

SUSTAINABILITY REPORT

GREECE 2013



LAFARGE
Building better cities™



“It is our ambition to contribute to building better cities and help address the challenges of urbanization today and for the coming decades. **Our commitment to sustainability is an integral part of this ambition. It underpins our relations with all our stakeholders and guides the choices we make in favor of responsible growth and the preservation of nature.**”

PIERRE DELEPLANQUE, CEO Heracles GCC

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HIGHLIGHTS FROM 2013

BUILDING COMMUNITIES

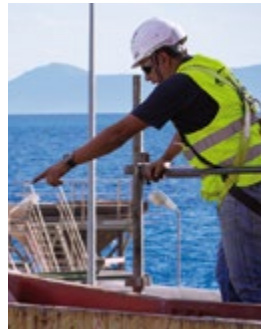
COMMUNITY AND LOCAL SCHOOLS EDUCATIONAL AND AWARENESS PROGRAMS



Our initiatives aim to improve the local conditions and enhance socioeconomic development, even more so in remote areas or small islands. Such is the case of our affiliate LAVA, operating in Milos and Yali islands, which in 2013 organized educational programs on preparedness and protection during earthquakes, facilitated by the Earthquake Planning and Protection Organization.

SOME PROJECTS FOR 2014

PROGRAMS TO PROMOTE LOCAL DEVELOPMENT



In 2014 we will focus on developing new programs to support employee volunteering to local causes as well as community programs focusing on local development and increase of local entrepreneurship.

BUILDING SUSTAINABLY

SOLUTIONS FOR A BETTER, MORE BEAUTIFUL CITY



We support the improvement of our urban environment, whether this is infrastructure or redevelopment of entire areas. The New Waterfront of Thessaloniki is such an example, where our Artevia® decorative concrete was used for the surface of more than 70,000 m² of the redesigned waterfront promenade, providing an ideal solution for durability and esthetic quality.

INVESTING IN CEMENT INNOVATION



In 2014 we plan to launch enhanced performance cement, manufactured in an innovative technology, separate grinding, increasing the reactivity of clinker (the basic component of cement) realized in our Volos plant.

BUILDING THE CIRCULAR ECONOMY

RECOGNITION FOR OUR BIODIVERSITY ENHANCEMENT PROGRAMS



Our program for biodiversity enhancement and protection of the rare endemic plant *Centaurea niederi* in the Araxos quarry has been recognized in the European awards UEPG Sustainable Development Awards 2013, with the Special Award for Biodiversity. The program is implemented in partnership with the National Botanical Conservatory of Brest (CBNB) and the Laboratory of Botany and Plant Ecology of the University of Patras.

MORE SUSTAINABLE FUEL MIX WITH ALTERNATIVE FUELS



Energy holds the potential for significant progress. Our aim is to increase the proportion of alternative fuels that we use, such as recycling residue and agricultural biomass. Our targets are substitution by 20% in 2015 and 40% in 2020, as against 5% currently. This is an objective which forms part of our drive for sustainable development.

“MAKING A NET POSITIVE CONTRIBUTION TO SOCIETY AND NATURE”

PIERRE DELEPLANQUE
Chief Executive Officer



SUCCESSFUL COMPANIES ARE VIEWED NOT ONLY AS PER THEIR FINANCIAL PERFORMANCE, but also as per their capacity to create value for all their stakeholders in the way they manage their business. This has been our conviction for many years. For us sustainable development goes beyond the management of risks and beyond simply complying with standards and legislation. We believe that the success and development of a leading company such as ours depends on embracing a vision and a long-term strategy, one that creates value and shapes a more sustainable future for the society.

THIS IS THE CONTEXT IN WHICH WE HAVE DEFINED OUR AMBITION OF CONTRIBUTING TO BUILDING BETTER CITIES. Urbanization is the foremost challenge of the 21st century, and requires that we address a range of issues, from housing, infrastructure, transport and the living environment to the reduction of greenhouse gas emissions and pollution. We are committed to integrating sustainable development at every level of our business and to developing the products and solutions

that will make construction better, faster and less expensive and our cities more durable, more compact, more beautiful, better connected and with better housing for all.

This vision runs through our sustainable development action plan, the Sustainability Ambitions 2020. This program is organized around three main pillars – social, economic and environmental, with objectives that we have set as part of our sense of responsibility for society and nature.

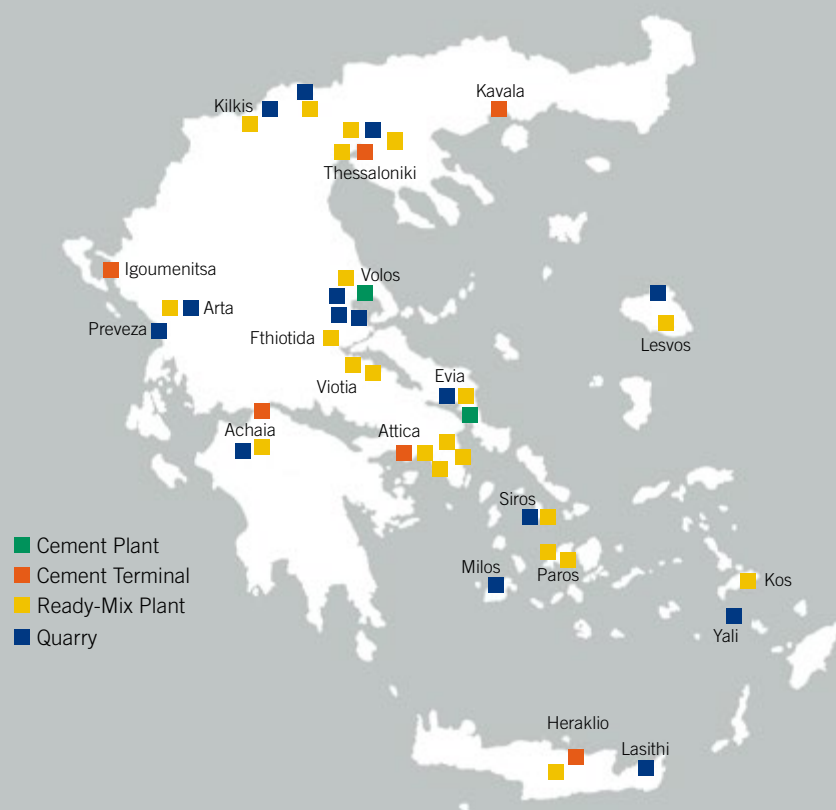
IN 2013 OUR EFFORTS WERE DIRECTED TOWARDS ACCELERATING THE PACE of our performance transformation and laying the ground for formulating our Sustainability Ambitions 2020 targets. Health and safety remains our number one priority. In 2013 we continued to make progress, yet we realize that we have a long way to go for having sustainable results. In 2013 we also announced the reorganization of our cement production structure, ceasing permanently the operation of the Halkis cement plant, which was idle since 2011 as a result of the recession and the severe contraction of activity in its main markets. It was a difficult decision as per its social impact, yet necessary in order to effectively address the construction sector recession and support the company's viability and business development. Our continuous effort to improve our carbon footprint and improve our energy cost competitiveness succeeded at the end of 2013, with the co-processing of recycling residue as secondary alternative fuel in our Milaki plant. This is an essential step in our sustainability roadmap and remains one of our key targets in Sustainability Ambitions 2020. We have also received in 2013 recognition for our efforts on biodiversity enhancement for practices that we implement in rehabilitating quarries, as well as for our approach to supply chain for sustainable procurement.

We have taken in consideration the above as we laid the foundations for our Sustainability Ambitions 2020 program, defining for us the target, which is to embed the imperatives of sustainable development throughout our business, making a net positive contribution to society and nature. We are determined to do so. ◆

COMPANY PROFILE

Our presence

Heracles Group of Companies, a member of Lafarge, is Greece's largest cement producer. With more than 100 years presence in the market, we operate in cement, aggregates and concrete through a network of 46 production and commercial facilities across Greece. We place innovation at the heart of our priorities, bringing to the market differentiated products and solutions that serve sustainable construction and architectural creativity. Our ambition is to contribute to building better cities, with solutions that provide cities with better housing and make them more compact, more durable, more beautiful and better connected.



OUR BRANDS



KEY FIGURES 2013

Turnover

€235.1 m

Number of employees

977

Production and distribution sites

46

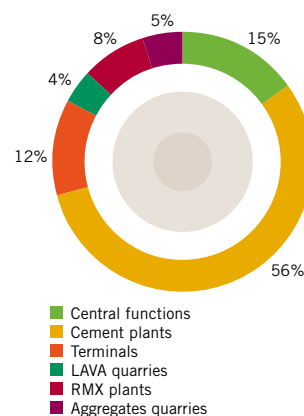
Number of quarries

23

Supply spend in Greek businesses

€134.6m

EMPLOYEES DISTRIBUTION





OUR VISION AND STRATEGY

“Building better cities” expresses our ambition to play a leading role in addressing the challenges from the urbanization trend. This entails not only improving the quality of life in cities, but also creating value for everyone; having processes that **integrate sustainability into the way we do business and working** in the interests of society and the planet.

69%

of the population in Greece will live in an urban environment by 2030

◆ OUR AMBITION:

BUILDING BETTER CITIES

We understand our role as a key contributor to actions that shape a more sustainable future for the society: addressing challenges such as the growing urbanization, the availability of natural resources, climate change, and energy efficiency. These issues are core to our business. As leader in our sector, we are contributing to improving the quality of life of communities and urban population, developing the building systems and the infrastructure of the future.

Building better cities is a vision that connects what we do every day to the positive effect that this has on the lives and well-being of people around us: every day we develop products and solutions that offer superior value to our customers, providing our cities with better housing and making them more durable, more compact, better connected and more beautiful. We believe that this vision also expresses an overall aspiration for progress and improvement, something that is visible in the current trends for constructions and urban development in Greece. Whether this is infrastructure or redevelopment of entire areas, a number of iconic projects are in progress, transforming our cities and creating better urban environments. We take pride in the contribution we have in these projects and we are committed to continue and increase our efforts, offering our expertise and

knowhow and working closely with our market on innovative solutions and higher-performance products.

We believe that this vision, driven by our embrace of innovation, our strong differentiation in the market, as well as our striving for performance excellence will enable us to build a sustainable growth for our company and value delivered to our market and our communities.

◆ LEADING THE EVOLUTIONS IN OUR SECTOR THROUGH INNOVATION

Our customers do not simply buy products but their properties and the benefits they represent. Innovation and research are major levers for developing materials and solutions able to respond to the challenges of the construction industry and ensure that construction is ever more efficient and sustainable. Our innovative concrete and mortar Value-Added product series, aim to bring the right concrete for each worksite. These are the Agilia®, Artevia®, Ultra™ & Hydromedia™ product ranges. They are application-specific, tailor-made, not “one fits all” solutions, helping create cost-effective and durable constructions with high aesthetics and unique design.

