Response to the report „Dirty Profits 4“

Business & Human Rights has kindly invited HeidelbergCement to respond to the concerns raised by FACING FINANCE in their latest report “Dirty Profits 4”. We follow this invitation as we believe that the report partly includes wrong, ill-founded or outdated information and thus creates a one-sided negative impression. Our comments to the various concerns raised are as follows:

1. Hanson Israel

Hanson Israel operates the aggregates (sand and gravel) quarry Nahal Raba in Area C of the West Bank. Nahal Raba does not include a ready mix concrete plant as alleged by the report. The quarry operations are in line with international law as they create benefits for the local Palestinian population and at the same time do not impact the raw material reserves in an excessive way. The Palestinian population benefits through the creation of well paid jobs in an area that is otherwise characterized by a high unemployment rate. Far more than half of the employees at the quarry are local Palestinians. Palestinian workers are treated the same way as their Israeli colleagues with respect to wages, training and insurance. This fact is completely omitted by the report. In addition, Nahal Raba pays royalties to the Civil Administration. These royalties are collected separately and are designated as funding for the Civil Administration for the benefit of the residents of the Area. As such the allegation by the report that the use of funds would be unclear is not correct. In addition, Hanson Israel does not provide building materials to Israeli settlements or border security installations.

The Norwegian state pension fund KLP published a detailed analysis of the situation in the West Bank. The reason for exclusion is based on their individual decision not to accept a “risk of violating fundamental ethical norms”. They do not point at violations as wrongly mentioned in the report but even mention that “there is no unambiguous, legally binding answer to the question of the use of natural resources in occupied territories”.

2. IndustriAll complaint

The allegation that HeidelbergCement has been unwilling to solve a conflict between its subsidiary Indocement and the local unions is wrong. HeidelbergCement and Indocement voluntarily participated in the OECD-procedures. A final declaration has been achieved with all participants where all points were finally clarified by consensus. The unions and Indocement agreed on reciprocal measures to improve the co-operation.

3. Cement dust

The report mentions cement dust problems in emerging countries by referring to local media without actually checking the veracity of this news. Fact is that HeidelbergCement applies international standards for dust emissions and invests in respective filter systems and monitoring. In the countries mentioned by the report, the emission limits accord to the standard of the IFC which is 50 mg/Nm3.

In a lot of cases, like in Georgia, the dust emissions from cement plants acquired by HeidelbergCement have been reduced significantly after the acquisitions thanks to investments in filter equipment etc. We followed up the recent story of dust emissions in Georgia with local authorities and the story could not be confirmed.

In case there is a larger dust emission at one of our cement plants, due, e.g. to a filter failure, the systems are repaired or exchanged in a timely manner.

Moreover, a comprehensive health risk study has been launched by the European cement association CEMBUREAU. The studies were performed by a number of institutes chosen according to their expertise in different areas. The studies show no evidence of an elevated risk to health in relation to Portland cement exposure.

http://www.cembureau.eu/topics/health-safety/comprehensive-health-risk-study-chrs

4. EU antitrust investigation

FACING FINANCE claims that HeidelbergCement is one of a number of companies under investigation by the EU for forming a cartel, referring in the footnote to a document accessed on 26 November 2015. Fact is that the EU investigations were closed without finding already at the end of July 2015, 4 months before the reference in the footnote of the report!

5. CO_2

Cement production is by its very nature a CO_2 intensive process: It is based on the decarbonization of limestone at temperatures of around 900°C. During this process, which is also referred to as calcination, the limestone splits off carbon dioxide. These carbon dioxide emissions account for 60% of the whole process emissions, the other 40% are coming from burning the fuel. The cement industry and especially HeidelbergCement has been addressing this issue and has significantly reduced CO2 emissions over the past years (-22% since 1990). Measures applied range from process optimization and the use of alternative fuels and raw materials to developing new cement types with a lower carbon footprint. Moreover, our company has initiated different research co-operations to capture carbon produced during cement production so that it can be converted into biofuels or algae used for animal feed.

CO_2 is an important topic for the cement industry. That is why the Cement Sustainability Initiative (CSI) where HeidelbergCement is a member of and which is part of the World Business Council for Sustainable Development (WBCSD) has defined common parameters for the industry to measure CO_2 emissions and defined a roadmap to reduce CO_2 emissions going forward. As a member of the CSI, HeidelbergCement is also obliged to conduct an independent limited assurance of its CO_2 data and other sustainability KPI every year. The latest assurance statement is publicly available on our website. http://www.heidelbergcement.com/en/sustainability-report

In the study of EIO that is mentioned by FACING FINANCE, EIO used worst case assumptions instead of actual emissions data from HeidelbergCement. This means the figures for HeidelbergCement have been overestimated in the report.