



# SUSTAINABILITY REPORT

**GREECE** 2012



COMPANY PROFILE

# Our presence

Heracles Group of Companies, a member of Lafarge, is Greece's largest cement producer, having more than 100 years' presence in the market. With a network of 46 production and trading facilities throughout Greece, we operate in the production of cement, aggregates and concrete, bringing to the market differentiated, innovative products to meet customer and end-user needs.



Revenues

**228.2M€**

Number of sites

**46**

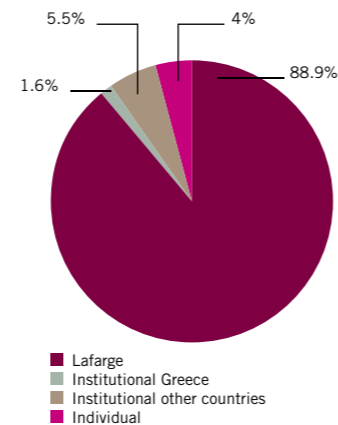
Number of employees

**1,223**

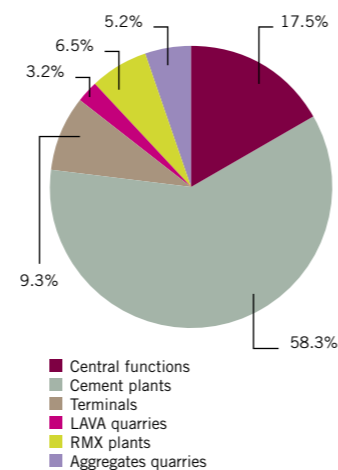
Number of quarries

**23**

SHAREHOLDERS



EMPLOYEES DISTRIBUTION



# Index

OUR PRESENCE

- CEO Message..... 4
- Sustainability Ambitions 2020..... 5
- Understanding our Business..... 6

# 01

BUILDING COMMUNITIES

- Health & Safety ..... 12
- Employee Development..... 15
- Our Communities & Stakeholders ..... 18

# 02

BUILDING SUSTAINABLY

- Sustainable Construction & Cities..... 22
- Sustainable Supply Chain..... 24

# 03

BUILDING THE CIRCULAR ECONOMY

- CO<sub>2</sub> & Air Emissions ..... 28
- Energy Consumption & Resource Management 32
- Water ..... 33
- Biodiversity..... 34

# 04

GOVERNANCE

- Governance & Business Ethics ..... 38
- Sustainability Management..... 40
- Reporting Methodology ..... 42
- Key Performance Indicators..... 44

LAFARGE GROUP

- Sustainability Ambitions 2012..... 48
- Year at a Glance..... 50
- Lafarge World Presence ..... 51



## REINFORCING OUR COMMITMENT TO SUSTAINABILITY

**PIERRE DELEPLANQUE**  
Country CEO



**“The path to sustainability doesn’t occur overnight. It requires engagement from employees at all levels and cultivating a culture of sustainability.”**

All people at Lafarge are committed to sustainable development as we all acknowledge the benefits for the business. We want to be a safe industry for all our people, but also for the local communities and the wider society.

In 2012, we faced further difficulties in the market as a further decline of 29% (compared to 2011) was recorded in construction activity. Acting responsibly towards our stakeholders, we have continued to adapt our operations to the declining market; likewise we have continued to invest in sustainability and environmental upgrading of our facilities.

More specifically for our people, a certification program targeting key technical staff in our plants was launched in 2012, supporting the performance improvement. Moreover, on health and safety we continued our efforts to implement our risk mitigation strategy, behavior-based safety, and strengthen our approach to occupational health issues. Despite our intensive efforts, we still have Lost Time Incidents and near misses that could have been avoided. We therefore placed particular importance in safety leadership and the enhancement of the top management’s as well as line management’s impact in creating safety awareness.

Concerning the environment, management and employees are working hard to more efficiently manage and measure energy use (reducing CO2 footprint), aiming at higher levels of productivity while benefiting from cost savings and lower carbon intensity. We have also continued to implement programs such as ISO 14001 for Environmental Management Systems at our cement plants. The usage of alternative fuels remains a focus area for our Company as well as the protection of biodiversity where our partnerships with Greek Universities are delivering substantial benefit to our biodiversity preservation efforts.

For our local communities we have further embedded the local consulta-

tion and continued to concentrate our efforts on local socio-economic development, on supporting public Health & Safety related initiatives, education, local infrastructure, urban development and environmental conservation. Finally, I am pleased to announce that in the upcoming year 2013 we will form and publish our Sustainability Ambitions 2020 -in accordance with Lafarge Group- incorporating objectives that scale up previous ambitions as well as new targets like employee volunteering and recycling.

Our sustainability plans is a source of great pride for the Company and the employees. We intend to capitalize on our commitment to sustainability to ensure we are better prepared to both meet the opportunities and challenges of the market and that we continue to produce safely and deliver products that fully satisfy our customers. We remain committed to the continuous improvement of our organization and we will continue to make a positive contribution – financially, environmentally and socially – as we aim to build a sustainable future for all.

## SUSTAINABILITY AMBITIONS 2020: MAKING A NET POSITIVE CONTRIBUTION TO SOCIETY

Today the world consumes one and a half times the resources the Earth can support. Sustainability Ambitions 2020 is Lafarge’s plan to contribute to correcting this imbalance: it is our roadmap for making a net positive contribution to society and nature. Lafarge Group Sustainability Ambitions 2020 is the result of its close consultation with stakeholders, who have helped the Group define strategies that are good both for Lafarge and the greater community.

The program’s objectives incorporate the impact of Lafarge’s activities through the value chain and take into account all company’s stakeholders: clients, shareholders, employees, authorities, suppliers, local communities and future generations. Some of the objectives, such as ambitious targets for CO2 emissions reduction, build on successful efforts outlined in the previous action plan, Sustainability Ambitions 2012.

Others are entirely new, such as employee volunteering. The issues tackled in Sustainability Ambitions 2020 are interlinked. For instance, the commitment to have concrete made using recycled materials will also contribute to other objectives such as expanding the market for recycled aggregates and contributing to local job creation, as entrepreneurs create businesses to collect, transport and process the materials.

### Our Approach in Greece

For Lafarge to maximize its net positive contribution worldwide, all countries where Lafarge has presence need to take up on their own sustainability commitment and the implementation of the Sustainability Ambitions 2020 objectives. In Greece, our efforts in 2013 will be geared towards the effective measure of our net positive contribution as part of the global effort of Lafarge and the piloting of new projects,

such as the employee volunteering program. We will start reporting on Sustainability Ambitions 2020 in 2014. Although the Sustainability Report does not include any reporting on Ambitions 2020, since the program begins this year, it is organized around the different pillars of the program, with a chapter on each of the following:

- **Building Communities**  
Health & Safety, Employees, Community development and Stakeholders
- **Building Sustainably**  
Sustainable construction & cities and Sustainable supply chain
- **Building the Circular Economy**  
CO2 and air emissions, Natural resources, Energy consumption and resource management
- **Governance**  
Business ethics

# Understanding our business

By taking an integrated approach to sustainability issues throughout our value chain, we intend to minimize our footprint upstream and provide our market with innovative solutions downstream, to contribute to more sustainable, livable towns and cities. Our products are sourced, manufactured, transported in a close range and, with the exception of our cement exports, used locally. We therefore consider ourselves part of the communities in which we operate. Investing in our operations for the long term, our ambition is to make a net positive contribution to society and nature.

## 1. BIODIVERSITY

Our operations can have an impact on local ecosystems. We benefit from the Lafarge Group partnership with WWF International to incorporate in our quarry management and rehabilitation practices the methodology that has been developed through this partnership to protect and promote biodiversity at our quarries in Greece. In quarries that have particular biodiversity significance such as Araxos near Patras and Anavra near Volos, we have realized biodiversity enhancement programs for the preservation of endemic species in partnership with local Universities and research institutions.

## 2. CO<sub>2</sub>

The cement manufacturing process generates CO<sub>2</sub> through the 'decarbonation' of limestone at temperatures of approximately 1,450°C and the use of fossil fuels to heat the raw materials. We aim at reducing our CO<sub>2</sub> emissions, thanks to improvements in kiln energy efficiency, the increasing use of non-fossil fuels and the development of new lower-carbon cement solutions.

## 3. WATER

Water is an essential resource for all life species and human activities. In the frame of the Lafarge Group partnership with WWF International, we have been using the tools developed to understand our water footprint and work on solutions for sustainable water management. Water recycling as well as substitution of source water withdrawn with processed water has significantly improved our water footprint.

## 5. SUSTAINABLE CONSTRUCTION

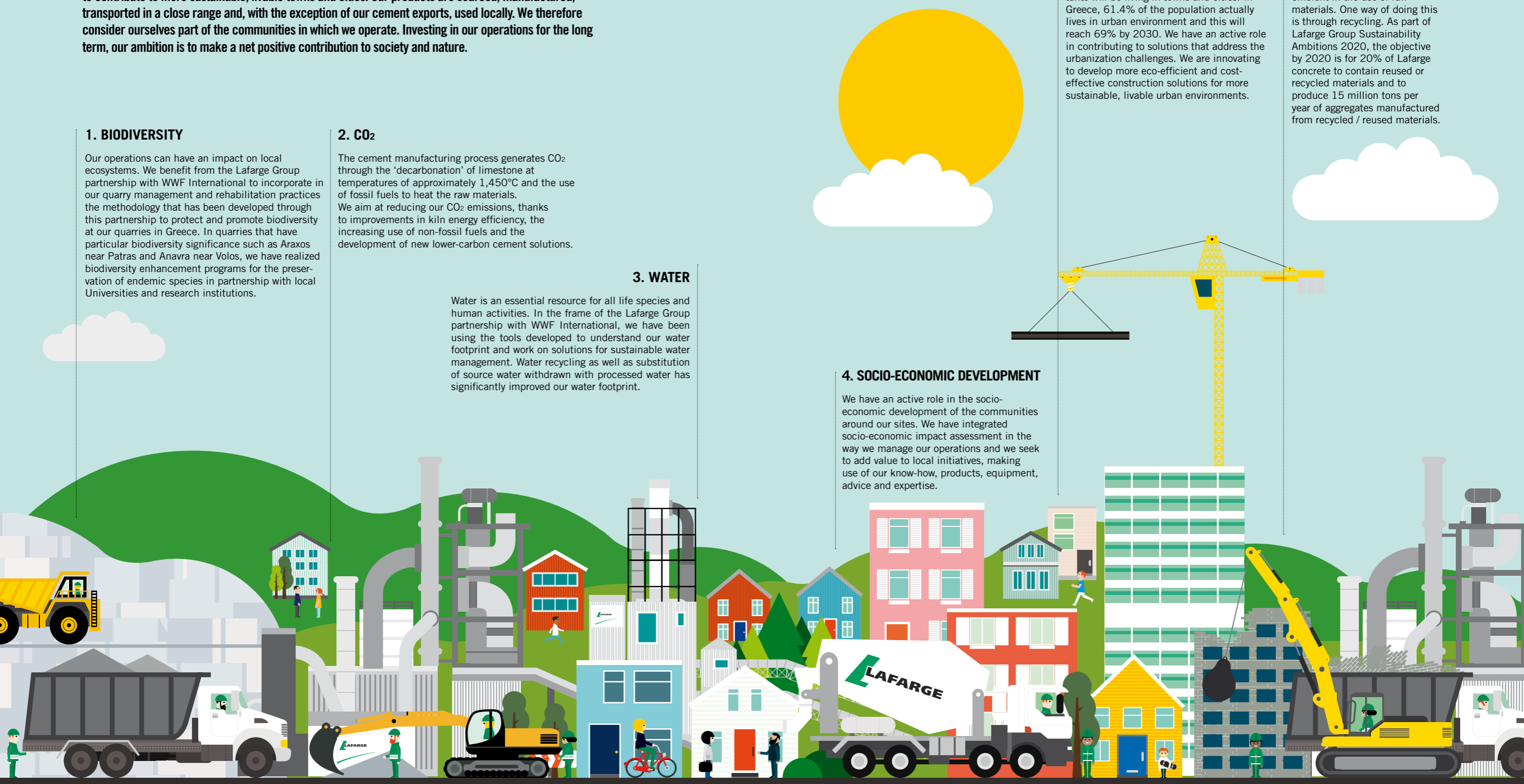
By 2020 two thirds of the world's inhabitants will be living in towns and cities. In Greece, 61.4% of the population actually lives in urban environment and this will reach 69% by 2030. We have an active role in contributing to solutions that address the urbanization challenges. We are innovating to develop more eco-efficient and cost-effective construction solutions for more sustainable, livable urban environments.

## 6. RECYCLING

It is our responsibility to be efficient in the use of raw materials. One way of doing this is through recycling. As part of Lafarge Group Sustainability Ambitions 2020, the objective by 2020 is for 20% of Lafarge concrete to contain reused or recycled materials and to produce 15 million tons per year of aggregates manufactured from recycled / reused materials.

## 4. SOCIO-ECONOMIC DEVELOPMENT

We have an active role in the socio-economic development of the communities around our sites. We have integrated socio-economic impact assessment in the way we manage our operations and we seek to add value to local initiatives, making use of our know-how, products, equipment, advice and expertise.



# SUSTAINABILITY AMBITIONS 2012 OUR PROGRESS

Our Sustainability Ambitions 2012 program came to term at the end of the year. Since 2008 we have made progress in all targets in the scope of this program, which represented our mid-term strategy to integrate sustainability in all aspects of our business and operations.

MANAGEMENT			
Target	Deadline	Performance 2012 against target	Comments
On safety our target is to reduce the lost time injury frequency rate (LTIFR) to 1.3	2010	<b>Achieved (1.37)</b>	Results of 2012 indicate that there is a lot to be done in order to meet our safety targets in a sustainable manner.
Full compliance with the Lafarge Group Competition Policy	2010	<b>Achieved</b>	We remain in compliance.
Training of all Heracles plant management teams in applying the Lafarge group stakeholder relations management process	2010	<b>Achieved</b>	All our plant management teams and key group managers are trained and develop annual action plans to manage stakeholder relationships
On customers, carry out an annual customer satisfaction survey on both bagged and bulk cement business	2010	<b>Achieved</b>	A survey of ready-mix customers has generated information that is relevant to the cement business.
Implement the OTIFIC (On Time, In Full, Invoiced Correctly) Standards in operations		<b>Achieved</b>	Thanks to an electronic monitoring system for orders (e-track), we were able to make good progress in implementing the pending aspects of OTIFIC.
Reach 20% of women in senior and executive management (Lafarge Hay Grades 18+)	2012	<b>Achieved (29%)</b>	We have a good record on women in management positions; we now focus on increasing the overall number of women in our operations.