◆ DIFFERENTIATION BENEFITING OUR CUSTOMERS

Our differentiation in the market is driven by

The aim of Ambitions 2020 is to minimize
our environmental footprint
while maximizing the value created
for all our stakeholders.

innovation. We have developed substantial technical expertise relating to cement, aggregates and concrete, allowing us to provide customers with technical support and services that are unique in the market. Moreover, as a result of this technical expertise, we have developed a market offer of differentiated and added-value products, covering all applications in the construction sector, from public works to decoration.

Beyond product innovation, we have developed solutions designed for specific parts of buildings, such as foundations, floors, walls or facades. They offer remarkable properties in one or more areas: cost, durability, strength, insulation, appearance, ease of application. Differentiation also means offering new services, so we are offering our customers a turnkey service of both supplying and applying our concretes, the “placing and finishing” service, in which we not only supply the concrete but also undertake the placing as well, through specialized applicators, delivering to the customer a finished surface.

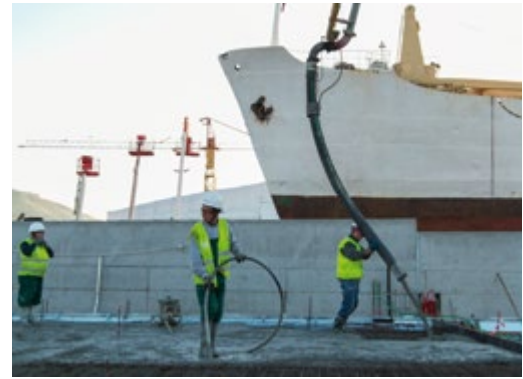
◆ INCREASING OUR PERFORMANCE AND COMPETITIVENESS

We are constantly improving our competitiveness by maximizing the value of our products and services and working on the optimization of our cost, plant performance and our entire supply chain.

We have made a relentless effort to open up new markets and new opportunities for our products and services, not only in Greece, but also in international markets, compensating for the decline in the domestic market due to the still difficult financial context. In pursuing export opportunities, we leverage our cement plants port facilities to conduct our clinker and cement exports operations. We have also identified opportunities in highly specialized products, taking advantage of our plants assets and team competencies. In that respect, our Milaki cement plant has received certification for oil well cement production.

In parallel, we have made significant effort to manage our costs and streamline our operations. Energy costs hold the potential for significant progress, being the biggest of our costs. Our aim is to increase the proportion of alternative fuels that we use, such as recycling residue and agricultural biomass, in substitution of fossil fuels by 20% in 2015 and 40% in 2020, as against 5% currently. This is an objective which forms part of our drive for sustainable development.

The supply chain is also a critical operation for us, playing a key part in cost optimization and giving us a competitive advantage towards our customers. To achieve excellence, we have designed our operations in logistics and supply chain incorporating transport planning and management software as well as performance indicators. We have therefore been able to continuously optimize inbound and outbound flows and



delivery rotations, improving the management of transport providers and ensuring that road safety standards are respected.

◆ DEVELOPING OUR PEOPLE, ACCELERATING OUR PERFORMANCE CULTURE

Well managed production units and competent people and teams in the right place are key levers for an efficient and innovative organization that will help us build our competitive advantage. Our sales teams are an essential link in our value chain, and they are trained in the most efficient sales practices to enable them to fine-tune their response to our customers' requests. The constant development of our employees is not confined to the commercial functions; it is also occurring at the heart of our industrial functions. We are focused on our plants reliability and robust mastery, stepping up performance through training and programs for developing our employees' skills and career path. We pursue excellence in our day-to-day performance from all our employees and our internal programs are based on communication, empowerment of our employees and coaching, for stepping up their active management behaviors.

◆ COMMITMENT TO SUSTAINABLE DEVELOPMENT

For us sustainable development goes beyond the management of risks and beyond simply complying with standards and legislation. We understand our role as a key contributor to actions that shape a more sustainable future for the society: addressing challenges such as the growing urbanization, the availability of natural resources, climate change, and energy efficiency. These issues are core to our business. As leader in our sector, we are contributing to improving the quality of life of communities and urban population but also creating value for everyone.

The direction and pace of our sustainability program have been defined by our Sustainability Ambitions. They comprise objectives and targets that we set at periodic intervals, covering all aspects of sustainability and are aligned with the global Sustainability Ambitions of the Lafarge Group. In 2012 we completed our first Sustainability Ambitions program setting performance targets in social, management and environment issues. Taking again a long view of our sustainable development course, we have developed a second, broader sustainability program, the Sustainability Ambitions 2020.

◆ AN AMBITIOUS ROADMAP

Our Sustainability Ambitions 2020 are our action plan for making a net positive contribution to society. They are organized around three major pillars: Building communities, Building sustainably and Building the circular economy. These targets reflect our integrated approach to sustainability issues throughout our value chain - minimizing our footprint upstream and providing our market with innovative solutions downstream, to contribute to more sustainable, livable towns and cities. ◆

— Above, left: Construction of Tithorea - Lianokladi - Domokos double track railway line

— Above, right: Construction of the New Hellenic Shipyard in Perama, a jobsite where we offered the Placing and Finishing of concrete



BUSINESS ETHICS & GOVERNANCE

Business ethics is embedded into our governance principles

and is the framework of our social and environmental responsibility. It is also a core part of our risk management systems. The Executive Committee and Country CEO are ultimately responsible for ensuring that business ethics policies are implemented in our strategies and operations, under continuous monitoring by the Board of Directors that also continuously reviews our corporate governance.

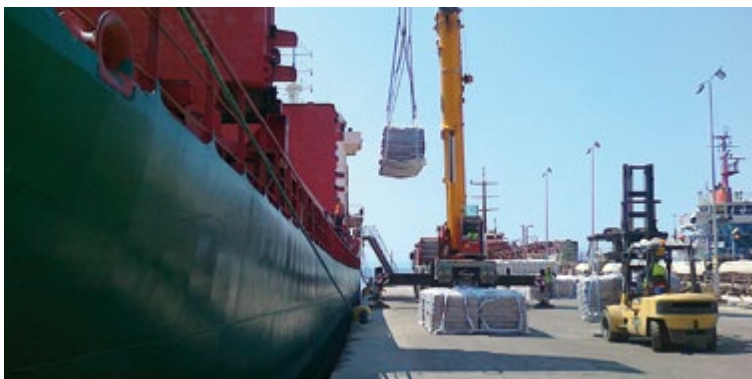
◆ **ENSURING A VALUES-BASED OPERATION**

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.

◆ **OUR CODE OF BUSINESS CONDUCT IN PRACTICE: GOING BEYOND COMPLIANCE**

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 scenarios testing with groups of 15 employees to ensure the Code and its implications are understood. To ensure effectiveness of the Code, all new comers receive a special training on the Code of Business Conduct, upon their arrival in the Group.

The next step for us is to organize similar series



of training sessions to our Aggregates and Concrete line employees.

◆ TRACKING SPECIFIC ISSUES

Conflict of interest is an issue that requires careful application of individuals' judgment and so in 2013 we submitted a questionnaire to 473 employees aiming at improving their awareness on potential conflicts and the reporting process. We have a zero tolerance policy on corruption, which is reflected in our "Corruption and conflict of interest policy". In order to avoid any complicity with such issues specific procedures on fraud have been implemented.

Since 2007 we have put in place procedure with regards to the dealings with intermediaries. All such dealings (contracts) must be approved by the Heracles Group CEO. In 2013 the procedure has been further improved incorporating management controls and its application extended to our Aggregates & Concrete business line.

Also our top management, members of the Executive and Operational committees, annually certify their compliance with our policies and rules laid down in the Code of Business Conduct and in the Corruption & Conflict of Interest Policy. ◆

— Our responsibility in terms of business ethics is a commitment to all our stakeholders.

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.



1

BUILDING COMMUNITIES

As an industrial Group with a long history and strong local roots, we invest in our operations for the long term and thus have a special responsibility towards society. This starts with our own employees, whose health and safety is our number one priority. Our impact on neighboring communities means that we must also play an active part in their socio-economic development. On a local level this takes the form of improving access to health services and education, taking part in urban development and environmental conservation programs and helping create businesses and jobs. These actions are carried out in consultation with local stakeholders and our employees have an opportunity to play a role, through volunteering programs in line with our values.

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Pupils at Nissyros school, participating in an educational program on protection from earthquakes.



— Maintenance at Volos cement plant.

HEALTH AND SAFETY

Health and Safety is a core company value and our number one priority in our decision making. Our ambition is to eliminate accidents to employees and our contractors in all our activities.

Our overall performance in Health & Safety has improved significantly over the last 10 years in which we apply systematically the policies and standards of Lafarge group. However, we still need to do more, particularly in the establishment of safety behaviors across our organization so as for our progress to be steadily improving and have sustainable results. In 2013 we had 5 Lost Time Incidents, compared to 6 in 2012. All the accidents involved contractors, 2 within our sites, two offsite and 1 was a road accident. All accidents could have been avoided if the necessary risk assessment had been correctly carried out, which shows us the way to reaching our goal of 0 accidents. As we want to have a leading role in Health and Safety not only in our sector but also the industry at large, we will continue and intensify our efforts to manage risk and eliminate the causes of accidents in a consistent manner.

◆ HEALTH & SAFETY AUDITS

As part of our continuing effort to elevate our Health & Safety performance, a series of Health & Safety audits was carried out by both internal auditors and by joined teams of Lafarge Group. Their goal was to identify both the good practices implemented at sites and the areas for improvement or the unsafe conditions so that immediate action is taken or mitigation plans are developed. In total,

HEALTH & SAFETY INDICATORS

Number of incidents (contractors and employees)

	FATALITIES		LTIs		CONTRACTOR LTIs	
	CEMENT	A&C	CEMENT	A&C	CEMENT	A&C
2008	0	0	8	0	2	1
2009	0	0	4	1	2	1
2010	0	0	1	0	1	1
2011	0	0	1	1	2	1
2012	0	0	3	2	1	0
2013	0	0	0	0	4	1

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

53 full-day audits by internal teams were conducted across the company sites, focusing on house-keeping, while the audits of the joint teams of Lafarge Group focused on the implementation of the Health & Safety Management System. The latter had each a duration of one week and were conducted in Volos and Milaki plants, in Supply Chain as well as in the Aggregates & Concrete line. They were a very important tool in prioritizing and setting targets for our actions in Health & Safety for 2013 and 2014.

