



HeidelbergCement in Russia

Creating a Corporate Compliance Culture

AEB Open Security & Compliance Event on Anti-Corruption
07.06.2012

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HeidelbergCement worldwide – short introduction

- HeidelbergCement is a traditional **German company founded in 1873**.
- Today HeidelbergCement is the global market leader in aggregates and a prominent player in the fields of cement, concrete and other downstream activities, making it one of the world's largest manufacturers of building materials. The company employs some **52.500** people at **2.500 locations** in more than **40 countries**.
- In 2011 HeidelbergCement improved its revenue by 10% to €12.9 billion.
- HeidelbergCement is among the 30 largest German companies (**DAX Index**)



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HeidelbergCement in Russia – short introduction

- Around **2.200 employees**
- **Core business**
 - Cement
 - Aggregates
- **Key locations:**
 - Cement plants in Leningrad region (0.8 million tons p.a.), Tula region (2 million tons p.a.) and Bashkortostan (1.8 million tons p.a.)
 - Cement terminals in Kaliningrad (200.000 tons p.a.) and Murmansk (30.000 tons p.a.) and a new one in Archangelsk
 - Production sites for sand, crushed limestone, mineral powder and clay in Tula region, Voronezh
- **Cement capacity in 2012** - around 4,5 million tons
- **Investments in Russia** exceeding **USD 800 million**



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- As of 01.01.2007 the Managing Board of HeidelbergCement Group has entrusted the Group Compliance function with the creation, development and continuous control of a Group-wide compliance organization.

A. Kern CE/CA	D. v. Achten NAM	B. Scheifele	L. Näger	D. Gauthier Europe (North/West) - Mediterranean - Africa	A. Scheuer Asia/Oceania	Vorstand
		Compliance A. Schnurr				Group
Bosnia -S. Bakic Czech Republic/ Slovakia -M. Nemcova Georgia -E. Tkeshelashvili Germany -A. Schnurr Hungary -S. Hardicsay Kazakhstan -G. Garmashov Poland -I. Zajdel Romania -M. Popa Russia -Chr. Becker Ukraine -I. Kozurak	NAM -M. Hyer			UK -E. Gretton T.E.A.M./Brussels Office - V. Mignon Benelux -Cl. Mingels Northern Europe -P. Linderoth Israel - D. Halaban Spain - J. Ortiz Turkey -O. Günel HC Trading -T. Tapner HC Fuels - D. Carr Africa/Oslo Office -A. Selen	Australia -V. Vincent Bangladesh -A. Hashem Brunei -J. Lim China -A. Lo India -T.V. Ganesan Indonesia -D. Handayani Malaysia, Singapore -J. Lee Asia-Oceania/ Singapore Office -T. K. Chew Hongkong -N. Pang	Area/Country