SOCIAL			
Target	Deadline	Performance 2012 against target	Comments
By 2010, establish a comprehensive occupational health program including at a minimum regular medical examination	2012	<b>Achieved</b>	Mapping of health risks has been done and a general protocol and Health Surveillance Plan was implemented at all sites. Special Surveillance protocols for critical jobs are also in place

ENVIRONMENT			
Target	Deadline	Performance 2012 against target	Comments
Have 100% of our cement sites audited environmentally at least every four years	2010	<b>Achieved</b>	All cement plants and distribution centers are audited. We have since included in the audits program our aggregate and concrete sites, which is on going.
By 2010 reach a rate of 100% of quarries with a rehabilitation plan complying with Lafarge standards	2010	<b>Achieved</b>	All our quarries are managed as per Lafarge standards.
By 2010 all our quarries will have been screened according to criteria validated by WWF International	2012	<b>Achieved</b>	
Those quarries in sensitive areas will have developed a biodiversity enhancement plan by 2012	2012	<b>Achieved</b>	Volos (Agria and Anavra) and Araxos quarries follow a rehabilitation program to enhance biodiversity.
By 2010 cut our net CO <sub>2</sub> emissions per metric ton of cement produced by 11% as compared to 1990	2010	<b>Not achieved (1.4%)</b>	We were not able to meet our target due to continuing market difficulties and consequent reliance on the export market which requires cement with higher clinker content (see page 28).
Cut our dust emissions in our cement plants by 40% over the period 2005-2012	2012	<b>Achieved (-90.68%)</b>	Out-performance of target for dust has continued.
Cut our NO <sub>x</sub> emissions in our cement plants by 12% over the period 2005-2012	2012	<b>Partly achieved (-10.18%)</b>	We were not able to meet our reduction record in 2012. This is due to the clinker quality requested, demanding hard burning.
Cut our SO <sub>x</sub> emissions in our cement plants by 20% over the period 2005-2012	2012	<b>Achieved (-48%)</b>	We have out-performed our target.
By 2010 have a baseline for persistent pollutants in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions	2010	<b>Achieved</b>	Measurements continue to take place regularly in accordance with the production plan.



# 01

## BUILDING COMMUNITIES

Our business is based on a long term investment commitment to the areas where we have established operations, such as cement production plants or quarries. We have therefore a special responsibility towards the communities surrounding these operations. More than just our neighbors, they are our employee base, potential clients, and inspiration sources for our improvement. Our priority is the health and safety of our employees, as well as their professional development. But beyond this, we believe that our success will be greater if our corporate policies and practices enhance not only our own competitiveness but also the social and economic conditions in the communities surrounding our sites.



1 HEALTH & SAFETY	P.12
2 EMPLOYEE DEVELOPMENT	P.15
3 COMMUNITIES & STAKEHOLDERS	P.18

Students of the Primary School of Nissyros participate in the educational program «Thousands of paths but only one life!», organized by LAVA in cooperation with the Road Safety Institute «Panos Mylonas», raising awareness and educating children of the community on road safety issues.





# HEALTH & SAFETY



**Health and Safety is a core value for our company. Our ambition is to eliminate injuries for employees and contractors across all our operations. Lafarge Greece wants to become a leading company in health and safety for the industrial sector of the country. Thus, we will continue our efforts towards a safer working environment and strengthen our approach to occupational health issues.**

In 2012 we continued our focus on our priorities: implement our risk mitigation strategy, behavior-based safety, and strengthen our approach to occupational health issues. A major part of this effort was dedicated to the mobilization of our people and the development of safety behaviors. Nevertheless, 6 Lost Time Incidents (LTIs) occurred in 2012 (5 Lafarge employees and 1 contractor), all of which could have been avoided should proper risk assessment had been conducted. This is an increase from 5 LTIs in total in 2011 (2 Lafarge employees, 3 contractors), which showed us that we have a long way to go until we reach our 0 accidents target. As we want to be a leader in health and safety for the industry, we will continue and intensify our efforts to manage risks and eliminate the root causes of incidents in a sustainable manner.

#### HEALTH & SAFETY LEADERSHIP

In 2012 we placed particular importance in safety leadership and the enhancement of the top management as well as line management's impact in creating safety awareness. This happened not only during management visits and the regular

health & safety inspections, but also in the aftermath of incidents and serious events, with all operations being immediately stopped in all our sites and discussions on safety being conducted with the participation of line management. We carried out a wide range of projects and initiatives in this area, while continuing to track our progress in respect of both leading and lagging indicators. Leading indicators include near-miss reporting, health and safety inspections, "Visible Felt Leadership" safety discussions, housekeeping rating, good practice dissemination, serious event reviews and health and safety training.

#### OPERATIONAL HEALTH & SAFETY MATRIX

Our Health program in Cement, active for five years now, is implemented on the basis of Health Standard Operating Procedure and the Health Standards of Lafarge Group. Particular procedures and tools were established in order to assess risk-based health issues for our people. These tools and procedures, in line with measuring the employees occupational risk exposure, are going to assist on-site occupational doctors in following occupational health assessments.

#### RISK MANAGEMENT STANDARD

In 2012 Risk Management Standard (RMS) was deployed, a health & safety governance standard that outlines the processes enabling the organization to identify, assess and control effectively the risks associated with our activities. Risk management is the core element of the Group Health and Safety Management System and this standard sets the minimum requirements to establish a consistent and systematic approach to the management of health and safety risks. The aim is to eliminate the hazard or control the risks associated with our activities, thereby reducing the potential for injury or ill health.

Lafarge Greece initiated RMS in the annual business cycle in a testing-simulation mode for 2012. This mode was run by the health and safety teams in order to identify weaknesses and faults. Risk Management Master Files were created for all our business lines and accompanying files, such as permits to work and risk assessment tools. Thus, predictive risk assessment has been completed for the risks that have the potential to cause harm in all our tasks.

For a copy of our Health & Safety Policy

visit [http://www.lafarge.gr/Health\\_Safety\\_Policy\\_eng.pdf](http://www.lafarge.gr/Health_Safety_Policy_eng.pdf)

#### HEALTH & SAFETY MONTH

We continue every year to organize a health & safety awareness campaign, in the framework of a wider Lafarge Group campaign, which is called Health & Safety Month and takes place in May / June every year. We see this campaign period as an opportunity to deepen and expand the sense of alertness on safety across our organization, raise the awareness on our key priorities in safety and build a shared culture of safe behaviors. The key theme of the 2012 Health & Safety Month campaign was risk assessment and critical behaviors.

#### CASE STUDY

## EMPOWERING PEOPLE

#### SAFETY AT SHIFT IN VOLOS PLANT

This initiative is designed in order to mobilize and empower shift employees. All shift personnel of the plant participate in the program, and each shift supervisor is responsible for the respective team. The teams meet weekly and communicate unsafe conditions observed, the topic of the month, key learnings from recent incidents, as well as good practices. In these meetings, each team decides upon the most critical safety actions to proceed with in the coming month. Each team uses its own means in taking the necessary measures, tools & equipment for the implementation of these actions. At the end of each month the contribution of each team is widely communicated around the plant through safety screens. The program was initiated in June 2012 and continues in 2013. The main achievement of "Shifts In Action" initiative is the improvement in communication and the active promotion of team spirit and collaboration for efficient problem solving within the shift.

CASE STUDY

**SAFETY MOBILIZATION**

We address all incidents as an opportunity to get to the root of the problem in order to avoid similar incidents in the future. Based on this approach, we organized major mobilization campaigns across our sites at every such instance. These mobilization campaigns were held in our plants before the start of the overhaul as well as

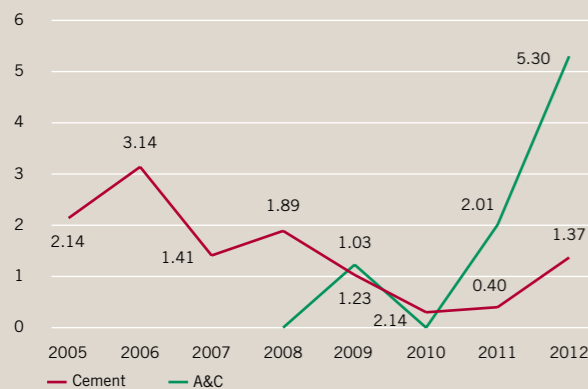
before the startup of the kiln, in order to update our employees and contractors on safety issues. Moreover, following incidents or serious near misses, all activities including the kilns are paused. At every site, meetings are organized where the information about the incidents is shared and discussed with employees & contractors.

FIGURES

**HEALTH & SAFETY**

**LOST TIME INCIDENT FREQUENCY RATE**

Number of accidents leading to loss of time per million hours worked



**LOST TIME INCIDENT SEVERITY RATE**

Number of calendar days lost as a result of accidents per thousand hours worked



**CEMENT**

NUMBER OF INCIDENTS (CONTRACTORS AND EMPLOYEES) FATALITIES LTIs CONTRACTOR LTIs

2008	0	8	2
2009	0	4	2
2010	0	1	1
2011	0	1	2
2012	0	3	1

The data shows that continuing attention is essential. We record here all incidents that result in absence from work (Lost Time Incident)

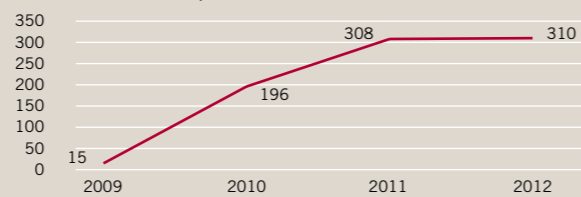
**AGGREGATES AND CONCRETE**

NUMBER OF INCIDENTS (CONTRACTORS AND EMPLOYEES) FATALITIES LTIs CONTRACTOR LTIs

2008	0	0	1
2009	0	1	1
2010	0	0	1
2011	0	1	1
2012	0	2	0

**NEAR-MISS REPORTING**

Number of near-miss reports submitted (cement)



We define a near miss as an incident which didn't happen thanks only to luck. We encourage our employees to report these situations so that we can take corrective measures and avoid potential incidents. As of 2013 near-misses reported will include data from aggregates and concrete.

**EMPLOYEE DEVELOPMENT**



***Our strategy is focused on the development of our people and the careers they can enjoy while working with our company. Performance and talent management are key levers to build an efficient and innovative organization that will help us build our competitive advantage.***

**H**uman capital is one of our key assets. We are committed to our people's personal development paying particular attention to the special needs, skills and competencies that benefit both individuals and the business. Diversity, career management, innovative programs and Individual Development Plans (IDPs) remain central to our strategy, helping us ensure the best possible developmental ownership by the individual.

was at 84%, demonstrating that IDPs are considered an essential development tool by our people. In fact, IDPs are a prerequisite for achieving progress and an integral part of the annual appraisal process.

**COUNTRY ORGANIZATION & HUMAN RESOURCES PLAN**

The primary objective of the Country Organization & Human Resources Plan (O&HR Plan) is to enable us to assess and build action plans for the development of our people and the organization capabilities necessary to realize our business strategy and ambitions. The O&HR Plan provides a solid framework for building our people career paths and succession plans, identifying development needs, planning effectively our workforce and setting priorities according to the business objectives and challenges. Through a robust O&HR Plan we ensure the continuous optimization of our organization, the development of our talents and key competencies and we prepare the organization to anticipate future needs.

**STRONG INVESTMENT IN PEOPLE DEVELOPMENT**

**Individual Development Plans (IDPs)**

As people development is an important element of our business and a strong priority, it is essential to focus even more on the IDPs of our people and take time to give constructive feedback. A combination of alternative actions has been developed, targeting the qualitative improvement of IDPs from various perspectives in the last five years. These actions, combined with management commitment, have changed to a great extent the culture regarding IDPs. This year, the percentage of the "Very Good" IDPs

**31**  
employees received internal promotion in 2012



CASE STUDY

### LAFARGE PRODUCTS DEVELOPMENT PROGRAM

In 2012 a development program was conducted, aiming at enabling employees to act as our products' ambassadors in the market. The Lafarge Products Development program has been designed at Country level in 2012 to provide participants a thorough knowledge on our products, their applications and the complete building solutions offered by Lafarge in Greece. Targeting all employees, the program offered analytical information about the products, photos, videos and presentations of building projects.

Furthermore showrooms were organized in 15 sites, giving the participants the opportunity to see the products and their relative datasheets. The program took place with the participation of 35 internal trainers with Products & Market knowledge & good facilitation skills. The program was continued until the beginning of 2013 and put the basis for the mobilization and promotion of the products in the market. It was also recognized with a Lafarge Group Special Jury Award.

CASE STUDY

### TECHNICAL COMPETENCIES

#### CERTIFICATION PROGRAMS FOR KEY TECHNICAL STAFF

A certification program targeting key technical staff in our plants was launched in 2012, supporting the restructuring of operations and performance improvement. The main focus of the program was the development, training, and performance monitoring and eventual certification of Kiln Control Room Operators (CROs) & Maintenance Inspectors, who must be able to achieve the high standards of kiln operation & inspection performance of Lafarge. In

2012, 9 Kiln CROs and 4 Inspectors in the plants were certified. The certification program is a collaborative project involving Human Resources, the plants' management and the Industrial team. But it is also achieved in strong partnership with the Lafarge Technical Center, meeting the latter's requirements for certification. The program is still in progress.

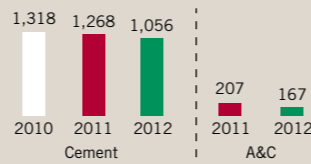
### INTERNSHIPS

In 2012, we continued our cooperation with educational institutions, providing the opportunity to students for internships within our organization. In 2012 we had 48 interns both in our central functions and in our industrial operations. Internships continue to bring benefits to the business and also provide fruitful professional experience within a multinational environment to young people. Through internships, we greatly enrich the creativity and open-mindedness of our organization.