◆ HEALTH & SAFETY MONTH

The Health & safety Month campaign continues to be the backbone of our mobilization and awareness raising effort towards employees and our contractors on Health and Safety, implemented for the sixth consecutive year across our sites. The main theme of the Health and Safety Month 2013 campaign was the role of behavior in the safe execution of any task, both in the workplace and at home. At meetings and events organized at our sites, employee teams reviewed and analyzed recent incidents identifying critical behaviors and shared the risk assessment methodology. Also, through team activities and workshops they were engaged in understanding the role of personal contribution to the correction of unsafe conditions and the reduction of tolerance to these.

◆ ACCELERATING THE PACE OF TRANSFORMATION

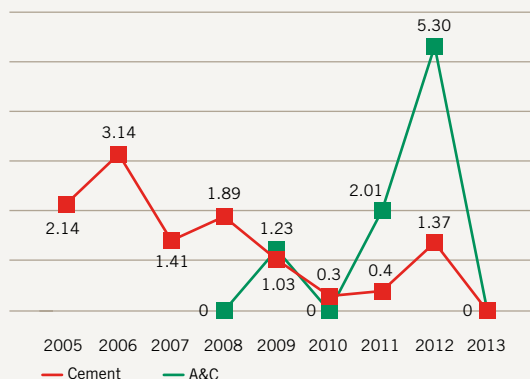
In 2013 a company – wide program started to be implemented, for accelerating the pace of our performance related initiatives. Health and Safety has been one of the program pillars, with initiatives taking place in Volos and Milaki plants. The overall objective was to redefine and bring a step change to our approach to risks and action measures. A thorough review was conducted in the plants, looking into the root cause of LTI's and serious incidents, findings from H&S audits, as well as into the experience and comments made by front line employees during interviews, which were included in the Safety Review results analysis. Three priorities were identified from this process: Risk Assessment, Compliance to Health & Safety rules and procedures, Visible leadership.

◆ RISK ASSESSMENT

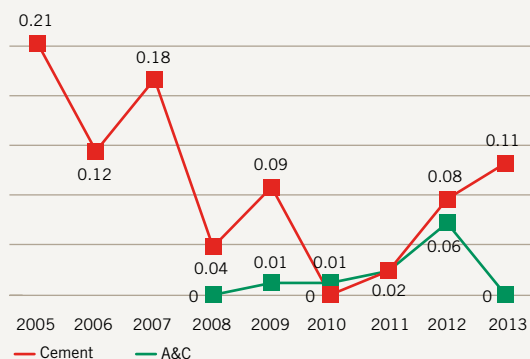
Risk Assessment as a principle and as a procedure has been applied to all works performed daily in our facilities. At the planning phase, the job owner conducts a thorough assessment of risks for each task and defines the necessary measures. In the execution phase, the team checks the conditions in the field, and applies the designated measures but also what they assess themselves as necessary. At the completion of the work, the execution team leader

LOST TIME INCIDENT FREQUENCY RATE

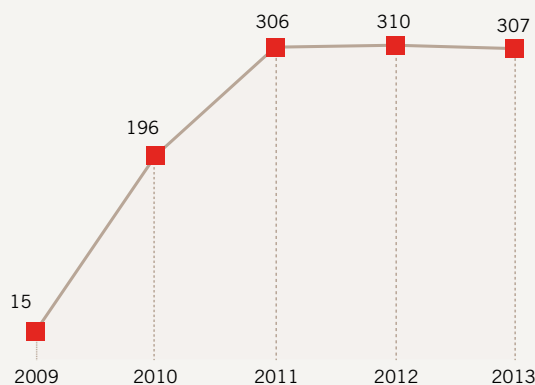
Number of accidents leading to loss of time per million hours worked

**LOST TIME INCIDENT SEVERITY RATE**

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

**LEADING INDICATORS**

Reporting of near misses (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. Data for 2013 include near-misses reported from aggregates and concrete.

captures all remarks, comments and suggestions for improvements and returns the Risk Assessment form to the job owner. Risk assessment for each work is therefore constantly updated and improved so as to ensure safe working conditions.

◆ COMPLIANCE TO HEALTH & SAFETY RULES AND PROCEDURES

In a complex industrial environment, compliance to the numerous Health & Safety processes and rules that are applied is key for ensuring the health and safety of employees at their every task. Compliance to these rules is dependent on the management commitment, systematic training, the establishment of a Health & Safety culture as well as the constant mobilization and communication. In 2013 we reinforced our monitoring system for compliance to the Health & Safety rules and developed a program at our plants for mobilizing employee teams to monitor themselves compliance to specific rules – those with the greater importance and implications (e.g. electrical equipment lock-out, work at height, use of personal protective equipment etc.) and rewarding the teams and employees with the best performance.

◆ VISIBLE HEALTH & SAFETY LEADERSHIP

Sustained mobilization and performance in Health & Safety is achieved by the visible and effective presence in the field of the management and particularly the frontline managers. This principle was applied in 2013 through three actions engaging foremen and frontline supervisors: effort to increase the recorded discussions and interventions on Health & Safety, which we call "Pairno Thesi", increase of reporting and analysis of near misses and the advancement of housekeeping in the areas of responsibility assigned to them. Performance in these actions was reviewed on a weekly basis in support of the implementation. Among the results is the more active supervision exercised by the frontline supervisors in their area of responsibility, with immediate interventions and solutions given on the spot. ◆



PEOPLE DEVELOPMENT

We are convinced that an effective organization, strong investment in our people and diversity in our teams are key to achieving our strategic objectives and ensuring that our business thrives over the long term.

People development is a key priority and a strong commitment of the Company, as individual development is a key driver for performance and change, and a key enabler to the achievement of our business challenges and strategy.

◆ CERTIFICATION

The certification program, targeting key technical staff in our plants, was launched in 2012, supporting the restructuring of operations according to Lafarge standards aiming to performance improvement. The main focus of the program is the development, training, performance improvement and certification of key technical population: Kiln & Mill Control Room Operators (CROs), Maintenance Inspectors, Production Coaches and Quality Control Shift Operators (QCSOs). In 2012 - 2013, 13 Kiln CROs, 3 Mill CROs and 3 Inspectors in the plants were certified, while 6 Inspectors, 3 Mill CROs, 2 kiln coaches and 10 QCSOs are in the certification process. The certification program is a collaborative project involving Human Resources, the plants' management and the Industrial team with the strong partnership of the Lafarge 'Industrial Performance Cement' Department, meeting the latter's requirements for certification. The program is still in progress and it will be completed by end 2014.

◆ PEOPLE TRANSPORT

Having as main goal to build a safe road behavior culture in the Company, two development programs have been conducted in 2013. The objective was to provide the necessary information, regarding the behaviors that people have to develop, in order to prevent accidents through the early identification of risks and taking the necessary protective measures.

The 'Road Behavior' Program designed in cooperation with an external consultant -expert on field and targeting all employees, had as main objective to inform employees on road hazards during different conditions and develop an understanding on how to promptly recognize the risks and be proactive, in order to prevent accidents. The program was organized in two modules: Summer Hazards and Autumn & Winter Hazards, and was conducted in all Company's sites.

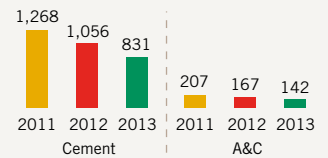
The 'Defensive Driving Program' was designed in cooperation with an external consultant-expert on the field. The program offered the necessary knowledge to the driver, through specific methodology, to improve the understanding, competencies and ultimately the driving behavior. It combined theory with individual practical session with an experienced instructor. The target population was the

company car drivers and other population frequently using their car for business transportation. The program will be continued in 2014 in order to cover all target population.

◆ SALES FORCE EFFECTIVENESS

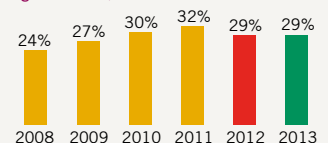
Having as main goal the development of a customer oriented culture and aiming to transform our Sales force in order to further focus on customer needs and act as solution providers, the Sales Force Effectiveness (SFE) project launched in 2013. SFE is a transformational project aiming to optimize sales contribution through developing the knowledge, skills, competencies and above all the behaviors of the sales force. It is a collaborative project involving Sales and Human Resources. In this framework, an extensive development program was organized targeting sales force of all product lines (cement, aggregates and concrete), with main focus on: Customer Portfolio Analysis, Action plans, Effective Customer Visits and Distribution Channels. The development of monthly dashboards with specific KPIs, detailed action plans in combination with the support and the close follow up of the senior management reinforce sales force, engaging them to organize their daily work and develop skills and behaviors, focusing in results and finally improving performance. ◆

NUMBER OF EMPLOYEES



WOMEN IN MANAGEMENT

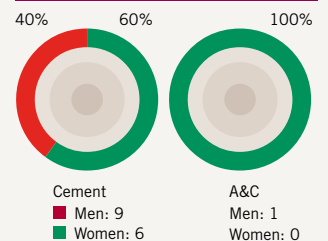
(Percentage of female managers in Hay grades 18+)



NEW HIRES BY AGE

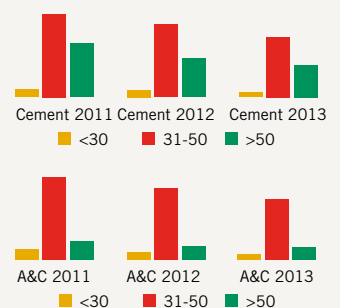


NEW HIRES BY GENDER



THE AGE STRUCTURE OF OUR WORKFORCE

(Number of people in each age category)



NUMBER OF PROMOTIONS IN 2013

Cement	18
A&C	2

INTERNSHIPS IN 2013

Cement	17
A&C	0

TOTAL TRAINING HOURS

Cement	11,978
A&C	3,222

INVESTMENT BY TRAINING AREA

	CEMENT 2012	A&C 2012	CEMENT 2013	A&C 2013
H&S	37.38%	26.65%	52.31%	23.68%
Technical	30.37%	29.9%	10.40%	9.80%
IT Training	4.78%	0.27%	2.16%	20.42%
Language Training	5%	0	4.20%	0
Management Training	1.49%	16.38%	8.81%	10.18%
Human rights			0	0
Environment awareness			1%	0
Other Types of Training	20.98%	26.80%	21.19%	35.90%

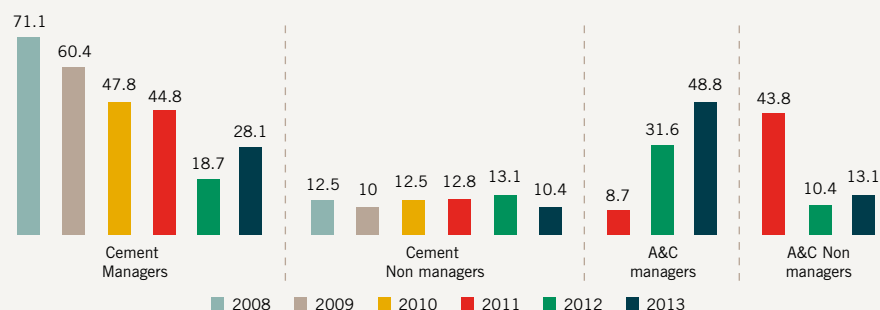
Health and Safety is our number one training priority and is therefore the subject of the most training hours overall.