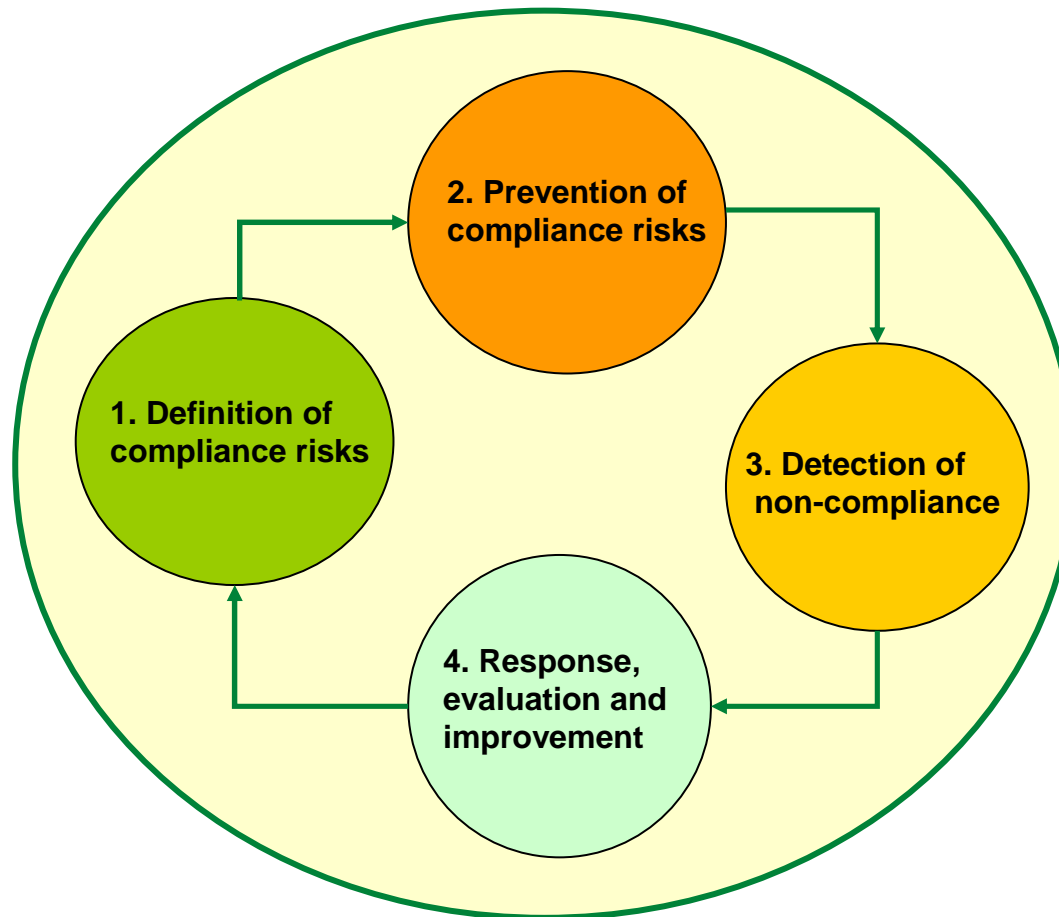
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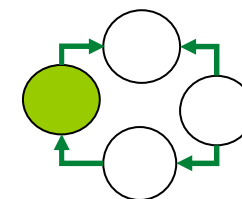
■ Corporate Compliance in HeidelbergCement

Except for Germany, where it stays with Group Compliance, on country level the responsibility for compliance issues principally stays with the **legal departments** or in some cases with the Country General Manager with a dotted reporting line to Group Compliance. In Russia actually the responsibility is with the Deputy General Director for Administration and Organizational Matters.

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1. Definition of compliance risks

1.1 Risk Assessment

Tool 1

Compliance Risk Assessment:

Design and implementation of a standardized methodology for the identification and assessment of Compliance risks to assess established measures and focus prevention efforts on critical risks.

Tool 2

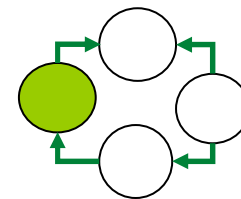
Business Partner Due Diligence:

Design and implementation of a standardized, risk based process for the Compliance-related screening of business partners to prevent business and legal consequences from non-compliant business partner activities.

Approach Tool 1

- Definition of major compliance risks by existing knowledge with creation of questionnaire and interviews with key-business unit employees (for example corruption, competition law, workplace harassment and discrimination, etc)
- Identification of departments, key-personnel and key-functions which contribute to risk exposure
- Evaluation of interviews and questionnaires and assessment of Compliance risks on corporate level
- Rating of the risk of each area as high, medium and low for each identified department, personnel and function.
- Creation of Guidelines and Policies according to the a.m. assessment and preparation of action plan
- ► Business Partners: Identification and risk-oriented prioritization of business partner categories in workshops and interviews on corporate level