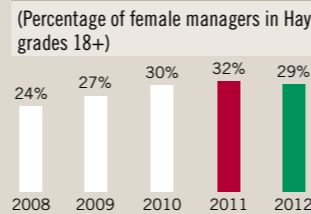
FIGURES

### EMPLOYEE DEVELOPMENT

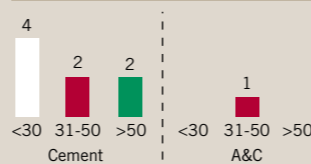
#### NUMBER OF EMPLOYEES



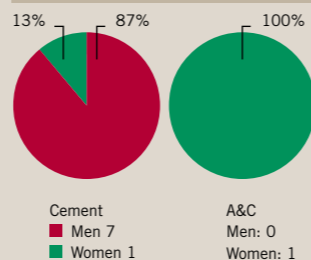
#### WOMEN IN MANAGEMENT



#### NEW HIRES BY AGE

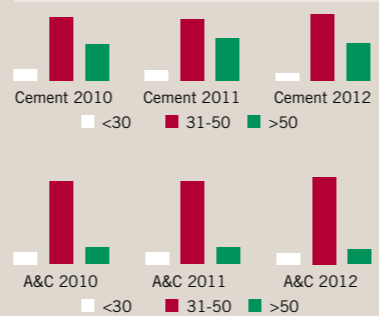


#### NEW HIRES BY GENDER



#### THE AGE STRUCTURE OF OUR WORKFORCE

(Number of people in each age category)



#### USE OF IDPs IN PERFORMANCE APPRAISAL

(Percentage of IDPs in different quality categories, 2009-2011)

	2009	2010	2011	2012
Very Good	9,7%	59,9%	76,4%	84,00%
Good	44,1%	21,9%	14,3%	9,5%
Needs Improvement	46,2%	18,3%	9,3%	6,5%

#### INVESTMENT BY TRAINING AREA

	CEMENT INCL. LAVA 2011	A&C 2011	CEMENT INCL. LAVA 2012	A&C (2012)
H&S	37,48%	14,26%	37,38%	26,65%
Technical	29,17%	47,66%	30,37%	29,9%
IT Training	4,94%	1,91%	4,78%	0,27%
Language Training	6,55%	2,61%	5%	0
Management Training	3,34%	24,99%	1,49%	16,38%
Other Types of Training	18,52%	8,56%	20,98%	26,80%

Health and Safety is our number one training priority and is therefore the subject of the most training hours overall.

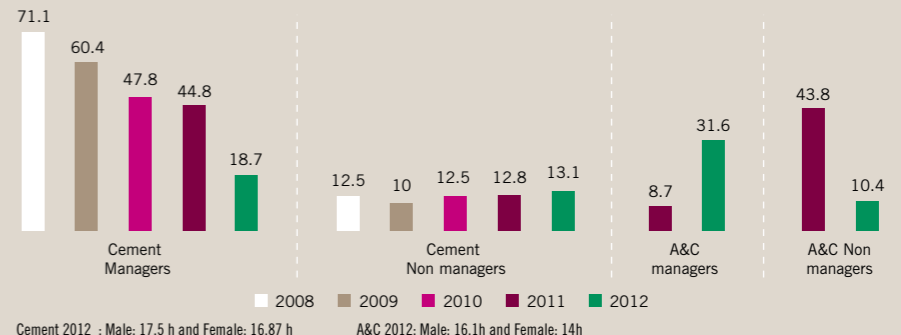
#### REVIEWING PERFORMANCE

(Percentage of managers receiving performance appraisals)



#### INVESTING IN A SKILLED WORKFORCE

(Average hours of training per person per year)



#### JOB EVOLUTION

(Number of jobs created and lost)

	2009	2010	2011	2011	2012	2012
			CEMENT	A&C	CEMENT	A&C
Hirings	28	34	8	14	8	1
Acquisition	-	-	-	4	-	0
Total	28	34	8	18	8	1
Resignations	10	4	7	2	5	4
Retirement	7	10	1	5	1	24
Early retirements	191	272	48	65	213	13
Deaths	3	2	1	0	0	0
Total	211	288	57	72	219	41

Early retirement remains the main source of change in the workforce.

#### WOMEN IN THE WORKFORCE

(Women in different categories of employment)

	2009	2010	2011	2011	2012	2012
			CEMENT	A&C	CEMENT	A&C
Number of women (managers)	53	49	48	16	41	12
Number of women (non-managers)	106	93	90	23	73	16
Total	159	142	138	39	114	28
Total headcount	1,573	1,318	1,268	207	1,056	167
%	10,11	10,77	10,88	18,84	10,80	16,77

There has been overall decrease in the absolute number of women employed in the cement business but as a proportion of the workforce women are better represented than in previous years.

#### EMPLOYEES BY GEOGRAPHICAL ZONE

	2010		2011		2012		2012 VS. 2011
	HEADCOUNT	%	HEADCOUNT	%	HEADCOUNT	%	
North Greece	483	30,6%	454	30,8%	379	31,0%	(16,5%)
Central Greece	635	40,2%	600	40,7%	485	39,7%	(19,2%)
Attica	317	20,1%	298	20,2%	246	20,1%	(17,4%)
Aegean Islands & Crete	115	7,3%	93	6,3%	83	6,8%	(10,8%)
Others	30	1,8%	30	2,0%	30	2,4%	-
Total	1,580	100,0%	1,475	100,0%	1,223	100,0%	(17,1%)

# OUR COMMUNITIES AND STAKEHOLDERS



**We believe that our success will be greater if our practices enhance the competitiveness of the company, while simultaneously advancing the social and economic conditions in the communities in which we operate. We have three core priorities: enhance stakeholder relations, be a driver of local socio-economic development and support local communities with our resources and expertise.**

**W**e recognize as stakeholder, a person, group, organization, member or system that affects or can be affected by our company's operations and actions. Further below we describe the process of stakeholder identification that we follow with our local sites for our community stakeholders, which is a primary stakeholder group for us, as they are hosting our operations. At a corporate level, stakeholder group identification is integrated in the overall strategic planning led by the CEO and the Executive Committee, by assessing the impact to and from the Company, with engagement actions developed per stakeholder group.

### EFFECTIVE ENGAGEMENT

To have effective and productive relationships with our stakeholders, we try to follow a structured approach as illustrated by the diagram on the next page. There are three main components: identifying the range and interests of our stakeholders, providing the right materials and events (including consultation committees, open days and information) and ensuring that there is a suitable process for handling and responding to

the issues they raise, their comments or their complaints. In identifying the issues of interest to our key stakeholder groups, we have planned to conduct surveys every two to three years, in the form of telephone or face to face interviews with representative sample of key stakeholder groups. The last survey was conducted in 2010 and has given us actionable directions to integrate in our operations (see Sustainability Report 2010 for more details).

### LOCAL INTEGRATION

We believe our sites are best situated to understand local contexts and challenges and take the appropriate engagement actions. Over the last 5 years we have implemented a methodology used by our local operations to identify and engage with stakeholders and to evaluate actions with communities. This is called Local Integration Planning. Local management teams identify and map their stakeholders on an annual basis, listening to their main concerns and expectations so as to draw up an action plan with specific, measurable, timed actions for us to take. The result is to switch the site out of the mode of being re-active to requests and

### STAKEHOLDER COMMUNICATION AND PARTICIPATION CHANNELS

Employees	Customers	Suppliers
Training Programs	Customer Visits	Meetings
Internal Communications and meetings	Customer Satisfaction Survey	Publications
Management Briefing	Publications	
Internal Announcements	Customer service line	
Industrial Relations with Unions		
Publications		
Shareholders & Investors	Local Communities	Regulatory Authorities
Annual Shareholders Meeting	Consultation Meetings	Meetings
Public Notifications	Open days	
IR Website	Activities & community programs	
	Publications & newsletters	

actions from stakeholders to being proactive, initiating contact and keeping key stakeholders informed of important developments about the site. The locally developed engagement plans are reviewed annually to check whether actions are on course and to refresh them. Primarily, this is the responsibility of the site manager but it ultimately involves the whole team. All the plant managers are now surveying the effectiveness of the plan implementation, which is also one of their performance appraisal targets.

### LOCAL CONSULTATION

Local stakeholder consultation committees are the main pillar of our engagement at local level. In our Milaki and Volos plants, these meetings give us the opportunity to listen to our stakeholders, learn from their feedback, respond to their expectations and proceed with actions that are based on common interest and understanding. To ensure that this methodology is understood and consistently implemented, our site managers participate in the Lafarge Group stakeholder engagement methodology training, which is locally organized every three years. In 2012, as part of the integration of the aggregates and concrete business lines in the new country organization, training was organized for the aggregates quarries and Ready mix site managers to the implementation of the methodology and their integration to the

available reporting tools, such as the stakeholder engagement database, where each site manager must log-in information covering the frequency of local consultation, incoming comments or complaints as well as request for contributions or donations. Each such request is automatically screened as per its consistency with the corporate contributions policy and depending on the amount, an approval flow of at least two signatures.

### BEING A DRIVER OF LOCAL SOCIO-ECONOMIC DEVELOPMENT

We intend to be a driver of socioeconomic development and we can add value to local initiatives, making use of our know-how, products, equipment, advice and expertise, as well as through contributions to initiatives that the local community sees as more relevant to our priorities in operations. We maintain the view that to be a constructive influence, we should be focused. So we continue to concentrate our efforts on supporting public Health & Safety related initiatives, the education and the environment, local infrastructure, urban development and environmental conservation. Alongside these community contributions, employment and secondary business activity generated by our operations and the payment of license fees also form a significant part of our socio-economic footprint.

## 2012 CONSULTATION MEETINGS

### TOPICS DISCUSSED IN 2012 CONSULTATION MEETINGS

- Industrial ecology and substitution of raw materials and fuels with alternative ones
- How the management of hazardous and non-hazardous waste of the plant is conducted
- Financial crisis, its impact on development and environmental initiatives of the plant
- Fugitive dust from silo trucks and company's practices
- Water management
- Quarries management and company's biodiversity enhancement initiatives

The aforementioned topics were proposed for discussion by the communities and were analytically presented by the plant management teams

### FRAMEWORK PRINCIPLES FOR LOCAL STAKEHOLDER CONSULTATION COMMITTEES

- the participants are representatives of the local community
- all members participate equally and jointly in issues under discussion
- meetings are initiated by the plant, regularly, at least two or three times a year
- topics for discussion are proposed by the participants – the plant does not exclude or refuse to discuss any subject brought forward
- any subject can be brought forward provided it is of collective interest
- the date and agenda for each meeting is determined at the previous meeting
- the minutes of the meetings are used to record the discussion and the participants' opinions
- experts or independent bodies may be invited to take part, if suggested and agreed by the participants



## 02

BUILDING  
SUSTAINABLY

Urbanization is one of the 21st century's biggest challenges. By 2030 two thirds of the world's inhabitants will be living in towns and cities. Development at this unprecedented scale entails a number of major challenges for the entire construction industry. In Greece 61.4% of the population live in urban environments. In 2030 this rate of urban population is estimated to reach 69%. The built environment will therefore be at the center of many social and environmental challenges, ranging from health and quality of life to climate change, energy efficiency of buildings, waste management and resource consumption. These issues are core to our business. We work towards designing more eco-efficient and cost-effective products and solutions and ensuring sustainable sourcing for our operations.



- 1 SUSTAINABLE CONSTRUCTION AND CITIES P.22
- 2 SUSTAINABLE SUPPLY CHAIN P.24

**"Smart Park" the first hybrid Retail Park, in Greece.** More than 10.000m<sup>2</sup> of the outdoor areas are decorated with our Artevia™ Architectural concrete, chosen for its high aesthetics and durability.



# SUSTAINABLE CONSTRUCTION AND CITIES



**Urbanization, with the associated social, economic and environmental challenges, is driving change throughout the construction sector worldwide. Despite the recession in the construction market in Greece, we are innovating to offer more sustainable, cost-effective products and services to the market.**

**B**uildings are responsible for 40% of global energy consumption, 80% of which during their usage phase. A building's environmental footprint must be optimized over its full lifecycle, starting from the design phase. The challenge of sustainable construction requires a collective effort. We therefore work in partnership with all the other actors in the construction value chain: architects, engineering design offices, property developers as well as world-class research centers and universities.

### INNOVATION IN RESEARCH AND PRODUCT DEVELOPMENT

Innovation is at the heart of our action, supported by our research and development facility, the Product Development Center. Long established in Greece (under the name EKET) as a research facility, the Product Development Center is dedicated to fundamental and applied research, bringing together researchers and experienced scientific staff from various disciplines. With state of the art laboratory equipment, it is organized around three fields: Concrete and Aggregates, Analytical chemical lab and Materials Microstructure, while it is among the most advanced

European laboratories in cement testing. We also benefit from the fact that innovation is a key lever in the Lafarge Group. Supported by the world's leading research center on building materials, innovation in Lafarge resulted in more than 120 new cement and concrete products launched globally in 2012.

### BRINGING TO MARKET MORE SUSTAINABLE PRODUCTS AND SERVICES

In recent years the construction activity and thus the cement and concrete demand in the Greek market has decreased significantly, due to the volatile and difficult economic environment in the country. We continue our efforts to manage responsibly the market slowdown and respond to the market needs by offering new solutions, products and services safely and responsibly, earning the trust of our customers.

In cement, we have already 4 types of bagged cement launched in the market covering all application requirements. We have nevertheless improved our packaging in all types, which acts as differentiator in the cement market. In 2012 we proceeded to the launch of a new product for the end user, individual



## HYDROMEDIA™ NEW GENERATION PERVIOUS CONCRETE

In 2012 we launched Hydromedia™ concrete into the Greek market, an innovative solution for better water management. Hydromedia™ is a concrete of very high permeability and as so, it absorbs rainwater and facilitates its natural drainage. The surface remains practically dry and the wastewater drainage and network does not become overloaded. The soil breathes and maintains a normal level of humidity. In an urban environment damp ground soil retains its load bearing capacity, but when it dries out it can present a hazard for buildings. Hydromedia™ therefore ensures cost reduction for flood control facilities as well as better use of land. It is a great solution for parking spaces, pedestrian alleys, pavements or for landscaping. Among its other benefits, it offers a durable floor with very low cost of maintenance and high aesthetics as it comes in a variety of colors.

and professional, the Build It Yourself™ cement-based products. The new series comprises tile adhesives, grouts, repair mortar, grout sealers, which all address the need of consumers to build or do themselves repairs in their house using the solutions that we propose.