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)

	2011 CEMENT	2011 A&C	2012 CEMENT	2012 A&C	2013 CEMENT	2013 A&C
Hirings	8	14	8	1	15	1
Resignations	7	2	5	4	3	1
Retirement	1	5	1	24	3	0
Early retirements	48	65	213	13	112	19
Deaths	1	0	0	0	1	1
Total	57	72	219	41	199	30

WOMEN IN THE WORKFORCE

(Women in different categories of employment)

	2011 CEMENT	2011 A&C	2012 CEMENT	2012 A&C	2013 CEMENT	2013 A&C
Number of women (HG 12 & above)	48	16	41	12	38	5
Number of women (HG 11 & below)	90	23	73	16	58	10
Total	138	39	114	28	96	15
Total headcount	1,268	207	1,056	167	837	137
%	10.88	18.84	10.80	16.77	11.47	10.95

THE AGE STRUCTURE OF OUR WORKFORCE

	2013		2012		2011		2010		2009		2008	
AGE RANGE	CEMENT	A&C	CEMENT	A&C	CEMENT	A&C	CEMENT	A&C	CEMENT	A&C	CEMENT	A&C
<=30	33	7	66	16	95	23	128	28	143	49	165	62
31 - 50	501	114	611	130	675	153	734	194	820	221	930	271
>= 51	297	21	345	21	464	31	422	39	568	70	619	101
Total	831	142	1,022	167	1,234	207	1,284	261	1,531	340	1,714	434



— Educational program on protection and safety during earthquakes, organized by LAVA for Milos schools.

COMMUNITY ENGAGEMENT

Strong engagement with local stakeholders facilitates the delivery of our business objectives and supports the achievement of our Sustainability Ambitions 2020. We have therefore been following a consistent stakeholder engagement methodology and developed tools to assist our sites to structure their approach locally.

Our products - manufactured from local resources and sold in neighboring markets - are essential to economic growth and the development of the country. In turn, our development is closely linked to the communities around our sites and their advancement. Through-out the economic recession in Greece, we have made every possible effort to balance the effects of the market decline on our activity with the socio-economic role that our community stakeholders anticipate from us in the areas where we operate. Despite our efforts, in 2013 the cement plant in Halkis, which had been idle since 2011 due to the severe activity decline in its main markets, had to cease permanently its operation. It was a difficult decision since it affected the plant's 236 employees and their families, as well as the wider community. Conscious of our social role, we have under development comprehensive plans for enhancing the local activity and for rehabilitating the site. This will be integrated in our wider planning as part of our Sustainability Ambitions 2020, where we have set ambitious objectives to promote local socioeconomic development, including volunteering to local social causes by our employees, support of local entrepreneurship and creation of business opportunities, as well as the structured approach to stakeholder engagement.

STAKEHOLDER COMMUNICATION AND PARTICIPATION CHANNELS

EMPLOYEES	CUSTOMERS	SUPPLIERS
Training Programs	Customer Visits	Meetings
Internal Communications and meetings	Customer Satisfaction Survey	Publications
Management Briefing	Publications	Website information & feedback form
Internal Announcements	Customer service line	
Industrial Relations with Unions	Website information & feedback form	
Publications		
SHAREHOLDERS & INVESTORS	LOCAL COMMUNITIES	REGULATORY AUTHORITIES
Annual Shareholders Meeting	Consultation Meetings	Meetings
Public Notifications	Open days	Institutional dialogue
IR Website	Activities & community programs	Website information & feedback form
Website information & feedback form	Publications & newsletters	
	Website information & feedback form	

◆ OUR STAKEHOLDERS

We have production and distribution facilities throughout Greece and a countrywide commercial presence. The basis for identifying our stakeholders is by mapping those who impact or are impacted by our business. Our stakeholders include: our employees and the communities around our production and distribution sites; our customers, for whom we are in business; our extended network of suppliers and contractors who work with us; the authorities, at national, regional and local level, who control and regulate our operations; our shareholders; the NGOs and civic society organizations who monitor our environment and social responsibility performance; the media, who report on our performance.

◆ ENGAGING WITH OUR STAKEHOLDERS

For engagement with all the stakeholder groups identified, we have established a structured approach to ensure that, through any of our operations, we are able to listen to stakeholders, learn from their feedback and respond to their expectations. 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 our activity and operations, with engagement actions developed per stakeholder group. Stakeholder identification is actually part of the Sustainability Compass methodology which as

of 2014 will be part of our sustainability planning in delivering our Sustainability Ambitions 2020.

◆ COMMUNITY RELATIONS

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, receive their feedback on our initiatives as well as share and discuss with them actions that are based on common interest and understanding. In 2013 our sites continued their active participation in the life of their communities, in consulting with them over important issues, such as the consultation meetings about the new environmental permit terms of our Volos plant, and in actively supporting local development initiatives. Examples of such initiatives include multiple contributions with products, cement, aggregates and concrete for the improvement of local infrastructure and repairs in school buildings or other public buildings. ◆



2

BUILDING SUSTAINABLY

The increased rate of urbanization is the major challenge for our built environment. Nearly 70% of the world's population will live in towns and cities by 2050. An increase of such scale will mean increased needs in transportations and infrastructure, accommodation, as well as energy efficiency and use of natural resources. These challenges are at the heart of our business. To address them we are developing products and solutions and adapting our production methods, to respond to market needs and take into account sustainability imperatives. Alongside our partners, we are today a major contributor towards developing enhanced urban environments with innovative solutions and higher-performance products for constructions.

- | | |
|--------------------------------------------------|-------------|
| 1 SUSTAINABLE CONSTRUCTION
AND CITIES | P.24 |
| 2 SUSTAINABLE SUPPLY CHAIN | P.26 |

Thessaloniki, Nea Paralia. Redesign of the Thessaloniki waterfront, a 5 km promenade, using Artevia® decorative concrete for all the walkways.





SUSTAINABLE CONSTRUCTION AND CITIES

Our ambition is to contribute to better cities, by offering solutions which play their part in providing cities with better housing, making them more compact, more durable, more beautiful and better connected, in a word, better cities.

During the next five decades it is estimated that cities will have about 2 billion new inhabitants. In Greece, 61.4% of the population lives in an urban environment. By 2030 this figure is estimated to reach 69% of the country's inhabitants. The built environment is therefore at the heart of many social and environmental challenges related to health and quality of life, climate change, energy efficiency of buildings, management of waste and consumption of natural resources. These issues make urbanization one of the greatest challenges of the 21st century for the construction sector and they are at the heart of our business. We work to ensure sustainable supply of raw materials for our processes and to develop more eco-efficient and cost-effective products and solutions for our customers and contribute to more sustainable, livable towns and cities.

◆ DEVELOPING INNOVATIVE SOLUTIONS

Innovation and research are major levers for developing materials and solutions able to respond to the challenges of the construction industry and ensure that construction is ever more efficient and sustainable. We analyze the market needs to design new solutions and respond to these specific needs, creating value for our customers and growth for our business.

We have been the pioneers in the differentiation

of cement products in the Greek market, with a diversified product range of cements, addressing the different needs that our customers have in different applications. We are again the first to innovate, investing in a process innovation in our Volos plant which will increase the reactivity of clinker (the basic component of cement) and the raw materials at the grinding stage. This new technology is based in the separate grinding of each material to the optimum level for obtaining the full of their properties. The cements which will be manufactured as per this technology in 2014 will have therefore enhanced technical performance characteristics, such as strength, workability and durability offering to our market a range of enhanced performance cements. One more significant benefit of the separate grinding process is the positive effect on the cement manufacturing carbon footprint.

◆ **TAKING ADVANTAGE OF OUR PRODUCTS' UNIQUE PROPERTIES FOR NEW, MORE SUSTAINABLE SOLUTIONS**

New applications of existing products are areas we are exploring successfully, more than often in close co-operation with the Lafarge Group. Such is the example of our LAVA pumice stone, a volcanic rock combining a low density with very high mechanical resistance, commercialized by our affiliate company LAVA. Mainly aimed at the prefabrication industry, pumice stone makes it possible to manufacture lighter and more insulating concrete blocks, which was its main application since recently. Working closely with the Lafarge group in identifying opportunities for synergies in new product development, LAVA was selected to be used in the manufacturing of the insulating concrete Thermedia™, making full benefit from LAVA's low density and its very high mechanical resistance and insulating properties.

◆ **SUPPORT ON QUALITY**

Our work with our customers does not finish with the delivery of products. We assist our customers during the realization of their projects providing

technical support on quality matters related to the project specifications. In addition, through our Country Development Lab, we offer additional services to customers in the construction industry, concerning the optimization of their concrete mix designs or performing durability tests in constructions.

◆ **HEALTH & SAFETY AT WORK**

Health and Safety are core values at Lafarge and absolute priority in all our activities. Our aim is to share the positive effects of workplace safety with all our customers, improving safety in their facilities. We have therefore developed initiatives to assist our customers in adopting safe practices related to the safety of their installations, such as safe circulation of pedestrians, safe loading and unloading, as well as housekeeping and use of Personal Protective Equipment by the facility personnel. These programs are on-going for our customers in cement, aggregates and concrete, led by our sales force. ◆



Thessaloniki cement distribution center. A major effort has been undertaken to improve safety in loading, transportation and delivery of our products across our network.

SUSTAINABLE SUPPLY CHAIN

It is our responsibility to ensure that our suppliers respect basic sustainable development principles. In so doing, we promote high standards in sustainability across our entire value chain and ensure reliability in our strategic sourcing.

A sustainable supply chain contributes to our operational performance and helps us deliver on our key business objectives, which require reliable and sustainable strategic sourcing. Over the past years we have worked intensely with our suppliers and business partners towards the integration of Health & Safety as a shared value as well as the UN human rights principles, including the sustainability assessment into our sourcing process.

◆ ENSURING RESPECT OF UNITED NATIONS GLOBAL COMPACT PRINCIPLES

As part of our Sustainability Ambitions 2020, we have set an objective for all purchase orders and contracts to include a requirement for suppliers to adhere to the United Nations Global Compact (UNGC) principles. In 2013 we focused on ensuring compliance to this requirement. We have now managed to have 100% of our purchase orders including the requirement to adhere to UNGC principles.