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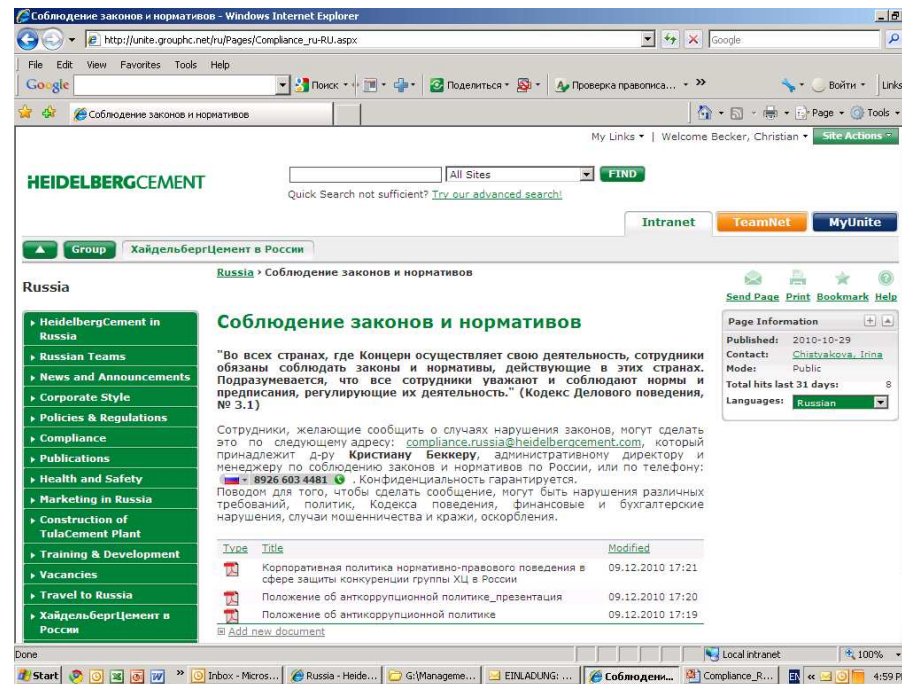


1. Definition of compliance risks

1.2 Design and implement Policies & Guidelines

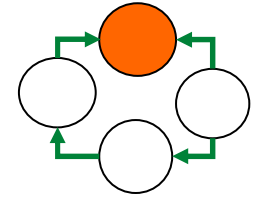
Code of Business Conduct
Group Anticorruption Guideline
Group Compliance Policy
Group Competition Law Guideline
Corporate Governance Principles
Group Leadership Principles

Competition Law Guideline HC Russia
Anticorruption Guideline Russia
Business Secret Guideline Russia
Health & Safety Regulations Russia



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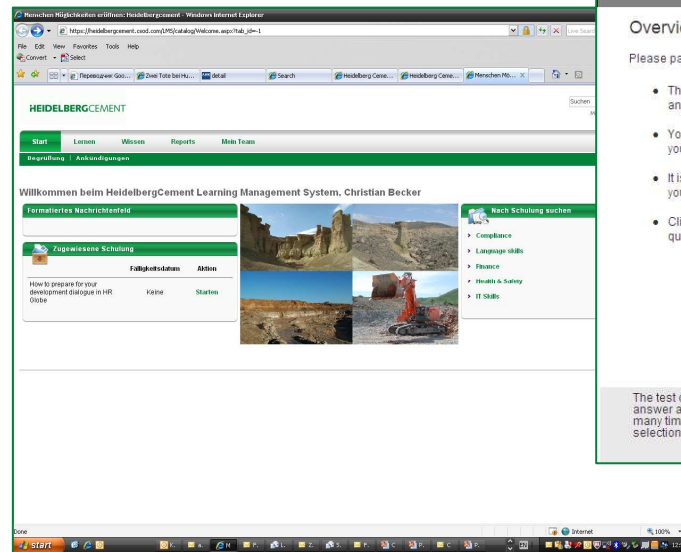


2. Prevention of compliance risks

2.1 Training & Education - E-Learning Compliance issues

Policies and guidelines are “only” creating the frame to establish a corporate compliance culture; they must come to life, the corresponding behavior must be learned by means of T&E and communication

Interactive e-learning programs are convenient instruments which allow to learn at any time and at any place and it makes passivity difficult by demanding responses to questions. Moreover it provides for evidence to the employer that the employee has passed the program



Overview

Please pay attention to the following:

- The test comprises six questions. To pass the test you must answer at least four questions correctly.
- You can repeat the test as many times as you like. Each time you will be given a different selection of questions to answer.
- It is not possible to temporarily save the test. If you interrupt it, you will have to begin from the start again.
- Click the OK button to confirm your response to each question. The next question will then appear.