### CUSTOMER SITES SAFETY

We continued to work together with our customers to improve safety conditions in their sites. This is in keeping with our principles and connects us to our customers through a commonly shared value such as health & safety. In 2012 we completed one such project in Crete, at the installation of one of our largest customers.

The large volume of sales, and hence the frequency of loading, the sensitivity of the company's founder in safety issues and the commitment of our sales people to share knowledge and best practices with our customers and partners, helped materialize successfully this project. Personal protective equipment (helmet, goggles and reflective vests) was delivered for all employees of the customer including the business managers, while a study was conducted in order to identify risks and define safe circulation plans within the facility.

CASE STUDY

## PROMOTING THE GREEK ARCHITECTURAL TALENT

<p>In 2012 we launched our GRE A T – Greek Architectural Talent initiative, which aims at the promotion of Greek architecture and the talent of Greek architects. In parallel we announced the theme of the first edition, GREAT 2013 - THEIR FIRST BUILDINGS. Organized together with Megaron, the Athens Concert Hall,</p>	<p>the GREAT 2013 - THEIR FIRST BUILDINGS contest invited architecture graduates to present their diploma and postgraduate projects, giving at the same time to the general public the opportunity to observe these first comprehensive efforts of architects to design projects capable of shaping the future environment and our</p>	<p>cities. Among 470 submissions to the contest, 41 projects were selected by an international jury to be presented at an exhibition at the Megaron, the Athens Concert Hall in May 2013.</p>
--	--	---



# SUSTAINABLE SUPPLY CHAIN



**We aim to show leadership, using our role in the local economy to promote sustainability and generate economic benefit, particularly to the area around our operations, where we have cooperation with many medium and small businesses. The sustainability assessment of suppliers is integrated into our sourcing process.**

**149.5**  
million euros was our total purchasing spend in 2012, 72.5% of which to local Greek suppliers.

**W**e base our suppliers' selection in considering among the criteria not only cost, quality and time delivery, but also ethical and sustainability standards. Since July 2012 our purchasing team has started to hold suppliers responsible for compliance with the ten UN global compact principles in all purchase orders and we have included a standard clause in our contracts with suppliers. In addition, we have carried out a category risk mapping of our suppliers to assess their sustainability risk and we are therefore evaluating suppliers on potential risks linked to social, environmental and ethical practices. This assessment was conducted by independent experts, Ecovadis, a company that specializes in supplier assessments, which also carries out the assessments for Lafarge Group. In 2012 we identified 30 critical suppliers for assessment. Based on the evaluation results, where necessary, the purchasing team will work with our suppliers on improvement action plans. This evaluation continues and will be part of the suppliers' annual evaluation that we conduct to assess performance, which takes into account not only quality

parameters but also Health & Safety compliance. In 2012 we performed more than 50 supplier audits covering Health & Safety issues. As a result of the audits conducted and issues that came to our attention during the regular course of business, we proceeded even to termination of collaboration with contractor who had low safety performance.

### SUSTAINABLE PAPER SOURCING

In 2012 we were able to join the Lafarge Group in the Sustainable paper sourcing initiative. As part of its partnership with WWF international, the Group announced to its suppliers of paper cement bags that it would not accept paper bags containing fiber from "unknown" or potentially "controversial sources". In Greece the supplier we have been using fulfils this requirement and is in fact among the Group's global suppliers. Our purchase teams have also incorporated the requirement for sustainable resources certified paper in all requests for purchase for printing.

### SUPPLIER AND CONTRACTOR SAFETY

2012 was the second year in which we operated under the Lafarge Contractor

**Since 2012, all our contracts with suppliers include the following clause on UN Global Compact compliance: «The Lafarge group has signed the United Nations Global Compact through which it commits itself to respect 10 fundamental principles in the fields of human rights, labor, environment and corruption. The Supplier acknowledges that it and its employees, distributors, and subcontractors comply and undertake to keep complying, in all respects, with these principles».**

Safety Management Standard. In addition to training provided to contractor employees and partners, in 2012 we implemented a series of actions to improve safety and manage work related risks for our contractors in transportation. These include an "emergency button" being installed in the trucks, "E-pressure", which monitors and controls overpressure in cement silo deliveries and the "E-track" web platform for monitoring deliveries.

### DOING BUSINESS TOGETHER

The nature of our activities is such that we have by majority local suppliers and contractors. In fact, besides the purchasing of fuel, most of our purchases are from local Greek businesses. The total purchasing spend in 2012 was 149.5 million Euros, most of which, an amount of 108.5 million Euros to Greek businesses that are our suppliers.

## CASE STUDY

### SAFETY IN ROAD TRANSPORTATION

#### EMERGENCY BUTTON

The "Emergency Button" is a tool to eliminate the working risks for drivers since they work alone. It is materialized by a button which, when pressed, sends automatically an alarm signal to the Fleet Manager and to the closest drivers in the region, providing them with the data and the location of the driver in need.

#### E - TRACK

At the end of 2012 "e-track" software was applied in a web platform, Web TCS. The software is deployed at distribution centers and transportation suppliers sites to support order scheduling and monitoring. It combines business rules with dynamic real-time data captured from GPS and other sensor data installed on trucks to select the optimal transportation means for cost-effective, safe and on-time delivery. Order assignments are communicated to truck drivers using mobile interfaces based on smart phones, delivery progress is monitored through telematics and the On-Time dimension of OTIFIC (On Time, In Full, Invoiced Correctly) as well as other KPIs related to performance and compliance to safety/environmental rules are automatically calculated.

#### E - PRESSURE

"e-PRESSURE" is a proactive overpressure prevention system deployed at the silo trucks of transportation suppliers. It continually monitors the delivery status and pressure of both air-compressor output and silo trailer using a complex state diagram. Whenever a hazardous overpressure situation is identified, first the driver is warned through an external siren, then if the pressure continues increasing an electronic air relief valve is activated and finally if the malfunction continues there is a stoppage of the compressor. In parallel, at all steps, the system is notifying the control center real time. The system is extended with telematics and pressure monitoring data as well as pressure equipment health status (e.g. pressure transducer or connection cabling failures) are sent to the server and vehicle/driver safety profiling or KPIs are automatically calculated. Proper operation of the e-PRESSURE system is a prerequisite for the assignment of a delivery order to a truck through Web TCS.

## FIGURES

### LOCAL SUPPLIERS

(percentage of spend)	2010	2011	2012
Suppliers in GREECE	74%	64%	72,5%
Outside suppliers	26%	36%	27,5%

### LOCAL SUPPLIERS PER CATEGORY

	2011	2012
Raw materials and fuel	26,5%	33,11%
Utilities	12%	15,68%
Transport Services	23,5%	16,46%
General supplies & services	3,5%	3,16%
Industrial Services	8%	11,18%
Industrial products and consumables	7%	9,67%
Plant and equipment	4%	2,62%
Other	15,5%	8,12%



## 03

# BUILDING THE CIRCULAR ECONOMY

As an industrial company, we leverage synergies that can be created between multiple industries so that waste from one company can be used as fuel or raw materials for another, thus preserving natural resources. We have developed many initiatives in the recent years related to this practice, which we call Industrial Ecology. This is helping us eliminate waste and reduce the overall environmental footprint of our operations. The goal shared with the Lafarge Group within sustainability ambitions 2020 is to make a net positive contribution to society and nature through improvement in the key areas of climate, water, air, raw materials and energy. All are essential to the balance of ecosystems, agriculture, human settlement and economic growth.



1 CO <sub>2</sub> & AIR EMISSIONS	P.28
2 ENERGY CONSUMPTION AND RESOURCE MANAGEMENT	P.31
3 NATURAL RESOURCES: BIODIVERSITY AND WATER	P.34

**Milaki plant cement kiln.** The plant has developed many initiatives and efforts for a safe working industrial environment and a positive contribution to society and the environment.



# CO<sub>2</sub> & AIR EMISSIONS



**CO<sub>2</sub> emissions are a material issue for cement production. We tackle climate change by making our processes more energy efficient, substituting fossil fuels and developing lower-CO<sub>2</sub> products. Meeting our emissions target is essential and our efforts continued in 2012 despite the challenges of the economic context.**

**F**or an industrial company like us, managing air emissions is not only a key part of our industrial performance and environmental stewardship, but also crucial to our responsibility towards local communities and public health. Emissions reductions are therefore an important part of our Sustainability Ambitions program.

## CLIMATE CHANGE

To understand our strategy it is important to note that CO<sub>2</sub> is emitted from limestone when it is thermally processed to make clinker (the raw material for cement) and from fossil fuels used to fuel that process. Hence we can reduce emissions per unit of production by optimizing the process (by reducing specific heat consumption and/or specific power consumption), by substituting for fossil fuels with alternatives (e.g. biomass) and by substituting for clinker with lower-CO<sub>2</sub> materials (natural or by-products).

In our aggregates and concrete business, the main contributions to climate change are use of diesel onsite and off-site and, in the concrete business only, indirect energy consumption due to use of electricity.

## ALTERNATIVE MATERIALS

During 2012, the variety of alternative materials that we were using to reduce our and our customer's carbon footprint included fly ash, metallurgical slag and natural pozzollanic materials, plus other by-products that reduce emissions in cement manufacture. Their usage in 2012 was 13.5% compared to 14.5% in 2011; given the impact of the financial crisis on production levels in industry, imposing clinker and high clinker cement production, this is a satisfactory outcome.

## RESULTS ON CO<sub>2</sub> EMISSIONS

Total CO<sub>2</sub> emissions in 2012 were higher than the previous year due to the higher clinker production plan of the year. The emissions relative to the volume of production that are our main focus were regrettably higher, been unable to return to the low level achieved in 2009. Our results for 2012 show a 1.4% increase from 1990, not meeting our target for 2012. The explanation lies in the balance of domestic and export sales. In 2012, as in 2011 but to an even greater extent, domestic sales declined and the

demand for lower-CO<sub>2</sub> products declined within that market. Apart from this, the volume of clinker exported represents the 37% of total sales compared to 6% in 2005, therefore we were obliged to rely more heavily on exports which are dominated by clinker and clinker-based, high CO<sub>2</sub> products (see graphs on page 30). This market-dependent effect has outweighed the benefits of improved operational performance, which has reduced energy consumption per unit of cement produced by 0,52% compared to 2011.

## AIR QUALITY CHALLENGES

In addition to the challenge of reducing greenhouse gas emissions, the manufacture of cement requires that we address the following emissions from the stack: dust, nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>). The presence of the latter depends strongly, apart from the type of fuels, on the raw materials used in manufacture. Another challenge to be addressed, given that stack dust emission reduction has been so successful, is fugitive dust emissions; these result from raw materials storage, materials conveying and internal transport.

**CASE STUDY**

### INDUSTRIAL ECOLOGY IN VOLOS PLANT

The footprint of our Volos cement plant has benefited from process improvements made possible by the use of by-products as raw materials. The use of ladle slag, a by-product of steel industry, in parallel with dry fly ash which is a by-product of power production plants, was introduced during 2012 at Volos plant. The use of both materials had an outstanding effect in all processes related to clinker production, with benefits in both energy

efficiency and reduction of emissions. Specifically, through the use of these by-products as raw materials we were able to achieve: 8-10% natural raw materials substitution, increase of raw mill output (t/d), decrease of Specific Power Consumption in raw mill (kWh/t), increase of rotary kiln output (t/d), by improving kiln feed burnability, decrease of Specific Heat Consumption (MJ/t) and reduction of NO<sub>x</sub> emissions (mg/Nm<sup>3</sup>) by 20%.

In respect of NO<sub>x</sub> emissions, 2012 was impacted by several particularities; among those the strict quality characteristics of clinker requesting specific burning environment, which, combined with the non availability of paper pulp used as alternative fuel in Milaki plant, have not allowed as to use the SNCR (see page 28, Sustainability Report 2010) installation for NO<sub>x</sub> reduction. We have therefore been able to decrease our NO<sub>x</sub> emissions by 10.18% vs our Sustainability Ambitions target of 12% decrease. SO<sub>2</sub> emissions remain well below our reduction target, slightly lower than the 2011 emissions.

Stack dust emissions remain well below our own target level and are very much lower than the levels prescribed in our environmental permits. Slight increase vs 2011 is due to the specific hard burning conditions. Control of fugitive dust sources is ongoing at all sites.

## PERSISTENT POLLUTANTS

We have continued to contribute to the 10 year program of work agreed between Lafarge Group and the WWF International to understand and reduce

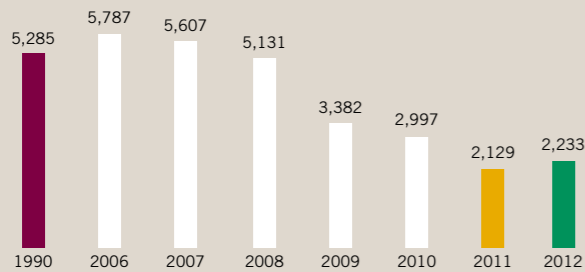
emissions of persistent pollutants in all Lafarge sites. A major step forward in 2012 was improvement in the systematic quality control of incoming materials (Alternative Raw Materials & Alternative Fuels) in accordance to Lafarge protocol prohibiting the supply of non complying materias in conjunction to the burning process optimization.

FIGURES

CO<sub>2</sub> & AIR EMISSIONS

TOTAL CO<sub>2</sub> EMISSIONS (GROSS AND NET)

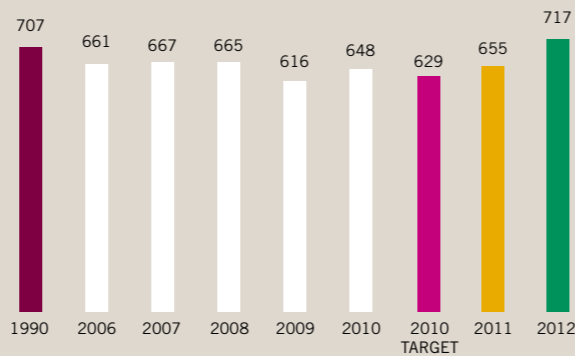
Thousands of metric tons per year (Cement only)



Total CO<sub>2</sub> emissions are increased as a result of clinker production plan. GRI and other international reporting protocols prescribe that net emissions differ from gross in the exclusion of emissions from combustion of waste. Because our use of waste as fuel is currently at very low levels, there is no significant difference between our gross and our net emissions.