◆ EVALUATING OUR SUPPLIERS' SUSTAINABILITY PRACTICES

We also continued our efforts to assess critical suppliers based on their sustainability

SUPPLIES PER CATEGORY (CEMENT AND A&C)

	2011	2012	2013
Raw materials and fuel	26.50%	33.11%	38.53%
Utilities	12.00%	15.68%	6.15%
Transport Services	23.50%	16.46%	21.10%
General supplies & services	3.50%	3.16%	0.27%
Industrial Services	8.00%	11.18%	9.82%
Industrial products and consumables	7.00%	9.67%	9.42%
Plant and equipment	4.00%	2.62%	2.46%
Other	15.50%	8.12%	0.51%
Electric energy			11.74%
Total			100.0%

LOCAL SUPPLIERS (CEMENT AND A&C)

(percentage of spend)

	2011	2012	2013	2013 (k€)
Suppliers in GREECE	64.0%	72.5%	72.2%	134.68
Suppliers from other countries	36.0%	27.5%	27.8%	51.92
Total			100.0%	186.60

practices. We engaged EcoVadis, a company that specializes in supplier assessments, to carry out a category risk mapping of our critical suppliers to assess their sustainability risk. As part of this assessment, we are evaluating suppliers on potential risks linked to social, environmental and ethical practices. In 2013 were assessed 12 critical suppliers out of the 30 that had been identified in 2012. It is a process that presents certain challenges, since the importance of sustainability in improving their business is not always shared or immediately understood. We continue this effort however, having as a target to reach by 2020 the number of assessed critical suppliers that represent 80% of our total spending.

◆ SAFE AND SUSTAINABLE LOGISTICS & TRANSPORTATION

Our target in Supply Chain is to always respond promptly and consistently to the needs of the end user. Meeting the requirements of delivering our products and the raw materials always at the desired time, with the optimal transport cost, according to our production plan, has as an absolute prerequisite the continuous respect of our health and safety rules as well as reducing our environmental footprint during transportation.

Our operations are effectively supported by sophisticated and integrated computer applications that incorporate in real time all parameters of our supply chain network and suggest the optimum production plan, supply and distribution. Special software for scheduling, routing and monitoring of the implementation of our transportation activities in real time via GPS, along with the combined transportations, contribute

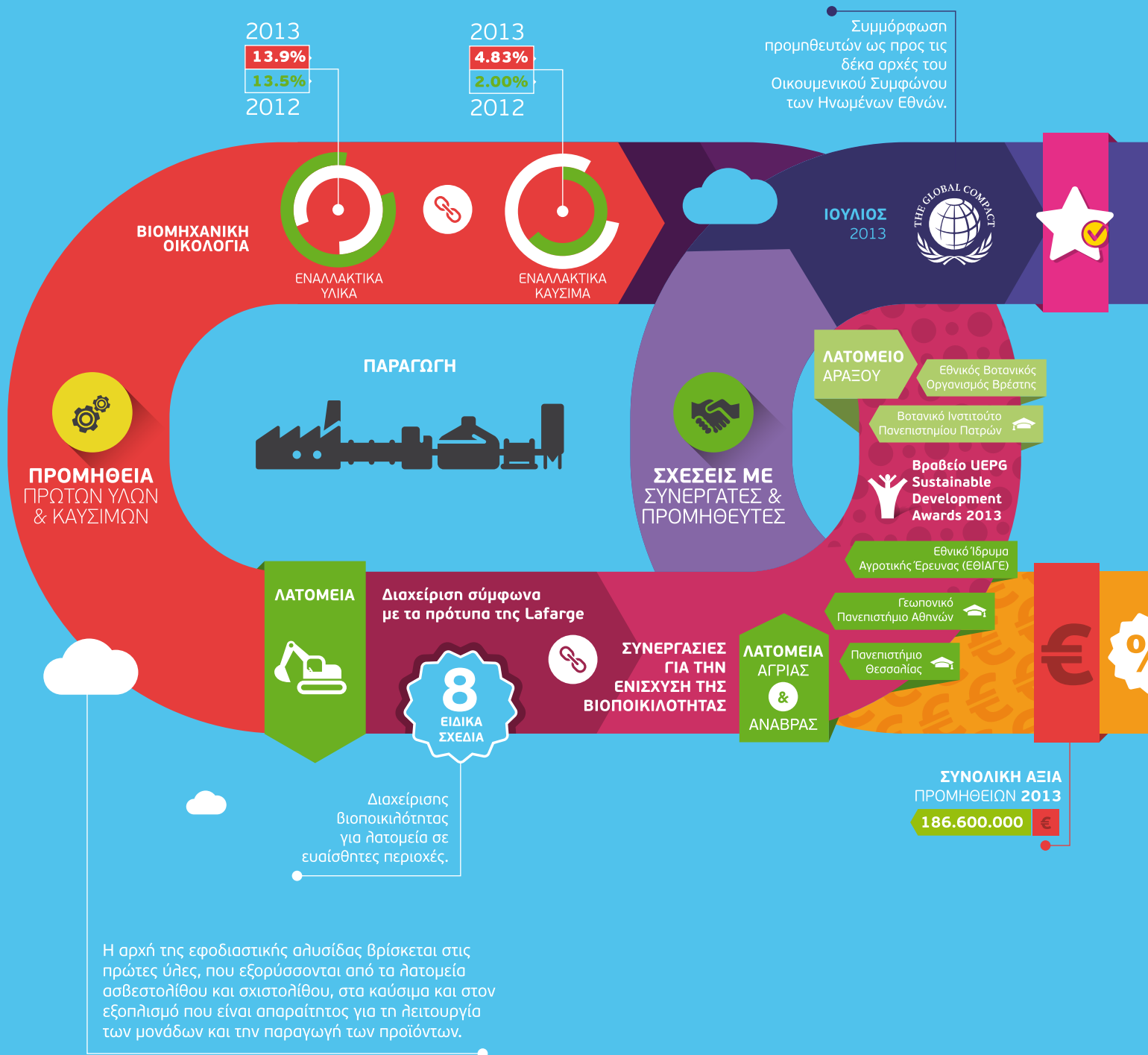
to safety, emission reduction CO₂ per transported tones and in reduced costs. The developments of these systems have been recognized as best practice and as a standard for the Group globally.

◆ TECHNOLOGY ENSURING TRANSPORT SAFETY AND EFFICIENCY

Further expanding our road safety initiatives with our contractors in silo-truck deliveries, in 2013 we installed a smart phone application which involves a safety checklist of questions aiming to assess the safe condition of the road tanker before trip. In case the driver does not complete the safety check list at his smartphone before the trip, then the e-dispatching system excludes the specific vehicle from the pool of vehicles eligible for sales order assignment. Through this system, we can ensure the good and safe condition of road tankers equipment prior to delivery, enhance the drivers' commitment to safety by passing responsibility for truck maintenance and daily check to the drivers, and observe one of the requirements of our annual Independent (TÜV Certified) Vehicle Safety Certificate (Safe-Pass), according to which a daily check of the truck should be performed on key safety parameters. In addition, we have extended in 2013 the use of GPS technology from the land operations to our sea transportations. Through the installation of GPS and the corresponding software onto the ships, we have on-line monitoring and reporting on vessel trips, actual distances, actual trip duration, speed performed vs. contractual, fuel consumption and CO₂ emissions pro-rata. For the owned fleet, the system was further developed to monitor in full detail the fuel consumption (density, viscosity, and temperature) per engine, and also provide basic KPIs. ◆



ΛΕΙΦΟΡΟΣ ΕΦΟΔΙΑΣΤΙΚΗ ΑΛΥΣΙΔΑ



ΑΞΙΟΛΟΓΗΣΗ ΠΡΟΜΗΘΕΥΤΩΝ

Δυνاميτικοί κίνδυνοι που συνδέονται με πρακτικές.

Αειφόρος προμήθεια χαρτιού για τους σάκους τσιμέντου – δε γίνονται αποδεκτές συσκευασίες που προέρχονται από άγνωστες ή δυνητικά αμφιλεγόμενες πηγές.

ΚΟΙΝΩΝΙΚΕΣ

ΠΕΡΙΒΑΛΛΟΝΤΙΚΕΣ

ΗΘΙΚΕΣ



ΑΕΙΦΟΡΟΣ ΠΡΟΜΗΘΕΙΑ ΧΑΡΤΙΟΥ



ΔΙΑΚΙΝΗΣΗ



ΥΓΕΙΑ & ΑΣΦΑΛΕΙΑ

Πάνω από
50
έλεγχοι
προμηθευτών

ΧΑΜΗΛΟΤΕΡΟ ΑΠΟΤΥΠΩΜΑ ΜΕΤΑΦΟΡΩΝ

ΕΛΛΗΝΙΚΕΣ ΕΠΙΧΕΙΡΗΣΕΙΣ

72.2%

€ 134.680.000

ΣΕ ΣΥΝΘΗΚΕΣ ΑΣΦΑΛΕΙΑΣ

- Περιορισμός κόστους
- Μείωση εκπομπών CO₂
- Λιγότερα διανυθέντα χιλιόμετρα

2 Εργοστάσια
6 Κέντρα διανομής
110.000 Παράδοσεις σε πελάτες
2.000 Προμηθευτές
20.000 Παραγγελίες προμηθευτών
500 Εργοστάσια
300 Σιλόφορα και φορτηγά
11 Πλοία
20.000.000 χλμ
180.000 Θαλάσσια μίλια

ΒΕΛΤΙΣΤΟΠΟΙΗΣΗ ΜΕΤΑΦΟΡΙΚΟΥ ΕΡΓΟΥ

Εξελιγμένες Εφαρμογές

Ειδικά συστήματα προγραμματισμού και δρομολόγησης & παρακολούθηση μεταφορικού έργου σε πραγματικό χρόνο.

ΠΡΟΪΟΝΤΑ



ΠΕΛΑΤΗΣ



ΣΥΝΔΥΑΣΜΕΝΕΣ ΜΕΤΑΦΟΡΕΣ ΦΟΡΤΙΩΝ

Συνδυασμός των δρομολογίων παράδοσης προϊόντων και επιστροφής με φορτία, που πρέπει να μεταφερθούν προς τα εργοστάσια.

ΕΡΓΑΛΕΙΑ



ΚΟΥΠΙ ΕΚΤΑΚΤΗΣ ΑΝΑΓΚΗΣ

Για την αποστολή σήματος συναγερμού και δεδομένων για την τοποθεσία του οδηγού που έχει ανάγκη.



