Answers of Board of directors of HeidelbergCement during virtual AGM 04 June 2020 to questions of Tilman Massa (Ethical shareholders) concerning business activities in Western Sahara

Transcribed and translated by Western Sahara Resource Watch.

Then I would continue, Mr. Massa, with your fifth question, question on business activities in Western Sahara and Ciments du Maroc:

HeidelbergCement is still majority shareholder of the Moroccan company Ciments du Maroc, which operates a cement factory only a few kilometres outside the capital of Western Sahara. Since the acquisition of Cimenteries Marocaines du Sud (CIMSUD) in May 2020, Ciments du Maroc now controls another cement factory in the vicinity.

Which legal basis does HeidelbergCement or respectively Ciment du Maroc rely on in the occupied territories of Western Sahara if economic activities conducted there violate international law and the rules of the United Nations, the African Union or the European Court of Justice?

The Board of Directors statement, Mr. Massa: Prior to the acquisition of Cimenteries Marocaines du Sud, i.e. CIMSUD, 2020, a comprehensive human rights analysis, sorry, human rights risk analysis, was carried out, which confirmed the innocuousness of the transaction. HeidelbergCement has therefore intensively investigated a possible violation of international law by its business activities and has come to the clear conclusion that the activities do not violate either international law or the law of the European Union. The grinding plants near El Aauin - not an integrated cement plant, by the way, but grinding plants - import clinker and gypsum from Morocco and buy additional raw materials from Sahrawi, i.e. locally owned companies. About 65% of the products are sold in El Aauin and the surrounding area, the rest is exported to Morocco. In addition, 9% of the shares in the El Aauin grinding plant are owned by minority shareholders, represented by 3 members of the local Saharawi population. The local population is thus directly and immediately involved. Almost half of the employees, including foreign workers, are also Saharawi. The local Saharawi population also benefits from environmental and social projects on site, as we usually do in other areas, as we do in El Aauin. From our point of view, our activities are in line with the Geneva Conventions you cite, as our activities have positive effects on the local population and the economic situation, and there is no conflict with the rules of usufruct, i.e. extraction of raw materials from occupied territory.

Then Mr. Massa the question two:

What ethical standards do you apply in your business, considering the shocking reports of international human rights organizations such as Amnesty International, Human Rights Watch, Front Line and the Robert Kennedy Center about the human rights situation in the occupied territories of Western Sahara, where the country's original population is systematically marginalized and discriminated for the benefit of Moroccan settlers?

Mr. Massa, in all countries in which we operate, we consider and respect the applicable laws and regulations, they form the legal basis of our business. As a globally operating company, we are committed to the global values and standards and have incorporated this commitment in a human rights position that applies throughout the Group. In this position, we are also committed to the following internationally accepted agreements or standards: the core labour conventions of the ILO, i.e. the International Labour Organization, the OECD Guidelines for Multinational Enterprises, the UN
Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and all treaties and pacts of international law, including the Geneva Conventions. Let me also make it clear that we expect our employees and business partners around the world to also comply with these central guidelines and recommendations. For this reason, our management guidelines also contain a commitment to these standards, and suppliers are obliged to comply with them through our Supplier Code of Conduct. How we deal with ethical issues in the company as a whole I already answered earlier; I addressed the specific situation in El Aaiun and Western Sahara in question 5 above.

Then, Mr. Massa, question 7: Are you aware that the pursuit of economic activities in a region, in which colonialism has not been eradicated and which is under the authority of an occupying power without the consent of the original inhabitants, is a clear violation of the Federal Government’s recommendations with regard to Western Sahara on the one hand and, on the other, prolongs the suffering of the Saharawi people by supporting Moroccan settlement and occupation policy?

Answer to this from our point of view: In the context of a comprehensive human rights risk analysis, to which I have already referred above, we have dealt intensively with a possible violation and examined it. We have come to the conclusion that the activities are in accordance with international law, that they do not violate it, and once again I would like to point out that we are working very hard to improve the economic conditions of the local population, that we use the raw materials on the ground as little as possible if this is not clarified, and in this respect it is true that we have 9% of the shares with local stakeholders, business partners, and that at the same time 50% of the employees are local colleagues. In view of this fact, we do not see any conflict with our business activities with regard to the German government’s assessment you referred to above.

Then, Mr. Massa, question 8: Do you think that the financial return of your company justifies the violation of international law and the provisions of European justice and violations of legal and moral obligations related to human rights in the occupied territories of Western Sahara?

Let me begin with a remark of mine: we do not put financial return above everything. As I have already clearly pointed out, we also maintain a fine balance with other ethical principles. For us this includes the issue of human rights, including all conventions that have been concluded in this respect, and thus we regard the human rights risk analyses that have been carried out, including the due diligence, that is to say the contract review before we sign them, also in the context of the acquisition of CIMSUD, as compatible with the law of the European Union and also with international law.

Then your question 9: Is the board of directors aware that HeidelbergCement or respectively Ciment du Maroc, by providing basic material for the construction of the infrastructure, directly supports Morocco’s illegal annexation and settlement practices, which have been classified by the Research Services of the German Bundestag as a violation of the Fourth Geneva Convention and its First Additional Protocol?

Once again, Mr. Massa: The examination of human rights and international law risks in the distribution of our products is part of our human rights risk analysis. The grinding plants near El Aaiun import clinker and gypsum from Morocco and buy additional raw materials from companies in Saharawi, i.e. local ownership, and the majority of the products, 65%, are sold in El Aaiun and the surrounding area, thus also benefiting the local population. The rest is then exported to Morocco. We therefore consider our activities on the ground to be compatible with international law.

Then topic 10, your 10th question: To what extent has HeidelbergCement taken into account aspects of international law in its previous surveys of business activities in Morocco and the occupied territories of Western Sahara? If so, which aspects exactly? If not, why not?
Again, I will try to give a detailed answer Mr. Massa. In the course of our due diligence, we have also examined all international law standards applicable to HeidelbergCement, and specifically took the following legal standards into account: Universal Declaration of Human Rights, International Convention on the Elimination of All Forms of Racial Discrimination, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, UN Convention on the Elimination of All Forms of Discrimination against Women, UN Convention against Torture and other cruel, Inhuman or Degrading Treatment or Punishment, UN Convention on the Rights of the Child, the Geneva Conventions including its additional protocols, the core labour conventions of the International Labour Organisation ILO, OECD Guidelines for Multinational Enterprises, and last but not least, the UN Guidelines on Business and Human Rights.

Then your specific question: Who has carried out the recent audit?

The answer to this question from our point of view: The due diligence was carried out by our country department in close coordination with the ‘Group Legal’ and the ‘Group Compliance and Global Environmental Sustainability’ departments, i.e. our sustainability experts, and with the further involvement of external experts.

Your question 12, Mr. Massa: Will the results of the audit be made available to the Sahrawi people?

A clear answer from our point of view, which actually applies to all other things as well, as a company we do not shy away from transparency: We are always open to direct exchange with our stakeholders and are happy to further discuss our assessment.

Then, Mr Massa, topic 13: Will future audits take account of aspects of international law?

We are not only referring to the future, but aspects of international law are already part of our investment criteria and are regularly evaluated as part of our human rights risk analysis. As a basic principle, HeidelbergCement observes all applicable legal norms, including those of international law.