CO<sub>2</sub> EMISSIONS PER UNIT OF PRODUCT (GROSS AND NET)

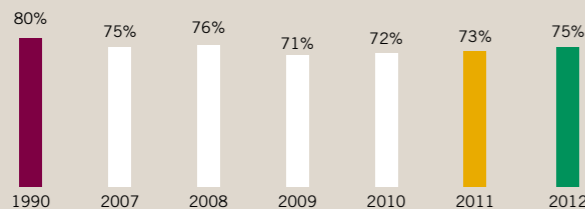
Kilograms per metric ton of cement (Cement only)



Emissions per unit of cement produced increased in 2012 due to change in customer demand and the balance between domestic and export, mostly clinker, sales. Again, there is no significant difference between our gross and our net emissions.

CLINKER FACTOR

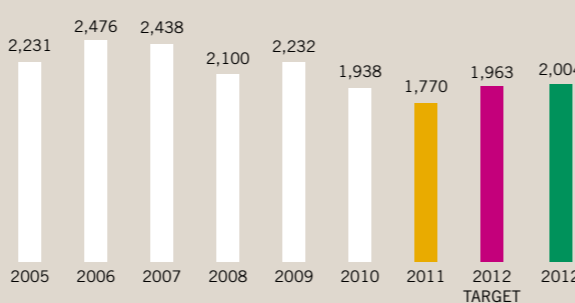
Ratio between clinker consumption and cement production (Cement only)



The effect of improvements that have been achieved in recent years is not visible due to changes in customer demand and the balance between domestic and export sales.

NO<sub>x</sub> EMISSIONS

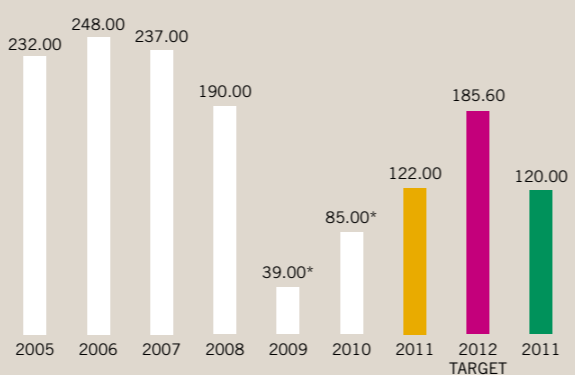
Grams/metric ton clinker (Cement)



Total emissions of NO<sub>x</sub> were 5,270 metric tons in 2012 (4,453 in 2011). Emissions of NO<sub>x</sub> are now slightly higher than the target level.

SO<sub>2</sub> EMISSIONS

Grams/metric ton clinker (Cement)

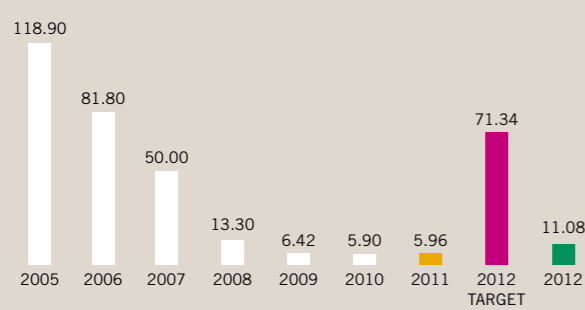


Emissions of SO<sub>2</sub> are below the target level although they have increased since 2009. This is largely due to greater use of the Milaki plant in 2012. Total emissions of SO<sub>2</sub> were 315 metric tons in 2012 (308 in 2011).

\*data revised since publication of the 2010 report

STACK DUST EMISSIONS

Grams/metric ton clinker (Cement)



Total stack dust emissions were 29.0 metric tons in 2012 (15 in 2011). Stack dust emissions are significantly lower than the target level.

ENERGY CONSUMPTION AND RESOURCE MANAGEMENT



***We believe that integrating our operations within the circular economy is the most effective response to the challenges of natural resource management and the growing competition for resources between different activities. Alternative fuels offer potential but require support from local authorities and communities.***

**93%**  
is the recycling rate of all the industrial waste we produce.

Sensitive use of mineral resources is key to the sustainability of our industry. Our actions include resource recovery and material substitution, alongside careful waste management. Initiatives in previous years to use biomass in place of fossil fuels have brought our use of alternative fuels to a level of 2,80%. The continuing financial crisis is affecting the availability of paper sludge, practically not available in 2012. But, more importantly, we are deeply concerned that our application to start using solid shredded waste (SSW) as a fuel source at the Milaki plant was delayed for one more year by administrative barriers. We will continue with our efforts to build awareness and understanding amongst stakeholders of the merits of this type of development.

PROGRESS IN 2012

We have extended the “Clean and Tidy” campaign of 2011 to cover all our sites (cement plants, terminals, LAVA, quarries and Ready-mix plant) in 2012. This campaign targeted employees as well as contractors. We aimed at raising awareness of best-practice in waste handling and demonstrate how a clean

and tidy site benefits everyone. The campaign was in addition to our regular activities: housekeeping audits of all sites, the auditing of contractors for “duty of care” and the use of waste segregation facilities everywhere (including the head office). The recycling rate for all the waste we produce in the industrial sites remained high (93%) and not significantly different from 2011 (94%).

WASTE MANAGEMENT IN AGGREGATES AND CONCRETE

Waste arising in the aggregates business are minimal, consisting only of very small amounts of oil and spare parts resulting from maintenance. The principal source of waste in the concrete business is concrete waste (produced when concrete in excess of the customer’s requirements is returned) and from the washing of delivery trucks and pumps. Besides disposal to a suitable-licensed site, we have increasingly been able to recycle concrete in our operations.



## RESOURCE MANAGEMENT PRINCIPLES

Like all industries, we must adhere to regulatory standards governing waste management and disposal. We do this while following the principles of the waste hierarchy: waste should be minimized, that which arises should be reused, recycled or used to generate energy; remaining waste should be safely disposed off to landfill. "Industrial ecology" is a broader principle which also underpins our work. The sustainability of ecosystems comes from their equilibrium: materials and resources are constantly recycled. Industrial ecology applies this principle to human activity, making the most efficient use possible of by products and waste.

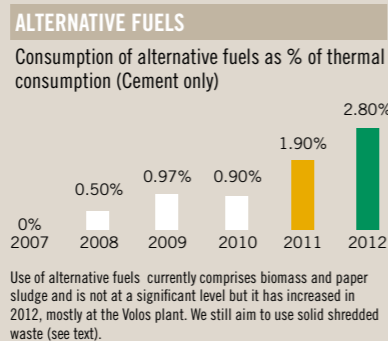
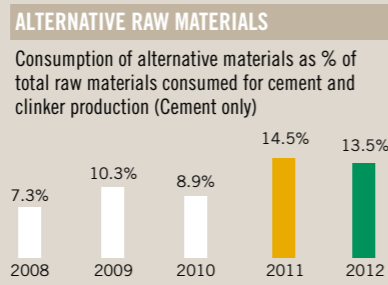
The growing importance of this activity drove us to rework our industrial ecology policy in 2012, which today includes eight rules:

- Protect the health and safety of our employees, contractors and local communities
- Respect the environment
- Guarantee the quality of our cement products
- Have appropriate operational controls
- Have appropriate waste quality control
- Ensure full transparency with our stakeholders
- Be recognized as a service provider
- Use sustainable biomass production

## FIGURES ENERGY CONSUMPTION & RESOURCE MANAGEMENT

INDIRECT ENERGY CONSUMPTION						
(Consumption of electricity, thousands of kilowatt-hours)						
	2009	2010	2011	2011	2012	2012
			CEMENT	A&C	CEMENT	A&C
Electricity	579,672	488,222	347,214	5,489	293,542	4759

WASTE RECYCLING AND DISPOSAL						
(Waste by type and by disposal method, metric tons per year)						
	2009	2010	2011	2011	2012	2012
			CEMENT	A&C	CEMENT	A&C
Hazardous (oils, grease) recycled	123	156	75	n/a	52	n/a
Hazardous (contaminated rags etc) disposed	150	123	15	n/a	33	n/a
Non hazardous recycled	3,359	2,692	3,059	0	1,586	0
Non hazardous disposed	0	0	176	36,533*	127	21,637
<b>Total</b>	<b>3,632</b>	<b>2,971</b>	<b>3,325</b>	<b>36,533</b>	<b>1,798</b>	<b>21,637</b>



**WATER WITHDRAWN BY SOURCE**

(thousand m<sup>3</sup> per year)

	2011	2011	2012	2012
	CEMENT	A&C	CEMENT	A&C
Groundwater	2,494	198	1,154	136
Surface water	776	0	635	
Other	54	42	38	33
<b>Total</b>	<b>3,324</b>	<b>240</b>	<b>1,827</b>	<b>169</b>

75% of the water we use is abstracted from groundwater sources under licence. Surface water includes seawater and the amount withdrawn has increased since the Milaki desalination plant began operation in late 2010.

**WATER DISCHARGED**

(thousand m<sup>3</sup> per year)

	2011	2011	2012	2012
	CEMENT	A&C	CEMENT	A&C
Groundwater	0	0	0	0
Surface water	2,456	0	1,017	0
<b>Total</b>	<b>2,456</b>	<b>0</b>	<b>1,017</b>	<b>0</b>

The water discharged comes mainly from the brackish water well in Volos plant, pumped for safety reasons and directly discharged. Water is passed through settling ponds and oil separation traps before discharge. We no longer discharge to groundwater.

**WATER BALANCE**

(thousand m<sup>3</sup> per year)

	2011	2011	2012	2012
	CEMENT	A&C	CEMENT	A&C
Withdrawn	3,324	240	1,827	169
Discharged	2,456	0	1,017	0
Consumed	861	240	810	169

Minor discrepancies in this data arise because water withdrawn and consumed is measured while water discharged is only estimated.

## WATER



**Water is an essential and in some regions of the world increasingly contested resource. We are working for several years to measure and reduce the water footprint of our operations and engage with other stakeholders to promote sustainable water management.**

Cement manufacturing is not a major water-using activity but careful operation of our facilities can still help ensure that water is best managed at local and regional level. So, we are using water footprinting and improving our infrastructure to enhance our own water management. This in turn reduces our use of this precious, shared resource. Our industrial sites performance during 2012 has been improved. In Volos plant there was an improvement of 6.6% reduction in water use and in Milaki plant of 7.6%. In 2012 we have reduced further our reliance on groundwater. Apart from the Milaki desalination unit, part of water for production at Volos plant has been replaced by industrial waste water coming from a soft drinks producer close to the plant. Milaki plant and Milos quarry have built autonomous water systems for collection and use of rainwater.

### WATER USE IN THE AGGREGATES AND CONCRETE BUSINESS

Water used in the aggregates business is limited to that required for fugitive dust suppression and the watering of plants in the rehabilitation areas. Concrete

production, which is supplied by ground water and the public network, is a more significant user of water; the finished product is 15% water (by weight) and the process water is treated and re-used with no water discharges.

### REUSE - RECYCLING

In ready-mix plants wastewater is produced when the mixer, mixer cabin, trucks and truck loading area are washed. Although it is free from microbial and organic compounds, it contains suspended solids. We therefore use three-stage sedimentation treatment to remove the suspended solids and produce an effluent of quality suitable to be returned to the washing stage and be used again. The solid residue from the system (sludge that is dried) is disposed at appropriately licensed sites. Furthermore, in 2012, at all the ready-mix plants we investigated the conditions for further reducing water consumption. A pilot project was carried out in two of them, in order for properly treated recycled water to be used in concrete production.

# BIODIVERSITY



**Screening and rehabilitation work in accordance with the Lafarge Group standard has continued. We are also beginning to see the benefits of our partnership with the university of Thessaly, which will help us enhance biodiversity in the Volos quarries. Our aggregates business has also continued to operate its sites, some in highly sensitive locations (NATURA 2000), with appropriate attention to biodiversity.**

The Lafarge global partnership with the Worldwide Fund for Nature (WWF) sets standards for the biodiversity screening of all sites as per their biodiversity potential and defines a methodology for the assessment of those sites that are in sensitive areas. In 2011 all our quarries in Greece were mapped and screened to confirm locations that are within or close to internationally protected areas using IBAT (Integrated Biodiversity Assessment Tool). This is a new tool developed in the frame of the Lafarge Group partnership with WWF to support the screening program that begun in previous years. Using IBAT data, a geo-mapping tool and the site coordinates, we were able to improve the screening program started several years ago as part of the Lafarge Group partnership with WWF International. Following the biodiversity screening of all sites in 2011, in 2012 a list of nine sensitive quarries was determined (a sensitive quarry is a site located in or within 500 meters of an internationally protected area IUCN I to VI, Ramsar, IBA, Natura 2000). For these nine sensitive sites (five aggregates and four cement quarries)

Biodiversity Management Plans (BMPs) have been created aiming to seek and address any biodiversity risks and opportunities in and around the quarry during construction, during operation, as well as during habitat rehabilitation.

### BIODIVERSITY ENHANCEMENT PROGRAM

A biodiversity program was carried out in Volos with the collaboration of the University of Thessaly. The aim of the program which started in 2011 was to record and track animal and plant diversity and to formulate specific proposals. These could form the basis of the development plan and the strengthening of local biodiversity in the area of the two quarries in Agria and Anavra. The preliminary findings were presented in 2012 while a paper on the program methodology, findings as well as the proposals developed was accepted for presentation at the international SDIMI 2013 forum. In 2012 we entered the second phase of the partnership with the National Botanical Conservatory Of Brest (CBBN) and the Laboratory of Botany and Plant Ecology of the University of Patras on our Araxos quarry. The program aims at the protection and propagation of the rare Greek

endemic plant ‘Centauria Niederi’, a species which is subject to special protection under the EC Habitats Directive and the Bern Convention. We continued to monitor the planted plants progress under the scientific support of CBBN and the University of Patras. In parallel, during 2012 we investigated the appropriate conditions for the rehabilitation of two benches of the quarry by planting oak trees (*Quercus macrolepis*) which is part of the native vegetation around the quarry and the local area. The success of these plantings is an essential and interesting factor for the rehabilitation of the quarry area in this Natura 2000 zone.