E-TRACK

Για την επιλογή της βέλτιστης μεταφοράς με την πιο οικονομικά αποδοτική, ασφαλή και έγκαιρη παράδοση.



E-PRESSURE

Για την πρόβλεψη υπερπίεσης που μπορεί να αναπτυχθεί στα σιλόφορα των προμηθευτών.



3

BUILDING THE CIRCULAR ECONOMY

Building a circular economy means responsible industrial development. In the first place, this entails reducing our carbon emissions and conserving our planet's limited raw materials by reusing resources: our target is to increase the proportion of alternative fuels that we use, such as household refuse and agricultural waste (biomass), reaching a level of 20% of alternative fuels in our fuel mix by 2015 and 40% by 2020. As well as reducing our environmental footprint, this policy enables us to generate economic activity that is beneficial for local economies and also helps to improve the competitiveness of our plants. We are also working intently on water management and preservation of biodiversity in our quarries, developing biodiversity enhancement plans often in partnership with universities and research institutions.

1 ENERGY CONSUMPTION AND RESOURCE MANAGEMENT	P.32
2 CO ₂ AND OTHER EMISSIONS	P.35
3 BIODIVERSITY	P.38
4 WATER	P.40

View of our Milaki cement plant. The plant has substituted 6,34% of fossil fuels with alternative fuels in 2013, improving its footprint and competitiveness.





Locally sourced biomass is used in the fuel mix of Volos plant since 2008.

ENERGY CONSUMPTION AND RESOURCE MANAGEMENT

Substituting fossil fuels with industrial or municipal waste and biomass to power our cement plants allows us to reduce our environmental impact, generates local economic activity and contributes to our plants' competitiveness.

As part of our Sustainability Ambitions 2020 we aim to use 40% non-fossil fuels, including biomass, our cement plants by 2020.

◆ REPLACING FOSSIL FUELS

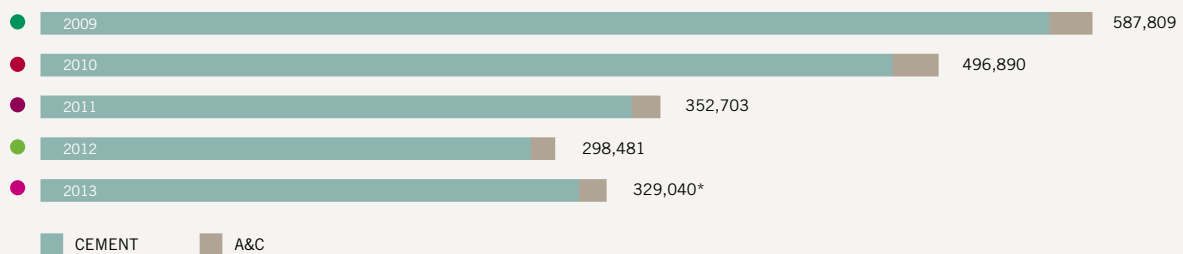
In 2013 we managed to increase alternative fuel substitution rate to 4,85% compared to 2,8% in 2012. We initiated co-processing of SSW (solid shredded waste) in Milaki plant as we concluded with the licensing procedures after delays of several years. The consumption of SSW was low but we aim to increase it in 2014. SSW comes from local recycling plants (blue bins and industrial/commercial) and specifically from the recycling residue (mostly paper and wood) that otherwise would be land-filled. In addition, we increased the consumption of flexi-coker (residue from refineries) and we maintain a constant consumption of biomass in our Volos plant.

◆ WASTE MANAGEMENT

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.

TOTAL ENERGY CONSUMPTION

(Consumption of electricity, thousands of kilowatt-hours)



* Data on cement energy consumption included LAVA until 2012. Since 2013 LAVA performance data are reported under A&C performance.

“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.

Waste arising in the aggregates business is 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.

The recycling rate for all the waste we produce in the industrial sites remained high (more than 90%). ◆



INDUSTRIAL ECOLOGY PRINCIPLES

Our industrial ecology policy includes eight golden 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

CASE STUDY

INTRODUCTION OF ALTERNATIVE FUELS IN OUR MILAKI PLANT



The unique process and energy requirement of the cement industry enable use of fuel mixes that would not be possible for many other industries.

The use of alternative fuels such as biomass or recycling residue streams has been a key sustainability strategy for us and the cement industry in general, as it helps reduce the consumption of carbon intensive fossil fuels and non-renewable resources as well as the corresponding CO₂ emissions. It is therefore fully regulated as a process by the EU and national environmental legislation, constituting one of the Best Available Techniques recommended for the cement industry.

Milaki plant is located near Aliveri, South Evia. Established in 1982, Milaki is the most advanced of Heracles plants, with a produc-

tion capacity of 2.2 million tonnes of cement annually, almost entirely exported to international markets. For the plant to improve its environmental footprint and increase its international competitiveness, the substitution of fossil fuels with solid shredded fuels (blue bin recycling residues) in the fuel mix was both a strategic and practicable option, given the plant's technical competences and process expertise.

In the realization of this project however, the plant faced numerous delays in permitting as well as misperceptions from part of the communities about the process. The source of these difficulties lies in the fact that proper waste management in Greece is still incomplete and there's little awareness and understanding about the significance of the energy and material recovery from waste in the hier-

archy following reuse and recycling. The plant managed to complete the licensing process after five years, in October 2013, successfully introducing solid shredded recycling residues as a fuel.



— View of our Volos cement plant.

CO₂ AND AIR EMISSIONS

Managing our emissions is a key element for our industrial performance and our environmental stewardship. It is also crucial to our responsibility towards local communities and public health.

C O₂ emissions is a material issue for cement production. We tackle climate change by implementing cost effective CO₂ emissions reduction initiatives in our processes and developing lower-CO₂ products. Meeting our emissions target is essential and has continued in 2013.

◆ CLIMATE CHANGE

CO₂ is mostly (60%) emitted from the thermal processing of the calcareous raw materials during clinker production (first stage of cement production) and the remaining 40% from the fossil fuels burnt at this process. Hence we can reduce emissions per unit of production by reducing the Specific Heat Consumption, by substituting for fossil fuels with alternatives, maximizing the biomass content in fuels and by substituting clinker with lower-CO₂ materials (natural or by-products) in the final product/ cement.

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 2013, the variety of alternative materials that we were using in clinker production in order

to reduce our and our customer's carbon footprint included fly ash, different types of metallurgical slags, iron ore, soil from metal separation and glass recycle residue. Their usage in 2013 was 215,5kt i.e. 4.83% substitution rate compared to 184,4kt in 2012 i.e. 4.5% substitution rate.

In addition, we used natural pozzolanic materials, limestone and fly ash in our cement production in order to reduce clinker production requirements and CO₂ emissions, reaching 471kt in 2013 i.e. compared to 389kt in 2012. 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 CO₂ EMISSIONS

Total CO₂ gross emissions (tons) in 2013 were slightly higher than the previous year due to the clinker production strategic plan of the year. Although the relative emissions expressed as per ton of final product that are our main focus, showed a slight decrease vs 2012 but been unable to reach 1990 level (-0.42%). The explanation lies in the market needs. In 2013, as in the two previous years 2012, 2011 domestic sales have strongly declined and the demand for lower-CO₂ products declined too. Apart from this the volume of clinker exported represents the 48.6% 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 CO₂ products. This market-dependent effect has outweighed the benefits of improved operational performance, which has reduced thermal energy consumption per unit of cement produced by 1.4% compared to 2012 and the reduction of clinker percentage in all our cement recipes.

◆ 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 (NOx) and sulfur dioxide (SO₂). The presence of the latter depends strongly, apart from the type of fuels, on the raw materials used in manufacturing process. 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.

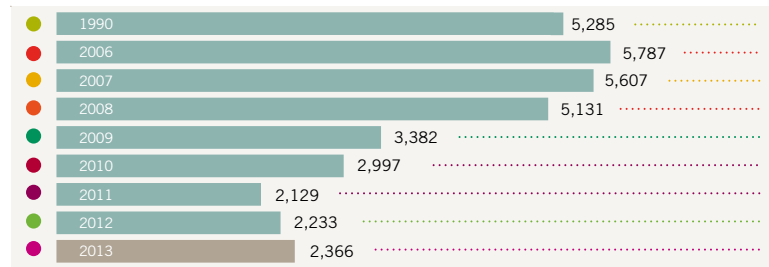
With regard to the specific NOx emissions in 2013, we had a slight decrease vs 2012. SO₂ emissions remain well below legal limits and below our own reduction target, even lower than the 2012 emissions (-35,5%). Stack dust emissions remain very low while control of fugitive dust sources is improved at all sites. ◆

1

TOTAL CO₂ EMISSIONS (NET)

Thousands of metric tons per year (Cement only)

Total CO₂ 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.



2

CO₂ EMISSIONS PER UNIT OF PRODUCT (NET)

Kilograms per metric ton of cement (Cement only)

Emissions per unit of cement produced have only slightly decreased in 2013 due to the balance between domestic and export, mostly clinker, sales. Again, there is no significant difference between our gross and our net emissions.

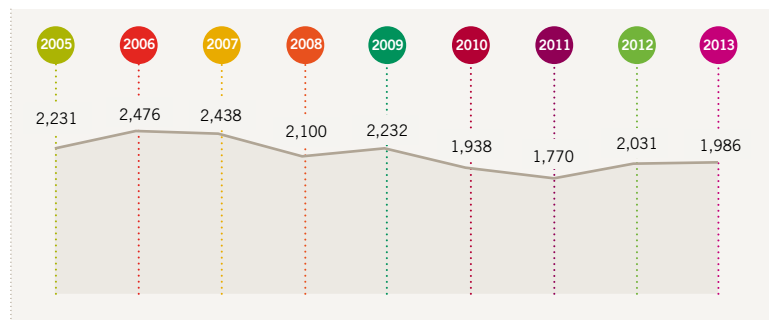


3

NO_x EMISSIONS

Grams/metric ton clinker

Total emissions of NO_x were 6,018 metric tons in 2013 (5,270 in 2012). Emissions of NO_x are now slightly higher than the target level.

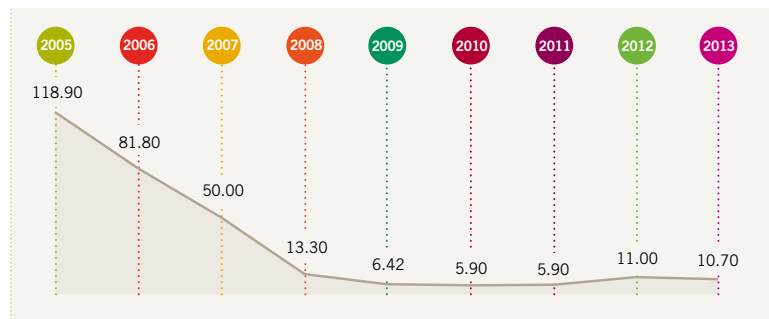


4

STACK DUST EMISSIONS

Grams/ton clinker

Total stack dust emissions were 32.3 tons in 2013 (29 in 2012). Stack dust emissions are significantly lower than the target level.



