limited assurance, as required by our membership in CSI. The review also fulfils the wish of our stakeholders to have key indicators independently verified. ✓ G4-27 The results of this audit can be found on our website:

→ www.heidelbergcement.com/assurance

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.

Information about the editing process

This Sustainability Report is published in German and English. The editorial deadline was 30 May 2016. The previous Sustainability Report was published in July 2015. In line with the new annual reporting cycle, the next report will be published in 2017.

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.

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