## FIGURES

### PROGRESS WITH PLANTING

(Number of trees and other plants planted per year)

	2007	2008	2009	2010	2011	2012
Halkis	750	3.400	2.500	1.000	2.145	2270
Milaki	2.700	2.300	2.000	2.200	2.000	2000
Volos	23.925	20.110	17.350	25.000	15.200	17708
Lava quarries*	6.550	7.365	1.500	0	5.300	
A&C					1.600**	3.050
<b>TOTAL</b>	<b>27.375</b>	<b>25.810</b>	<b>21.850</b>	<b>28.200</b>	<b>26.245</b>	

\* Milos, Yali and Altsi

\*\* Trees planted at Syros and Araxos in already rehabilitated areas in accordance with the Biodiversity Action Plan and at Avileri in an area outside the mined area.

Establishing trees and other plants is one part of our rehabilitation program. The high number of plants used at Volos is due to the number of quarries to rehabilitate and the different requirements of the rehabilitation plan.

### REHABILITATION

(Number of quarries)

	CEMENT AND LAVA 2011	AGGREGATES 2011	CEMENT AND LAVA 2012	AGGREGATES 2012
Quarries with a rehabilitation plan compliant with Lafarge standards	14	9	14	9
Quarries screened for biodiversity	14	9	14	9
Quarries with high biodiversity	3	4	3	4
Biodiversity Management Plan Programs for high biodiversity sensitive quarries	0	2	4	5

Data refers to active quarries only. The program of screening and rehabilitation planning is consistent with the objectives agreed in Lafarge's partnership with WWF.

### PROGRESS WITH REHABILITATION

(Area affected and rehabilitated, in thousand m<sup>2</sup>)

	TOTAL AREA	ALREADY REHABILITATED	REHABILITATED IN 2011	MINED	REHABILITATED IN 2012
Halkis	1.150	160	106	386	-
Milaki	1.940	340	30	930	10
Volos	2.906	1.270	30	795	10
Lava quarries*	1.656	240	0	1.214	40
A&C	2.402	49	0	2.086	7
<b>TOTAL</b>	<b>10.054</b>	<b>2.059</b>	<b>166</b>	<b>5.411</b>	<b>67</b>

\* Milos, Yali and Altsi

## CASE STUDY

### BIODIVERSITY STUDY IN VOLOS

The findings of the University of Thessaly study on our Volos quarries were quite impressive, mainly at the Agria quarry where rehabilitation started well before Anavra. The fauna diversity in the Agria quarry was found to be at close proximity with the surrounding area. For instance, 5 mammal species were recorded in the quarry and 6 outside and equally a number of bird species with significant

number of breeding pairs. Regarding the flora, the findings confirmed that the diversity on trees, bushes and shrubs is well developed in the quarry and particularly at higher benches. The diversity in the Anavra quarry is not yet fully developed, however the prospects are that following the proposals of the program diversity for both fauna and flora could be of high standards.





# GOVERNANCE

## 04



1 VALUES & GOVERNANCE	P.38
2 SUSTAINABILITY MANAGEMENT	P.40
3 REPORTING METHODOLOGY	P.42
4 KEY PERFORMANCE INDICATORS	P.44

We have been a member of the UN Global Compact since 2008 and we are committed to ensure that the 10 key principles are reflected in our policies and actions. Our Code of Business Conduct reflects our values and principles, but also covers a wide range of sensitive business and professional conduct areas,

including compliance with laws and regulations on free competition and trade, corruption and insider trading; conflicts of interest; health and safety; prevention of discrimination and harassment and respect for the environment. All Heracles Group employees are to follow these principles.



# VALUES AND GOVERNANCE



**Strong governance is at the heart of our approach to sustainability and key to achieving strong business performance. It reflects our commitment to embody the core values of courage, integrity, respect and transparency in everything we do.**

**W**e have been a member of the UN Global Compact since 2008 and we are committed to ensure that the 10 key principles are reflected in our policies and actions. Our Code of Business Conduct reflects our values and principles, but also covers a wide range of sensitive business and professional conduct areas, including compliance with laws and regulations on free competition and trade, corruption and insider trading; conflicts of interest; health and safety; prevention of discrimination and harassment and respect for the environment. All Heracles Group employees are to follow these principles. And overall, we remain guided by the Lafarge “Principles of Action”.

## ENSURING A VALUES-BASED OPERATION

Training on the application of the Code of Business Conduct has been conducted since 2009, which covered all our cement line employees. This training includes a full-day session of briefing, discussion and scenario-testing with groups of 15 employees, to ensure the Code and its implications

are understood. The next step for us is to organize and run a similar series of training sessions for our Aggregates and Concrete line employees.

## TACKLING SPECIFIC ISSUES

Conflict of interest is an issue that requires careful application of individuals' judgment and so in 2012 we submitted a questionnaire to 900 employees aiming at improving their awareness on potential conflicts and the reporting process. Also our top management, members of the Executive and Operational committees, annually certify in written their compliance with our policies and rules laid down in our Code of Business Conduct and in our “Corruption & Conflict of Interest” policy.

## CORPORATE GOVERNANCE

We operate under a Code of Corporate Governance which is in effect since 2011, conforming to high standards of corporate governance. The Code defines the structure, principles and practices of our operation based on transparency. It is publicly available through our website.

## RESPONSIBILITY LINE

The strength of our Code of Business Conduct depends on its application in everyday practice. Our employees are the primary link between the Code of Business Conduct and the principles reflected in our company's operation. To enhance this notion and raise awareness on the importance of each employee's responsibility in ensuring compliance to the Code, in 2012 we developed a wide internal employee awareness campaign on the ethics hotline, operating 24-7 days a week, which employees can use to report

matters of concern. With the message “It is our responsibility” and clearly stating the free phone number, a poster campaign was developed to reach all employees, both in office environment and production work sites. In addition, individually to each employee was given a personal card, credit card size, with the message and the information on the operation of the free phone line, to make easy for them to report anonymously any conflict or Code of Business Conduct breach that comes to their attention.

## OVERSIGHT, EXECUTIVE RESPONSIBILITY AND RISK

In June 2012, following the decision of the Shareholders General Assembly, we had a new 6-member Board of Directors structure, instead of an 8-member Board until then. The Managing Director is the only executive member among the members of the Board. All the other members are non-executive and two of them are independent.

Three members of the Board constitute the Audit Committee, two of them independent non-executive members. The Audit Committee is responsible to review the results of the internal and external audit examinations and ensure that recommendations made are implemented by management; ensure independency and objectivity of external auditors and evaluate the overall effectiveness of the internal controls systems. The Audit Committee continued to meet every four months throughout 2012; the risk assessment process, led by the internal audit manager and involving the senior managers of the company, was especially focused on fraud and internal control.

For a copy of our Corporate Governance Code

visit [http://www.lafarge.gr/wps/portal/gr/1\\_4\\_4-Corporate\\_governance](http://www.lafarge.gr/wps/portal/gr/1_4_4-Corporate_governance)

The Chief Executive Officer is heading a nine member Executive Committee, comprised of the company's General Managers. The Executive Committee has been changed in 2012, with the new composition reflecting our new business structure. Our Corporate Internal Regulation has also been revised.

## SHAREHOLDERS' MEETING

The 2012 meeting was held under the arrangements we introduced 2012 to improve transparency, including extensive use of the company website to give shareholders easy access to material.

## SUSTAINABILITY

There has been no change in leadership, in 2012 or subsequently, and the Chief Executive Officer continues to provide overall direction with the backing of the Board and the Lafarge Group for sustainability matters. More details on the sustainability strategy and the way we manage sustainability are provided on page 40.



# SUSTAINABILITY MANAGEMENT



**In 2012 we completed our first Sustainability Ambitions program – a major achievement for our company, as this was the very first program regarding public commitment, tracking progress and reporting of advancement on annual basis. Our structured approach, in setting targets for our mid-term performance in social, management and environment material issues, allowed major improvement. We will re-apply the approach in the future to continue to move our company further up.**

The direction and pace of our sustainability program are defined by our Sustainability Ambitions. They comprise objectives and targets that we set at periodic intervals, cover all aspects of sustainability and are aligned with the global Sustainability Ambitions of Lafarge Group.

2012 was a year of particular significance to us, since our first sustainability program was to be completed. In 2012, given the approach of the program's deadline, we focused on implementing our program's commitments. The current report provides analytical description of various improvements we achieved. A new program will be designed in 2013 with a deadline set for 2020. The program will include all operations of Lafarge in Greece in a unified project.

### BUSINESS OBJECTIVES

Despite the worsening of the financial crisis and adverse economic results, safety, our people development and sustainability remained our priorities in 2012, following the actions implemented in 2011 and 2010.

Given the current economic recession,

our business targets, which previously aimed at performance and profitability, in 2012 aimed at achieving viability through cost reduction, cash generation and performance improvement.

### MANAGING THE PROGRAM

The diagram on the right describes roles and responsibilities in operation during 2012. Having organized our operations and functions under one country organization, we applied the sustainability management program across Cement and Aggregates & Concrete business lines. The sustainability manager therefore, since 2012 has responsibilities across all business lines, reporting to the Chief Executive and supported by sustainability professionals in the cement, aggregates and concrete businesses. Sustainability Ambitions and business targets, combined with sound decision-making on capital expenditure, conduct of three-year basis reviews, establishing and monitoring individual targets as well as on-going monitoring of Key Performance Indicators (KPIs) constitute Heracles management framework. Individual targets are annually established for all the managers;

## SUSTAINABILITY MANAGEMENT IN LAFARGE GREECE

<b>LAFARGE GROUP</b> defines the group Sustainability Ambitions	<b>BUILDING COMMUNITIES</b>	<b>BUILDING SUSTAINABLY</b>	<b>BUILDING THE CIRCULAR ECONOMY</b>
<b>HERACLES EXECUTIVE COMMITTEE</b> chaired by the Chief Executive: overall responsibility for the sustainability program			
<b>INDUSTRIAL GENERAL MANAGER</b> member of Executive Committee: day-to-day lead on sustainability matters	Health & Safety	Sustainable products & services	CO <sub>2</sub> & Air Emissions
<b>SUSTAINABILITY MANAGER</b> develops and oversees corporate action plan for progress			
<b>SENIOR MANAGERS</b> responsible for one or more Sustainability Ambitions as appropriate	People Development	Sustainable Construction & Cities	Energy consumption
<b>PLANT MANAGERS</b> responsible for plant performance contributing to relevant Sustainability Ambitions			
<b>ALL EMPLOYEES</b> contribute to the sustainability program and must abide by the environmental policy	Communities & Stakeholders	Sustainable Supply Chain	Natural Resources and waste Management

sustainability issues are included in conformity with individual role and responsibilities. All the targets shall comply with "SMART" (Specific, Measurable, Ambitious, Realistic, Time-bound) notion. Performance appraisal is linked to the achievement of personal objectives. For the Industrial General Manager, 20% of these objectives concern sustainability. Of these, half are specific to the company achieving its Sustainability Ambitions 2012. Typically, 20% of a plant manager's personal objectives will be linked to sustainability.

### SUSTAINABILITY PILLARS

With its Sustainability Ambitions 2020, Lafarge is taking a new step forward by committing to three areas of sustainable development through 34 ambitions, featuring specific and very demanding targets. These 34 ambitions include nine major targets by 2020, based around three main pillars: Building communities, building the circular economy and building sustainably.

### ENVIRONMENTAL POLICY AND MANAGEMENT

Our environmental policy reinforces our

For a copy of our Environmental Policy visit [http://www.lafarge.gr/environmental\\_Policy\\_eng.pdf](http://www.lafarge.gr/environmental_Policy_eng.pdf)

sustainability program and gives specific commitments concerning our operations, major modification projects, resources, training and research, procurement, product stewardship and stakeholder relations. No changes to this policy were made in 2012 and the same system of environmental performance indicators as that defined by Lafarge Group in the previous years remained effective. The operations of all our facilities are subject to strict environmental terms imposed as part of the operational permit. They include proactive and controlling measures for avoiding and minimizing potential environmental impact. Environmental management systems consistent with Lafarge standards and complying with ISO 14001 remain effective at Milaki and Volos cement plants.

### ENVIRONMENTAL AUDITS

Regular environmental inspections assist in establishing and maintaining standards in domains such as noise and dust suppression, pollution control, and waste and water management. In 2012 we continued our inspection program, extending it to LAVA quarries.

### TAKING PART

Our own sustainability program is updated and constantly improved through membership in sustainability organizations and networks. At the end of 2012 we continue to be:

- signatory to the Global Compact and founding members of the Hellenic United Nations Global Compact Network
- founding member of the Greek Business Council for Sustainable Development (Lafarge is a member of the World Business Council for Sustainable Development)
- member of the Hellenic Corporate Social Responsibility Network
- founding member of the Federation of Hellenic Recycling and Energy Recovery Industries.

# REPORTING METHODOLOGY



***Our Sustainability Report 2012 describes the sustainability performance of the business managed by Heracles General Cement Company in 2012.***

**H**ERACLES Sustainability Report 2012 (for the period 1/1/2012 – 31/12/2012) constitutes the fifth consecutive annual publication of HERACLES General Cement Company S.A. All the Sustainability Reports of the Company are available on <http://www.lafarge.gr> (section Journalists / Download Center). HERACLES Sustainability Report is published per annum and covers the Company's operations in Greece, as a whole. The Report does not include data related to subsidiaries abroad, potential joint ventures, partners, suppliers or other third parties.

## GENERAL TERMS

The terms «the Company», «we», «Lafarge Greece», «Heracles» or «Heracles General Cement Company» refer to the Societe Anonyme Heracles General Cement Company S.A.

The term «the Group» refers to Lafarge Group of Companies. Heracles General Cement Company SA is a member of Lafarge Group of Companies.

## RESTRICTIONS AND SIGNIFICANT CHANGES

During 2012 no significant changes have

been made to the scope, boundaries or methods of evaluation used in the current Report. In cases, where revisions have occurred, specific reference has been made to individual units, tables or diagrams as well as clarification of the reasoning behind revising the respective items. Furthermore, no significant changes have been made to the size, structure or ownership of the Company, which may affect the content of the Report for the year 2012. In cases, where revisions have occurred, special reference is made to separate sections, tables or diagrams.