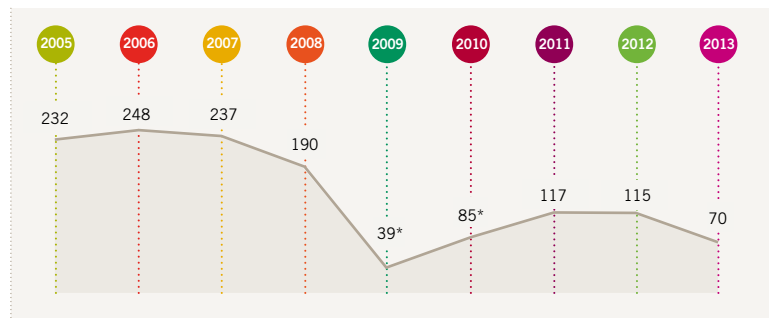
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SO₂ EMISSIONS

Grams/metric ton clinker

Total emissions of SO₂ were 218 metric tons in 2013 (315 in 2012).

*data revised since publication of the 2010 report





— A vineyard in the rehabilitated area of the Milaki plant schist quarry.

BIODIVERSITY

Effective quarry rehabilitation, facilitating the protection and promotion of local biodiversity, is key to maintaining good relations with the local stakeholders around our operational sites and our sustainable operation.

36%

of our quarries are situated in or near areas of high biodiversity sensitivity

100%

Of these quarries have implemented Biodiversity Management Plans (BMPs)

Through LAFARGE Sustainability Ambitions 2020, we have set the objective that 100% of quarries and cement plants will implement Biodiversity Management Plans (BMPs) in line with the standards set through the Lafarge global partnership with the Worldwide Fund for Nature (2000-2013).

♦ BIODIVERSITY MANAGEMENT PLANS (BMPS)

Beginning in 2011, by mapping and screening all our quarries in Greece in order to confirm locations that are within or close to internationally protected areas using IBAT (Integrated Biodiversity Assessment Tool), continuing in 2012 by determining a list of nine sensitive quarries (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), today in 2013 all these nine sensitive sites (five aggregates and four cement plant quarries) have Biodiversity Management Plans (BMPs), while for the rest non sensitive fourteen (14) quarries (four aggregates and ten cement plant quarries) a project for the conduction of BMPs is currently being launched.

♦ BIO DIVERSITY ENHANCEMENT PROGRAM

The biodiversity program, concerning recording and tracking animals and plants diversity in Volos

REHABILITATION

(Number of quarries)

	CEMENT (INCL. LAVA) 2011	AGGREGATES 2011	CEMENT (INCL. LAVA) 2012	AGGREGATES 2012	CEMENT 2013	AGGREGATES 2013
Quarries with a rehabilitation plan compliant with Lafarge standards	14	9	14	9	14	9
Quarries screened for biodiversity	14	9	14	9	14	9
Quarries with high biodiversity	3	4	3	4	2	5
Biodiversity Management Plan Programs for high biodiversity sensitive quarries	0	2	4	5	2	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.

quarries, which started in 2011, with collaboration of the University of Thessaly has been finalized. The results were beyond our expectations, have been presented at the international SDIMI 2013 forum and will be implemented in quarries to enhance biodiversity. ♦

CEMENT QUARRIES

Areas (th. m ²)	Total
Total	5,996
Already Rehabilitated 2012	1,770
Already Rehabilitated 2013	1,532
Rehabilitated in 2011	166
Rehabilitated in 2012	20
Rehabilitated in 2013	507
Mined 2012	2,111
Mined 2013	1,508

AGGREGATES QUARRIES

Areas (th. m ²)	Total
Total	2,402
Already Rehabilitated 2012	49
Already Rehabilitated 2013	62
Rehabilitated in 2011	0
Rehabilitated in 2012	7
Rehabilitated in 2013	13
Mined 2012	2,086
Mined 2013	2,086

LAVA QUARRIES

Areas (th. m ²)	Total
Total	1,656
Already Rehabilitated 2012	240
Already Rehabilitated 2013	260
Rehabilitated in 2011	0
Rehabilitated in 2012	40
Rehabilitated in 2013	20
Mined 2012	1,214
Mined 2013	1,214

SAPLINGS PLANTED IN CEMENT QUARRIES

Year	2011	2012	2013
Plants	19,345	21,978	18,620

The high number of plants is mainly attributed to Volos needs, due to the number of quarries to rehabilitate and the different requirements of the rehabilitation plan.

SAPLINGS PLANTED IN A&C QUARRIES

Year	2011	2012	2013
Plants	1,600	3,050	4,250

SAPLINGS PLANTED IN LAVA QUARRIES*

Year	2011	2012	2013
Plants	5,300	5,000	3,500

* Milos, Yali and Altsi

CASE STUDY**RECOGNITION FOR OUR BIODIVERSITY MANAGEMENT PLAN IN ARAXOS**

In Araxos quarry, located in a Natura 2000 area, in Peloponnese region, Lafarge has helped save a local endangered plant: *Centaurea niederi*. Seeds of this delicate herbaceous deemed fragile were collected, preserved, propagated and then transported back to the quarry to become climatized before being replanted in their final habitat. Today, there are 1.140 thriving well plants of *Centaurea Niederi* (over 98 % survival rate)

in the quarry. This biodiversity enhancement project, a partnership between Lafarge Greece, Greek University of Patras and the National Botanical Conservatory of Brest (CBNB), under the supervision of IUCN France, has received recognition in Greece as well as abroad: Gold prize in the Greek Environmental Awards 2014 and UEPG Special award.





WATER

Good freshwater availability is a critical social, environmental and economic issue. As a water-using company and a visible stakeholder in communities, we are committed to reducing our water impacts and enhancing water management in the wider water basin.

We are working for several years to measure and reduce the water footprint of our operations. Cement manufacture is not a major water-using activity but careful operation of our facilities can still help ensure water is best-managed at local and regional level. So, we are using water foot-printing and improving our infrastructure to enhance our own water management. This in turn reduces our use of this precious, shared resource.

◆ PROGRESS IN 2013

Industrial sites performance during 2013 has been improved. In 2013 we have reduced further our reliance on groundwater because apart from the Milaki desalination unit operation, part of water for production at Volos plant has been replaced by industrial waste water of refreshments productions operating at Volos plant neighbor. Milaki plant and LAVA Milos (puzzolan) quarry have built autonomous water systems for collection and use of the rainwater. Collecting quantities depend on rainfall amount. Rain water is used for plants watering, spaying, washing etc.

◆ WATER USE IN 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. 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. ♦

WATER WITHDRAWN BY SOURCE

(thousand m³ per year)

	2011 CEMENT	2011 A&C	2012 CEMENT	2012 A&C	2013 CEMENT	2013 A&C
Groundwater	2,494	198	1,154	136	986	131
Surface water	776	0	635	0	822	0
Wastewater reused	0	0	13	0	0	0
Other	54	42	25	33	42	27
Total	3,324	240	1,827	169	1,850	158

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 m³ per year)

	2011 CEMENT	2011 A&C	2012 CEMENT	2012 A&C	2013 CEMENT	2013 A&C
Groundwater	0	0	0	0	0	0
Surface water	2,456	0	1,017	0	1,113	0
Total	2,456	0	1,017	0	1,113	0

WATER BALANCE

(thousand m³ per year)

	2011 CEMENT	2011 A&C	2012 CEMENT	2012 A&C	2013 CEMENT	2013 A&C
Withdrawn	3,324	240	1,827	169	1,850	158
Discharged	2,456	0	1,017	0	1,113	0
Consumed	861	240	810	169	737	158

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

APPENDIX

SUSTAINABILITY MANAGEMENT



“As leader in our sector, we are contributing to improving the quality of life of communities and urban population, developing the building systems and the infrastructure of the future.”

For us sustainable development goes beyond the management of risks and beyond simply complying with standards and legislation. We understand our role as a key contributor to actions that shape a more sustainable future for the society: addressing challenges such as the growing urbanization, the availability of natural resources, climate change, and energy efficiency. These issues are core to our business. Our Sustainability Ambitions 2020 program is defining the direction and pace of our actions to minimize our environmental footprint while maximizing the value created for all our stakeholders.

◆ INTEGRATING SUSTAINABILITY INTO OUR BUSINESS STRATEGY

Our ambitions for sustainability are a key growth driver, as our sustainability strategies directly contribute to our industrial and commercial development. To do this, we apply a methodology developed by the Lafarge Group called the Lafarge Sustainability Compass, which we intend to roll out in 2014. It consists of three modules,

the first of which is a tool for making an objective assessment of maturity level in ten main impact areas (water, biodiversity, health and safety, social contribution, climate change, etc.). The second module helps the management teams identify the key issues for the business and the stakeholders. Finally, the third module consolidates this information, for selecting the priority areas on which to act, drawing up action plans that combine business with ambitious sustainability targets.

◆ SUSTAINABILITY PILLARS

Our Sustainability Ambitions 2020 are organized around three major pillars: Building communities, Building sustainably and Building the circular economy. These targets reflect our integrated approach to sustainability issues throughout our value chain - minimizing our footprint upstream and providing our market with innovative solutions downstream, to contribute to more sustainable, livable towns and cities.

◆ MANAGING THE PROGRAM

The diagram on the right describes roles and

responsibilities in operation during 2013. The sustainability manager 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 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.

◆ ENVIRONMENTAL POLICY AND MANAGEMENT

Our environmental policy reinforces our 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 2013 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 2013 we continued our inspection program, extending it to Ready Mix and aggregates quarries. ◆



TAKING PART

Our own sustainability program is updated and constantly improved through membership in sustainability organizations and networks. At the end of 2013 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

SUSTAINABILITY MANAGEMENT IN LAFARGE GREECE

LAFARGE GROUP defines the group Sustainability Ambitions
HERACLES EXECUTIVE COMMITTEE chaired by the Chief Executive: overall responsibility for the sustainability program
SUSTAINABILITY MANAGER develops and oversees corporate action plan for progress
SENIOR MANAGERS responsible for one or more Sustainability Ambitions as appropriate
PLANT MANAGERS responsible for plant performance contributing to relevant Sustainability Ambitions
ALL EMPLOYEES contribute to the sustainability program and must abide by the environmental policy

BUILDING COMMUNITIES	BUILDING SUSTAINABLY	BUILDING THE CIRCULAR ECONOMY
Health & Safety	Sustainable products & services	CO ₂ & Air Emissions
People Development	Sustainable Construction & Cities	Energy consumption
Communities & Stakeholders	Sustainable Supply Chain	Natural Resources and waste Management

APPENDIX

REPORTING METHODOLOGY



Our Sustainability Report 2013 describes the sustainability performance of the business managed by Heracles General Cement Company in 2013.

