

Answers of Executive Board of HeidelbergCement to questions of Dachverband der kritischen Aktionärinnen und Aktionäre at the AGM on 06 May 2021 regarding business activities in Western Sahara and Ciments du Maroc
[translation by WSRW]

1.) HeidelbergCement operates two grinding plants in Western Sahara, which is occupied by Morocco. Is the Executive board aware that Western Sahara is occupied and that Morocco is the occupying power there?

HeidelbergCement has dealt intensively with a possible violation of international law through its business activities and has come to the clear conclusion that HeidelbergCement's activities do not violate either international law or the law of the European Union. I would like to expressly point out once again that our activities have positive effects for the local population and the local economic situation and that there is no conflict with the rules of usufruct.

2.) What steps has HeidelbergCement taken to obtain the consent of the Sahrawi people, which is necessary under international law, for its activities via the UN-recognised political representation, the Polisario Front?

We have no contact with Frente Polisario in this context, as they have only been recognised as a political representation for issues of international law. Nevertheless, we assume that the local population agrees with our business activities. On the one hand, minority shareholders of the local Sahrawi population are invested in our business, and on the other hand, we have been granted the necessary permits by the official representatives elected by the local population.

3.) On HeidelbergCement's website, the grinding plants near El Aaiún (Laâyoune), the capital of Western Sahara, are described as being located in Morocco. Does HeidelbergCement consider Western Sahara to be part of Moroccan territory, and if so, on what legal basis? When will HeidelbergCement refer to Western Sahara as an independent territory in any communication, in accordance with the legal interpretation of the UN and the European Court of Justice?

HeidelbergCement does not take a position on the status of individual territories under international law. We follow the relevant classifications by the German Government here.

4.) What products are produced in which annual quantities in HeidelbergCement's plants located in Western Sahara and how are the quantities distributed among the plants? Who exactly are the customers and what is the cement produced in your plants used for? Were or are products used in larger infrastructure projects such as projects of OCP SA, the construction of the port at El Aaiún or the Technopole, as reported by media?

Our local subsidiary does not operate its own quarries in Western Sahara. The grinding plants in El Aaiún and Josf Lasfar process clinker and aggregates from Morocco, which are sourced from local Saharawi companies. In 2020, the plants produced 525,000 tonnes of cement. 65% of the products are distributed in El Aaiún and the surrounding area, the rest is exported to Morocco; we cannot comment on our customers.

5.) Can HeidelbergCement exclude that the products manufactured in its plants are used for Morocco's settlement policy, which according to the scientific services of the Bundestag substantiates a war crime?

We have sensitised our local staff to the issue and addressed the topic as part of the preparation of our human rights risk assessment. This risk assessment naturally also deals with human rights impacts of the supply chain. Our local deliveries go to private construction and commercial construction. We are not currently aware of any deliveries to government settlement projects.

6.) Can HeidelbergCement rule out the possibility that aggregates mined in Western Sahara or other raw materials from Western Sahara are used in its plants? If not, which materials from Western Sahara are used and how much?

Neither HeidelbergCement nor its subsidiary extract raw materials locally. The grinding plants at El Aaiún import clinker and gypsum from Morocco and purchase additional raw materials from Saharawi owned companies. We are unable to make any statements about volumes and further details regarding the supply relationships with our Sahrawi business partners due to competition law requirements.

7.) Are there plans for further projects involving HeidelbergCement or further expansion in occupied Western Sahara? If so, what are they and who are the contractual partners?

There are currently no further acquisitions or investments in new facilities in the region planned. Current local investments are focused on the sustainability and efficiency of existing facilities.

8.) The Frente Polisario, the UN-recognised representative body of the Sahrawi people, declared the entire Western Sahara a war zone on 18th November 2020 and called on all foreign companies to immediately stop doing business in the occupied territories. Against this background, how does HeidelbergCement assess the risks of its involvement in Western Sahara? Does HeidelbergCement feel bound by this request from the people of Western Sahara? If not, why?

We very much regret that Frente Polisario has refused a negotiated solution within the framework of the UN process in place and has instead called off an existing ceasefire. International humanitarian law states, among other things, that neither the civilian population as a whole nor individual civilians may be attacked. We expect that Frente Polisario respects the statutes of international humanitarian law. We are in close contact with the local authorities, as well as with the German Embassy and the German chamber of Commerce and Industry, so we have an early warning system if the situation in the region should change.

9.) What is HeidelbergCement's position on human rights violations committed by Moroccan security authorities against Sahrawis in occupied Western Sahara?

Respect for national and international law is very important to us, so we regret and condemn any misconduct by security forces on the ground.

10.) The German company Continental AG withdrew from Western Sahara at the beginning of 2021 after public pressure. Siemens Energy was excluded from its portfolio by Norway's largest private asset manager because of its activities in Western Sahara and its contribution to violations of international law. What conclusions does HeidelbergCement draw from this?

As part of a comprehensive human rights risk analysis, HeidelbergCement has intensively dealt with a possible violation of international law through its business activities and has come to the clear conclusion that the activities do not violate international law. In addition, 9% of the grinding plant in El Aaiún belongs to minority shareholders represented by three members of the local Sahrawi population. This means that the local population is directly involved. Almost half of the employees, including the foreign workers, are also Saharawis, and Saharawis are also our contacts in the local administration in administrative matters. In view of the aforementioned facts, we see no conflict between the business activity and the assessment by the federal government.

11.) What conditions would have to occur for HeidelbergCement to withdraw from Western Sahara?

As we consider our local business activities to be clearly compatible with European Union law and international law, we see no reason to withdraw from the region.

12.) The US asset manager Wespath also filed a motion against the discharge of the Executive Board of HeidelbergCement due to international and human rights concerns in Western Sahara. What is your assessment of Wespath's judgement regarding your business activities in occupied territories of Western Sahara?

Based on the human rights risk analysis and comprehensive due diligence carried out as part of the accreditation of Cimenteries Marocaines du Sud, we consider our local operations to be clearly compatible with European Union law and international law. We regret that Wespath does not share this view.