As of April 2012, the cement business (which includes LAVA) has been brought together with the aggregates and concrete businesses of Lafarge in Greece to operate as one business. This is an organizational change that is taking place throughout the Lafarge Group globally; the legal structure is unchanged. In the light of this and to assist our stakeholders follow our progress through the transition to one business, we have included from the previous report (i.e. 2011), where possible, information about the activities and sustainability performance of the

aggregates and concrete business. The same information is included in the current so as to have comparable data. Graphs and tables, while continuing to show the performance of the cement business also include where possible data for the aggregates and concrete business for 2011 and 2012 (denoted by A&C). This assists us and our stakeholders in establishing the baseline for consolidated reporting in the future, encompassing what is now one business in Greece.

## PROJECT TEAM

A special team of executives from the relevant departments was formed in order to compile the Report under the supervision of the sustainability department. The team's primary task was to collect the required information regarding the fields of Corporate Responsibility and Sustainability at Heracles. Heracles Sustainability Report 2012 was compiled with the support on GRI-G3.1 indicators and content evaluation of Grant Thornton Greece ([www.grant-thornton.gr](http://www.grant-thornton.gr)).

## METHODOLOGY

HERACLES Sustainability Report for the year 2012 was prepared in accordance with the guidelines on CSR/ Sustainability Reports issued by the international Global Reporting Initiative Organization (GRI – G3.1 Guidelines). The following principles were applied under the preparation of the current Report in order to determine its content:

- Principle of «Materiality»
- Principle of «Stakeholder Inclusiveness»
- Principle of «Sustainability Context»
- Principle of «Completeness»

In respect of sound determination of the Report's content, the Company's Sustainability Team has evaluated as material issues all these that have significant impact to the Company and are of high significance to major stakeholder groups (shareholders, employees, customers, suppliers and local communities).

## COMPLIANCE WITH GRI-G3.1 GUIDELINES

The HERACLES Sustainability Report 2012 covers all necessary disclosures requirements for Level A of GRI international guidelines for the fourth consecutive year. An index table including the linkage between the report content and the GRI Guidelines is available on our website [www.lafarge.gr](http://www.lafarge.gr) (section Sustainable Development). Aiming at improving the level of disclosure and transparency, we assigned GRI (the Global Reporting Organization) to check the report level and found to be in compliance with level A.

## SOURCES OF INFORMATION

Data that is necessary for the preparation of the KPIs used throughout the Lafarge Group is collected in accordance with Lafarge procedures and consistent with the GRI G3.1 reporting standard. In cases where the data was processed or is based on assumptions, reference is made regarding the way or the method of calculations, according to the guidelines of GRI G3.1. Data on total CO2 emissions is presented consistent with the requirements of EU Directive 2007/589 while that on emissions per metric ton of cement produced follows the methodology set out in the Cement Sustainability Initiative (CSI) Protocol. Other environmental data is collected according to the procedures of the Heracles environmental department. Health and safety data and data on policies towards our people are the responsibility of the Health and Safety and Human Resources departments respectively.

The financial data included in the Report is in full compliance with the information contained in the Financial Report 2012 of the Company (which is available on the Company's website in the section Investor Relations / Financial Reports). This data, as well as additional information on HERACLES GENERAL CEMENT COMPANY products and services, are analytically presented on the Company's website [www.lafarge.gr](http://www.lafarge.gr)

## EXTERNAL ASSURANCE

We recognize the added value of external assurance of the Report data and we do believe that the Company's accountability to its stakeholders in terms of quality and reliability is increased through that procedure. Assurance is provided in a variety of ways. The Heracles Environmental, Health and Safety and Human Resources departments each perform internal, verification and consistency checks on the data provided by plants, sites and other units of the business. The Lafarge Group collects, consolidates, reviews and validates data that contributes to the preparation of the Lafarge Group KPIs, which forms part of the Group Sustainability Report. This is done through the Lafarge Regional Technical Centers. Additionally, independent auditors (Bureau Veritas) provide external validation and assurance for the following data items that we submit to Lafarge Group: lost time injury frequency rate, competition policy, training on stakeholder relationship methodology, female senior managers, environmental audit, quarry rehabilitation, CO<sub>2</sub>, dust, NO<sub>x</sub>, SO<sub>2</sub> and water withdrawal.



# KEY PERFORMANCE INDICATORS



BUILDING COMMUNITIES						
Health & Safety		Unit	2011	2012	Perimeter	Reference
Fatalities	Fatalities (directly employed)	#	0	0	Cement, A&C	GRI (LA7)
	Fatalities (indirectly employed)	#	0	0	Cement, A&C	GRI (LA7)
	Fatalities (3rd party)	#	0	0	Cement, A&C	GRI (LA7)
Lost Time Injuries	Lost Time Injuries (directly employed)	#	1	3	Cement	GRI (LA7)
		#	1	2	A&C	GRI (LA7)
	Lost Time Injuries (indirectly employed - contractors and sub-contractors on site)	#	2	1	Cement	GRI (LA7)
		#	1	0	A&C	GRI (LA7)
	Lost time injury frequency rate	%	0.40	1.37	Cement	GRI (LA7)
		%	2.01	5.30	A&C	GRI (LA7)
	Lost time injury severity rate	%	0.02	0.08	Cement	GRI (LA7)
		%	0.02	0.06	A&C	GRI (LA7)
General	Near misses	c	308	310	Cement	GRI (LA7)
	Absenteeism Rate	%	2.06	1.88	Cement, A&C	GRI (LA7)
	Lost Day Rate (LDR)	%	0.02	0.08	Cement, A&C	GRI (LA7)
Employee Development						
Workforce	Total Headcount	#	1,268	1,056	Cement	GRI (LA1)
			207	167	A&C	GRI (LA1)
	Employees with full time contracts	%	100	100	Cement, A&C	GRI (LA1)
	Part-time employees	%	0	0	Cement, A&C	GRI (LA1)
	Number of employees under collective labor agreements	%	100	100	Cement, A&C	GRI (LA1)
	Employees under the age of 30	#	95	66	Cement	GRI (LA13)
		#	23	16	A&C	GRI (LA13)
	Employees between 30 and 50	#	675	611	Cement	GRI (LA13)
		#	153	130	A&C	GRI (LA13)
	Employees above 50	#	464	345	Cement	GRI (LA13)
		#	31	A&C	GRI (LA13)	
Turnover	Employee turnover rate	%	NA	21,95	Cement, A&C	GRI (LA1)
	Hirings	#	32	9	Cement, A&C	GRI (LA1)
	Resignations	#	11	7	Cement, A&C	GRI (LA1)
	Retirements	#	6	25	Cement, A&C	GRI (LA1)
	Early Retirements	#	113	226	Cement, A&C	GRI (LA1)
Employees by region	North Greece	#	454	379	Cement, A&C	GRI (LA1)
	Central Greece	#	600	485	Cement, A&C	GRI (LA1)
	Attica	#	298	246	Cement, A&C	GRI (LA1)
	Aegean Islands & Crete	#	93	83	Cement, A&C	GRI (LA1)
	Others	#	30	30	Cement, A&C	GRI (LA1)
	<b>Total</b>	#	1,475	1,223	Cement, A&C	GRI (LA1)
Training and skills development	Total hours of training	#	23,203	20,155	Cement, A&C	
	Average number of hours of training for management staff	%	44.8	18.7	Cement	GRI (LA10)
		%	8.7	31.6	A&C	GRI (LA10)
	Average number of hours of training for non-management staff	%	12.8	13.1	Cement	GRI (LA10)
		%	43.8	10.4	A&C	GRI (LA10)
	Amount spent on training	k €	NA	167.5	Cement, A&C	GRI (LA10)

		Unit	2011	2012	Perimeter	Reference
Diversity	Managers who had an annual performance review	%	95.7	96.5	Cement	GRI (LA12)
			78.0	95.1	A&C	GRI (LA12)
	Non managers who had an annual performance review	%	0	0	Cement, A&C	GRI (LA12)
	Female share of total workforce	%	12	11,6	Cement, A&C	GRI (LA13)
	Women in senior management positions	%	32	29	Cement, A&C	GRI (LA13)
Economic Development & Governance						
Economic Performance	Total revenue (turnover)	m €	277.5	228.2	Cement, A&C	GRI (EC1)
	Net profit / (Losses)– after taxes	m €	(55.9)	(76.5)	Cement, A&C	GRI (EC1)
	Total assets	m €	837.1	663.5	Cement, A&C	GRI (EC1)
	Total payments to governmental bodies (total of indirect and direct taxes paid)	m €	34.3	22.6	Cement, A&C	GRI (EC1)
Board governance	Board size / number of directors	#	8	6	Cement, A&C	GRI (4.3)
	Executive directors	#	1	1	Cement, A&C	GRI (4.3)
	Non - executive directors	#	7	6	Cement, A&C	GRI (4.3)
	Independent directors	#	2	2	Cement, A&C	GRI (4.3)
	Women on Board	#	0	0	Cement, A&C	GRI (4.3)
Code Of Business	Political contributions	€	0	0	Cement, A&C	GRI (S06)
	Ongoing antitrust main litigations	#	0	0	Cement, A&C	GRI (S07)
					Cement, A&C	GRI (S07)
Socio-economic Value	Salaries / household income	m €	89.7	71.0	Cement & LAVA	GRI (EC1)
	Suppliers & subcontractors	m €	198.5	149.5	Cement & LAVA	GRI (EC1)
	Community contributions (monetary & product)	m €	0.6	0.3	Cement & LAVA	GRI (EC1)

## BUILDING THE CIRCULAR ECONOMY

CO <sub>2</sub> and Air Emissions		Unit	2011	2012	Perimeter	Reference
Carbon emissions	Total CO <sub>2</sub> emissions (gross and net)	t	2,129	2,233	Cement	CSI, GRI (EN16)
	CO <sub>2</sub> emissions per unit of product (gross and net)	gr/t	655	717	Cement	CSI, GRI (EN16)
	The sum of indirect GHG emissions identified in tons of CO <sub>2</sub> equivalent	t	45,000	40,000		GRI (EN17)
Air emissions	Total NO <sub>x</sub> emissions	t	4,453	5,270	Cement	CSI, GRI (EN20)
	Specific NO <sub>x</sub> emissions	gr/t	1,770	2,004	Cement	CSI, GRI (EN20)
	Total SO <sub>2</sub> emissions	t	315	308	Cement	CSI, GRI (EN20)
	Specific SO <sub>2</sub> emissions	gr/t	122.00	12.00	Cement	CSI, GRI (EN20)
	Total Stack Dust emissions	t	15.00	29.00	Cement	CSI, GRI (EN20)
	Specific Stack Dust emissions	gr/t	5.96	11.08	Cement	CSI, GRI (EN20)
	The emissions of specific ozone-depleting substances in tons and tons of CFC-11 equivalent	t	0	0	Cement, A&C	GRI (EN19)

## BUILDING THE CIRCULAR ECONOMY

		Unit	2011	2012	Perimeter	Reference
Energy consumption and resources management	Total energy consumption				Cement, A&C	GRI (EN3)
	Direct energy consumption by primary energy source	GJ	8,703,254	9,105,374	Cement	GRI (EN3)
	coal	GJ	2,115,473	1,076,162	Cement	GRI (EN3)
	petcoke	GJ	6,268,707	7,665,076	Cement	GRI (EN3)
	oil	GJ	103,210	26,206	Cement	GRI (EN3)
	natural gas	GJ	43,173	81,463	Cement	GRI (EN3)
	biomass	GJ	138,153	221,227	Cement	GRI (EN3)
	Other alternatives	GJ	34,538	35,240	Cement	GRI (EN3)
	Indirect Energy Consumption - Electricity purchased <sup>(1)</sup>	MWh	352,703	298,301	Cement	CSI, (EN4)
	Clinker Intensity	%	72%	73%	Cement	CSI
Fuels	Consumption of fuels	kt	308	305.4	Cement	
	Alternative fuels (Consumption of alternative fuels as % of thermal consumption)	%	1.90	2.80	Cement	CSI, GRI (EN4)
Materials	Consumption of raw material	kt	6,542	5,529	Cement	CSI, GRI (EN1)
	Quantity of quarried material	kt	3,854	3,984	Cement	CSI, GRI (EN1)
	Alternative raw materials rate (consumption of alternative materials as % of total raw materials consumed)	%	14.5%	13.5%	Cement	CSI, GRI (EN2)
Waste	Hazardous (oils, grease) - recycled	t	75	52	Cement	GRI (EN22)
	Hazardous (contaminated rags etc) - disposed	t	15	33	Cement	GRI (EN22)
	Non hazardous - recycled	t	3,059	1586	Cement, A&C	GRI (EN22)
	Non hazardous - disposed	t	176	127	Cement	GRI (EN22)
		t	36	21	A&C <sup>(2)</sup>	GRI (EN22)
<b>Natural Resources</b>						
Biodiversity	Quarries with a rehabilitation plan compliant with Lafarge standards <sup>(3)</sup>	#	14	14	Cement & LAVA A&C	CSI, GRI (EN14)
	Active quarries that have been screened for biodiversity according to WWF's criteria		9	9		
	Biodiversity Management Plan Programs for high biodiversity sensitive quarries		23	23	Cement, A&C	CSI, GRI (EN14)
			2	4	Cement	CSI, GRI (EN14)
			2	A&C	CSI, GRI (EN14)	
Materiality	Environment capital expenditure	k€	4,971	422	Cement, A&C	CSI, GRI (EN30)
	Waste management	k€	504	209	Cement & LAVA	CSI, GRI (EN30)
	Cleaning & watering	k€	912	430	Cement & LAVA	CSI, GRI (EN30)
	Restoration - rehabilitation	k€	474	208	Cement & LAVA	CSI, GRI (EN30)
	Recycling	k€	74	92	Cement & LAVA	CSI, GRI (EN30)
	<b>Total</b>	k€	6,935	1,361	Cement & LAVA	CSI, GRI (EN30)
Water	Total water withdrawal from ground water	m3	2,692,000	1,290,000	Cement, A&C	GRI (EN8)
	Total water withdrawal from open water (surface water) <sup>(4)</sup>	m3	776,000	634,881	Cement, A&C	GRI (EN8)
	Total water withdrawal from other sources	m3	96,000	71,000	Cement, A&C	GRI (EN8)
	Rainwater harvested	m3	49,500	19,330	Cement, A&C	GRI (EN8)
	Quantity of water consumed	m3	1,101,000	979,000	Cement, A&C	GRI (EN8)
	Sites equipped with a water recycling system		3	3	Cement	GRI (EN8)
Verification	Sites (in terms of revenues) audited as part of our Environmental Management System	#	3	3	Cement & LAVA	

<sup>(1)</sup> All electrical energy is purchased by the PPC (Public Power Corporation) with the following energy mix for 2012: 54,8% lignite, 0,2% diesel, 28,1% natural gas, 7,7% hydropower, 6,2% other renewables and 3,5% imports

<sup>(2)</sup> Solid waste from settling basins. Hazardous waste is recycled at specialized treatment facilities. No waste is incinerated. More non-hazardous waste was recycled and disposed of in 2011 because of the Clean and Tidy campaign (see page 17) and because temporary waste storage at sites is being better managed.