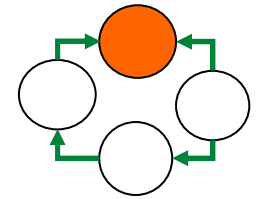


The test comprises six questions. To pass the test you must answer at least four questions correctly. You can repeat the test as many times as you like. Each time you will be given a different selection of questions to answer.

You must work through the entire test in one go; it is not possible to temporarily save the test. Click the OK button to confirm your response to each question.

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2. Prevention of compliance risks 2.2 classroom trainings

Corporate Compliance training should help to foster an ethic culture in which employees define themselves by values which inspire them not to simply follow the laws, but to respect it and to ensure that their colleagues do so as well.

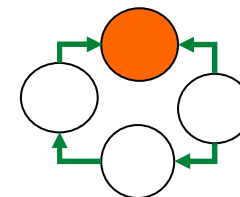
Topics in Anti-Corruption trainings are i.a.

- discussion of Anticorruption Guideline
- what does corruption mean ?
- to whom does corporate compliance refer ?
- postulates which should govern everybody's social live
- threat to the legal, economic and social existence of a company
- activities of Federal Government
- Transparency International
- what is allowed in practice ?
- difference between corruption and non-corruption
- how to react in cases of "tried" corruption



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■ 2. Prevention of compliance risks 2.3 communication

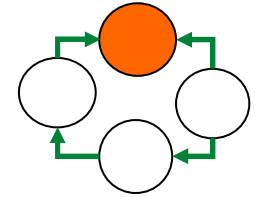
Creating transparency

- Transparency builds trust
- Successful, active and trustful working partnerships are based on timely and comprehensive communication and information
- Compliance shall be an essential part in the job description and the labor agreement



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- **2. Prevention of compliance risks**
2.4 Corporate Leadership Principles

Lead by example

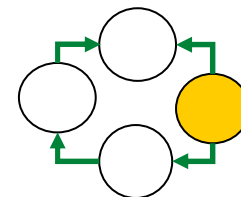
A clear and convincing desire to foster an ethical business culture should start at the top of the company

- **„We act as a role model for the company’s values and principles. What we say is consistent with what we do. We always act in a reasonable and authentic manner, even in difficult circumstances.**
- **We place greater demands on ourselves than on our employees. Others are inspired by our personal dedication and commitment.” (HC Leadership Principles)**



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3. Detection of noncompliance

Systems for detection of noncompliance can be internal and external audits and internal controls but also “anonymous helplines” (whistle-blower). These helplines provide for the possibility that occupational noncompliance can be detected by a tip, which appears to have the best chance of success than audits.

In order to retain the trust of the employees

- anonymity and confidentiality must be guaranteed from the initial report to the archiving
- highly qualified personnel must be in charge
- and abuse of the system (denunciation) must be detected



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Хотите задать вопрос о том, что беспокоит Вас на Вашем рабочем месте, но по каким-либо причинам не можете обсудить его со своим руководителем?

- Взятки
- Нарушения правил учета
- Дискриминация и притеснение
- Вопросы защиты окружающей среды
- Вопросы безопасности и охраны здоровья
- Воровство
- ... и др.

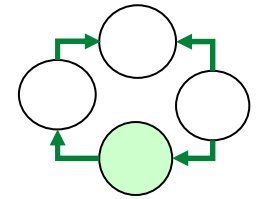


Тогда Вы можете связаться с менеджером по соблюдению норм и правил ХайдельбергЦемент в России по телефону: 8926 603 67 29 или e-mail: compliance.russia@heidelbergcement.com
Мы гарантируем полную конфиденциальность

Мы делаем все возможное, чтобы вы могли наслаждаться безопасными, здоровыми и благоприятными условиями труда

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4. Response, evaluation and improvement

Respond

Speed is essential in order to show that management cares

Quick case identification, investigation and closure

Corrective actions

Sanctioning (dismissal)

Perform root cause analysis

Communication

Evaluate and improve

Check policies, guidelines and programs with employees comprehension

Ongoing risk assessment

Reports and action

Improvements (“lesson learnt”)

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Thank you for your attention

Do you have any questions ?