<sup>(3)</sup> Data refers to active quarries only. The program of screening and rehabilitation planning is consistent with the objectives agreed in Lafarge's partnership with WWF.

<sup>(4)</sup> Surface water includes seawater and the amount withdrawn has increased since the Milaki desalination plant began operation in late 2010.



## Statement GRI Application Level Check

GRI hereby states that **Heracles General Cement Company, member of Lafarge Group** has presented its report "Heracles Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 4 October 2013

**Nelmara Arbex**  
Deputy Chief Executive  
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 1 October 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

**Photo Credits:** Cover: Thessaloniki waterfront area, Artevia™ application, Photo: Nikos Karanikolas © Heracles Media Library | Page 4: Pierre Deleplanque, CEO © Heracles Media Library | Pages 10-11: Students of the Primary School of Nissyros in road safety educational program, Photo: Artin © Heracles Media Library | Page 12: Team work at Thessaloniki Terminal - Employee works according to Lototo requirements, Photo: Yannis Yannelos, © Heracles Media Library | Page 15: Drapetsona Terminal Employees - Employee children in road safety training, © Heracles Media Library | Page 18: Schools participating in tree planting at Volos plant - Gyalis and Nissyros children participating in road safety training, Photo: Artin, © Heracles Media Library | Pages 21-22: Lafarge's Artevia™ application in "Smart Park" shopping mall, Photo: Vassilis Sarioglou © Heracles Media Library | Page 22: Artevia™ application in Thessaloniki Waterfront redesign - Concrete pouring in jobsite, Photo: Nikos Karanikolas © Heracles Media Library | Page 23: Hydromedia™ in parking lot, Photo: Nikos Karanikolas © Heracles Media Library | Page 24: A silo truck at Rio terminal, Photo: Yannis Yannelos © Heracles Media Library - Loading of cement bags at Volos plant port, © Heracles Media Library | Pages 26-27: Employees at the kiln of Milaki plant, Photo: Nikos Zagas © Heracles Media Library | Page 28: View of Volos plant, Photo: Ioanna Skyftou - Employee at Milaki plant, Photo: Nikos Zagas © Heracles Media Library | Page 30: Biomass at Volos plant, Photo: Yannis Yannelos - Biomass close-up © Media Library Lafarge | Page 33: Water at the schist quarry of Milaki plant, Photos: Olympia Krasagaki © Heracles Media Library | Page 34: Centaurea pelia, © Heracles Media Library - Nursery at Araxos quarry © Heracles Media Library | Page 35: Bolanthus thymifolius © Heracles Media Library



# LAFARGE GROUP SUSTAINABILITY AMBITIONS 2012: HAVE WE DELIVERED?

Our Sustainability Ambitions 2012 program came to term at the end of the year. Almost all the objectives were achieved and contributed to the integration of sustainability into our business processes and strategic orientations. We have built on this program to develop our Sustainability Ambitions 2020, an even more ambitious plan to make a net positive contribution to society.

● FULLY ACHIEVED ● PARTIALLY ACHIEVED ● IN PROGRESS

MANAGEMENT				
Target	Deadline	Performance 2012	Performance 2011	Why is Lafarge pursuing this ambition? What will change? How are we progressing against this ambition?
● On safety, reduce the employee Lost Time Injury Frequency Rate (LTIFR) for Lafarge employees to 0.94 or below in 2010.	2010	0.75	0.63	Lafarge continued to make progress in 2012 in reducing the lost-time injury frequency rate (LTIFR) for its on-site contractors, with a 19% reduction compared to 2011. However, the LTIFR for employees was disappointing with a 19% increase compared to 2011.
● Continue to check the implementation of our Competition compliance program in our business units. 100% of all significant business units tested for compliance by end of 2010.	2010	100%	96%	Our Competition Compliance Program has been implemented in 100% of our business units. To ensure its effectiveness, the Group Legal Department conducts regular unannounced compliance checks and verifications.
● Manage and improve our local stakeholder relationship management by:				Training workshops focus on the key personnel for stakeholder engagement: Cement Plant Managers and Aggregates & Concrete (A&C) Area/Regional Managers. With the reorganization that took place at both Group and country level in 2012, some training sessions were postponed to allow country-level organizations to be put in place; going forward, we will continue to reinforce this program. The other objectives had been completed previously.
● Training 100% of units in the local stakeholder relationship methodology.	2012	Cement 64% A&C 41%	Cement 76% A&C 80%	
● Full reporting of the three new indicators. Three additional targets (undertaking self-assessment on stakeholder relationships, launching a dedicated intranet site and providing an internal audit screening tool) were completed in 2009.	2009	done	done	
● On customers, by 2012, the Group will achieve €3 billion annual sales in new products.	2012	€2.2 billion	€2.3 billion	New concrete product sales increased, but overall sales of new products decreased slightly in 2012.
● Reach 20% of women in senior and executive management (Lafarge grades 18+) by 2012.	2012	16.4%	15.8%	In 2012 we continued the improvement seen over the last few years, and by year-end 16.4% of positions in senior management were held by women. Although we did not reach our target of 20% by end 2012, we are making progress and our Sustainability Ambitions 2020 target is to have 35% of senior management positions held by women in 2020.

<sup>(1)</sup> Sensitive areas are defined as IUCN Category I to VI sites, Ramsar, IBA, Natura 2000.  
<sup>(2)</sup> Net CO<sub>2</sub> emissions are the gross emissions less the emissions that come from burning waste.

SOCIAL				
Target	Deadline	Performance 2012	Performance 2011	Why is Lafarge pursuing this ambition? What will change? How are we progressing against this ambition?
● By end 2010, establish a comprehensive Group-wide occupational health program including, at a minimum, regular medical examinations.	2010	Completed	Plan rolled-out	A protocol for Health Assessment (HASOP) has been developed and broadened in all countries to provide a standardized approach to risk-based medicals. This protocol will ensure that the relevant occupational and personal health risks are identified and managed. Assessments are now being implemented at country level, and should be finished by 2014.
● For HIV/AIDS and malaria, by end 2010, Lafarge will have extended to major emerging countries where it operates, its best practice implemented in Africa.	2010	Completed	Completed	Based on its experience in Africa, the Group has developed a manual and user guide to assess and manage relevant public health issues. The Group is working towards the development of an integrated health approach to improve the well-being of its communities. In 2012 guidelines were developed to facilitate the implementation of the health strategy.

ENVIRONMENT				
Target	Deadline	Performance 2012	Performance 2011	Why is Lafarge pursuing this ambition? What will change? How are we progressing against this ambition?
● Have 100% of our sites audited environmentally within the last four years.	Permanent	89.3%	88.4%	Although we did not complete our objective, we have made progress over the years and will continue to work towards the target of having 100% of our sites audited environmentally within the last four years.
● By end 2010 reach a rate of 85% of quarries with a rehabilitation plan complying with Lafarge standards.	2010	84.6%	86.4%	Although we reached this objective in 2011 changes in assets slightly undermined our performance in 2012.
● By end of 2010, all our quarries will have been screened according to criteria validated by WWF International.	2010	100%	97%	Lafarge continued to build on the 2011 mapping of all its quarries and screened them to confirm locations that are inside internationally protected areas or within 500m of them using IBAT (Integrated Biodiversity Assessment Tool).
● Sites in sensitive areas <sup>(1)</sup> will have developed a site biodiversity program by 2012.	2012	99.2%	49.2%	In order to achieve this ambition, Lafarge and WWF employed ecology graduates to help develop site biodiversity programs, in close collaboration with the environment and operational teams in several countries.
● By end 2010, cut our worldwide net <sup>(2)</sup> CO <sub>2</sub> emissions per ton of cementitious by 20% compared to 1990. During 2011, a new objective of reduction of 33% vs 1990 by 2020 was set.	2010	(24.7%)	(23%)	Our new CO <sub>2</sub> emissions reduction objective was made public in June 2011 and is part of the Sustainability Ambitions 2020 plan. By end of 2012 we made significant progress, in line with our new objective.
● Cut our dust emissions in cement plants by 30% over the period 2005-2012.	2012	(45%)	(39%)	Although cement plants generate dust, we have continued to make significant progress in lowering emissions through revamping or replacing less efficient air pollution control devices.
● Cut our NOx emissions in our cement plant by 20% over the period 2005-2012.	2012	(34.5%)	(33.5%)	NOx is emitted from virtually every combustion, including cement manufacture. Since achieving our targeted reduction in 2009 we have continued to implement NOx abatement technologies such as SNCR (Selective non catalytic reduction) and many of our newer kilns are designed with low-NOx precalciners.
● Cut our SO <sub>2</sub> emissions in our cement plant by 20% over the period 2005-2012.	2012	(61%)	(51%)	SO <sub>2</sub> can be another unwanted product of some cement kilns. We have reduced emissions by approximately 60% since 2005.
● By end 2010 have a baseline for persistent pollutants in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions.	2010	98%	100%	Persistent pollutants are emitted by cement kilns. Lafarge is working with WWF to achieve significant emission reduction. Measurements have been completed for all kilns but the analytical results for recently acquired operations in one country are pending. Plant-specific action plans have been developed to reduce emissions from a group of top-emitting plants. Progress with reducing emissions will be monitored and reported.

# YEAR AT A GLANCE

## CLIMATE CHANGE FURTHER CARBON FOOTPRINT REDUCTION

**24.7%**

reduction of CO<sub>2</sub> emissions per ton of cement compared to 1990

Lafarge continued to reduce its CO<sub>2</sub> emissions in 2012. This result was obtained thanks to intensified performance efforts to improve kiln energy efficiency, increase the use of alternative fuels and develop new blended products for a range of applications using carbon-neutral additives. Lafarge also successfully completed its second industrial trial for Aether®, its new generation clinker formulated for lower carbon cements. The trial confirmed the feasibility of industrial-scale production of Aether® cements, which offer similar characteristics to Ordinary Portland Cement, while allowing a 25-30% reduction in CO<sub>2</sub> emissions.

## EMPLOYEES NEW COUNTRY-BASED ORGANIZATION



A new country-based organization was put into place to allow stronger focus on local market needs, accelerate development through organic growth and innovation and reinforce efficiency. The reorganization, along with a number of divestments, led to a 5.3% net reduction in the number of employees Group-wide. Measures were taken to accommodate those employees impacted by the reorganization, to assist them in finding new employment either within or outside the Group.

## SUSTAINABLE CONSTRUCTION DEVELOPING NEW SOLUTIONS TO MEET THE URBAN CHALLENGE



Lafarge created a new Innovation function in 2012 to boost the development and roll-out of more sustainable, cost-effective construction solutions for better towns and cities worldwide. Bringing together R&D, marketing by specific construction segment and distribution, this new function will facilitate the development of tailor-made local solutions.

With several billion people today lacking access to decent housing, Lafarge also launched its microfinance program for affordable housing to help low income populations in emerging markets finance the construction, extension or renovation of their homes.

## Health & Safety

2012 saw the continuation of our Health & Safety journey and the successful early implementation of new strategic orientations in Health and Safety management, with a 24% reduction in fatalities compared to 2011. However, the Health and Safety of employees and contractors remains a preoccupation and the Group's number one priority.

## CIRCULAR ECONOMY

### ENERGY CONSUMPTION & RESOURCE MANAGEMENT, NEW INCREASE IN FOSSIL FUEL SUBSTITUTION.

Lafarge continued to increase its use of alternative fuels, reaching an average of 14%. It focused increasingly on the use of biomass and municipal waste in its kilns, for example launching a project in Hungary in partnership with WWF to develop the use of various biomass sources as alternative fuels for its local plant.

### BIODIVERSITY, ADDITIONAL TOOLS TO RAISE AWARENESS AND PROFESSIONALIZE PRACTICES.

Lafarge implemented Biodiversity Management Plans in 99.2% of those quarries identified in a 2011 screening program as being in or within 0.5 km of a biodiversity sensitive area. The Group also publicly released a Biodiversity Guidance manual developed with WWF International and its International Biodiversity Panel.

### WATER, TOWARDS WATER STEWARDSHIP IN 2012.

Lafarge used the WWF Water Risk Filter to identify its operations located in high-risk water basins. Fifteen cement plants were identified and, as part of its Sustainability Ambitions 2020, Lafarge will work with local stakeholders in these high priority basins to improve water management.

## COMPANY PROFILE

# Lafarge world presence

World leader in building materials and a major player in the cement, aggregates and concrete industries, we contribute to the construction of cities throughout the world. Our innovative solutions provide cities with more housing and make them more compact, more durable, more beautiful and better connected. The Group operates in 64 countries and employs 65,000 people. It generates annual sales of €15.8 billion.



SHARED VALUE AT LAFARGE	€m	%
Sales	15,816	-
Cost of goods sold	10,632	-
Cash value added	5,184	100
Paid to employees for their services	2,425	46.8
Paid to lenders as a return on their loans	1,031	19.9
Retained for growth	906	17.5
Community Investment	20	0.4
Net Cash	802	15.5
Income taxes paid to governments	487	60.7
Paid to investors for providing capital	315	39.3

### Cement

World leader  
Employees: 41,200  
Revenues: €10,373m  
Countries: 58  
Sites: 161

### Aggregates & concrete

No. 2 & No. 4 worldwide  
Employees: 21,800  
Revenues: €5,353m  
Countries: 36  
Sites: 1,395

### Revenues

**€15,816m**

### Net income Group share

**€432m**

### Number of countries

**64**

### Number of employees

**65,000**

### Number of sites

**1,570**

### Number of quarries

**708**



**HERACLES GENERAL CEMENT COMPANY**

19.3 klm Markopoulou avenue

Peania 19002, Attica

Tel. (+30) 210 2898111

[www.lafarge.gr](http://www.lafarge.gr)