HERACLES Sustainability Report 2013 (for the period 1/1/2013 – 31/12/2013) constitutes the sixth 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 annually 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.

The terms «the Company», «we», «Lafarge Greece», «Heracles» or «Heracles General Cement Company» refer to the Heracles General Cement Company S.A. Heracles General Cement Company SA is a member of Lafarge Group of Companies and whenever the term «the Group» is used in context with Lafarge, it refers to the Lafarge Group of Companies.

◆ RESTRICTIONS AND SIGNIFICANT CHANGES

During 2013 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 2013. In cases, where revisions have occurred, special reference is made to separate sections, tables or diagrams. Since April 2012 the cement business has been brought together with the aggregates and concrete businesses of Lafarge in Greece to operate as one business. This has been the result of an organizational change throughout the Lafarge Group globally; the legal structure is unchanged. Reporting data from our subsidiary LAVA in the previous reports were included in the cement activity data. Following an organizational change in 2013, LAVA operates since under the Aggregates and Concrete business. Graphs and tables continue

to show the performance of the cement business and the aggregates and concrete business (denoted by A&C) which now include LAVA.

In 2013, the cement production structure was reorganized with the permanent close of operations of operations of Halkis cement cement plant. Plant data up to its closure are included in the cement 2013 performance data.

◆ 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.

◆ METHODOLOGY

HERACLES Sustainability Report for the year 2013 was prepared in accordance with the guidelines on CSR/ Sustainability Reports issued by the international Global Reporting Initiative Organization (GRI – G3.1 Guidelines). 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). These material issues, validated by the Executive Committee and the CEO, form the content of our Sustainability Report.

◆ COMPLIANCE WITH GRI

The HERACLES Sustainability Report 2013 covers all necessary disclosures requirements for Level A of GRI international guidelines GRI-G3.1 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 (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 is collected in accordance with Lafarge procedures and they are consistent

with the GRI G3.1 reporting standard. 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 2013 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

◆ 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, CO₂, dust, NOx, SO₂ and water withdrawal. ◆

KEY PERFORMANCE INDICATORS

BUILDING COMMUNITIES

		Unit	2011	2012	2013	Perimeter	Reference
Health and Safety							
Fatalities	Fatalities (directly employed)	#	0	0	0	Cement, A&C	GRI (LA7)
	Fatalities (indirectly employed)	#	0	0	0	Cement, A&C	GRI (LA7)
	Fatalities (3rd party)	#	0	0	0	Cement, A&C	GRI (LA7)
Lost Time Injuries	Lost Time Injuries (directly employed)	#	1	3	0	Cement	GRI (LA7)
		#	1	2	0	A&C	GRI (LA7)
	Lost Time Injuries (indirectly employed - contractors and sub-contractors on site)	#	2	1	4	Cement	GRI (LA7)
		#	1	0	1	A&C	GRI (LA7)
	Lost time injury frequency rate	%	0.40	1.37	0.73	Cement	GRI (LA7)
			2.01	5.30	0	A&C	GRI (LA7)
	Lost time injury severity rate	%	0.02	0.08	0.11	Cement	GRI (LA7)
General			0.02	0.06	0	A&C	GRI (LA7)
	Near misses	c	308	310	247	Cement	GRI (LA7)
	Absenteeism Rate	%	2.06	1.88	1.64	Cement, A&C	GRI (LA7)
	Lost Day Rate (LDR)	%	0.02	0.08	0.06	Cement, A&C	GRI (LA7)
Employee Diversity & Skills							
Workforce	Total Headcount	#	1,268	1,056	831	Cement	GRI (LA1)
			207	167	142	A&C	GRI (LA1)
	Employees with full time contracts	%	100	100	100	Cement, A&C	GRI (LA1)
	Part-time employees	%	0	0	0	Cement, A&C	GRI (LA1)
	Number of employees under collective labor agreements	%	100	100	100	Cement, A&C	GRI (LA1)
	Employees under the age of 30	#	95	66	33	Cement	GRI (LA13)
			23	16	7	A&C	GRI (LA13)
	Employees between 30 and 50	#	675	611	501	Cement	GRI (LA13)
			153	130	114	A&C	
	Employees above 50	#	464	345	297	Cement	GRI (LA13)
			31	21	21	A&C	
Turnover	Employee turnover rate	%	NA	21,95	23.54	Cement, A&C	GRI (LA1)
	Hirings	#	32	9	16	Cement, A&C	GRI (LA1)
	Resignations	#	11	7	4	Cement, A&C	GRI (LA1)
	Retirements	#	6	25	3	Cement, A&C	GRI (LA1)
	Early Retirements	#	113	226	131	Cement, A&C	GRI (LA1)
	Dismissals	#	0	1	89	Cement, A&C	
Employees by region	North Greece	#	454	379	333	Cement, A&C	GRI (LA1)
	Central Greece	#	600	485	351	Cement, A&C	GRI (LA1)
	Attica	#	298	246	212	Cement, A&C	GRI (LA1)
	Aegean Islands & Crete	#	93	83	77	Cement, A&C	GRI (LA1)
	Others	#	30	30	0	Cement, A&C	GRI (LA1)
	Total	#	1,475	1,223	973	Cement, A&C	GRI (LA1)
Training and skills development	Total hours of training	#	23,203	20,155	15,200	Cement, A&C	
	Average number of hours of training for management staff	%	44.8	18.7	28.1	Cement	GRI (LA10)
			8.7	31.6	48.8	A&C	GRI (LA10)
	Average number of hours of training for non-management staff	%	12.8	13.1	11	Cement	GRI (LA10)
			43.8	10.4	13.1	A&C	GRI (LA10)
	Amount spent on training	k €	NA	167.5	190	Cement, A&C	GRI (LA10)

		Unit	2011	2012	2013	Perimeter	Reference
	Managers who had an annual performance review	%	95.7	96.5	100	Cement	GRI (LA12)
			78.0	95.1	100	A&C	GRI (LA12)
	Non managers who had an annual performance review	%	0	0	0	Cement, A&C	GRI (LA12)
Diversity	Female share of total workforce	%	12	11.6	11.4	Cement, A&C	GRI (LA13)
	Women in senior management positions	%	32	29	29	Cement, A&C	GRI (LA13)
	Disabled people employed					Cement, A&C	GRI (LA13)
Economic Development & Governance							
Economic Performance	Total revenue (turnover)	m €	277.5	228.2	235.2	Cement, A&C	GRI (EC1)
	Net profit / (Losses)- after taxes	m €	(55.9)	(76.5)	(136.3)	Cement, A&C	GRI (EC1)
	Total assets	m €		663.5	549.3	Cement, A&C	GRI (EC1)
	Total of indirect and direct taxes paid	m €	34.3	22.6	14.5	Cement, A&C	GRI (EC1)
Board governance	Board size / number of directors	#	8	6	6	Cement, A&C	GRI (4.3)
	Executive directors	#	1	1	1	Cement, A&C	GRI (4.3)
	Non - executive directors	#	7	5	5	Cement, A&C	GRI (4.3)
	Independent directors	#	2	2	2	Cement, A&C	GRI (4.3)
	Women on Board	#	0	0	0	Cement, A&C	GRI (4.3)
Code Of Business conduct	Political contributions	€	0	0	0	Cement, A&C	GRI (SO6)
	Ongoing antitrust main litigations	#	0	0	0	Cement, A&C	GRI (SO7)
Socio-economic Value	Salaries	m €	89.7	71.0	62.3	Cement, A&C	GRI (EC1)
	Vendors-Contractors	m €	198.5	149.5	187	Cement, A&C	GRI (EC1)
	Social contributions (financial & products)	m €	0.6	0.3	0.3	Cement, A&C	GRI (EC1)

BUILDING THE CIRCULAR ECONOMY

CO ₂ and Air Emissions	Unit	2011	2012	2013	Perimeter	Reference
Carbon emissions	Total CO ₂ emissions (net)	kt	2,129	2,233	2,366	Cement CSI, GRI (EN16)
	CO ₂ emissions per unit of product (net)	kg/t	655	717	710	Cement CSI, GRI (EN16)
	The sum of indirect GHG emissions identified in tons of CO ₂ equivalent	t	45,000	40,000	42,000	GRI (EN17)
Air emissions	Total NO _x emissions	t	4,453	5,340	5,608	Cement CSI, GRI (EN20)
	Specific NO _x emissions	gr/t	1,770	2,031	1,986	Cement CSI, GRI (EN20)
	Total SO _x emissions	t	293	303	196	Cement CSI, GRI (EN20)
	Specific SO _x emissions	gr/t	117	115	70	Cement CSI, GRI (EN20)
	Total Stack Dust emissions	t	15	29	30.3	Cement CSI, GRI (EN20)
	Specific Stack Dust emissions	gr/t	5.9	11	10.7	Cement CSI, GRI (EN20)
	The emissions of specific ozone-depleting substances in tons and tons of CFC-11 equivalent	t	0	0	0	Cement, A&C GRI (EN19)

BUILDING THE CIRCULAR ECONOMY

		Unit	2011	2012	2013	Perimeter	Reference
Energy Consumption and Resource Management							
Energy efficiency	Total energy consumption					Cement, A&C	GRI (EN3)
	Direct energy consumption by primary energy source	GJ	8,703,254	9,105,374	9,641,500	Cement	GRI (EN3)
	coal	GJ	2,115,473	1,076,162	946,700	Cement	GRI (EN3)
	petcoke	GJ	6,268,707	7,665,076	8,103,900	Cement	GRI (EN3)
	oil	GJ	103,210	26,206	31,800	Cement	GRI (EN3)
	natural gas	GJ	43,173	81,463	91,500	Cement	GRI (EN3)
	biomass	GJ	138,153	221,227	214,400	Cement	GRI (EN3)
	Other alternatives	GJ	34,538	35,240	253,200	Cement	GRI (EN3)
	Indirect Energy Consumption - Electricity purchased ⁽¹⁾	MWh	352,703	298,301	329,040	Cement	CSI, (EN4)
	Clinker Intensity	%	72%	73%	74.3%	Cement	CSI
Fuels	Consumption of fuels	kt	308	305.4	325	Cement	
Alternative Fuels	Alternative fuels (Consumption of alternative fuels as % of thermal consumption)	%	1.90	2.80	4.85	Cement	CSI, GRI (EN4)
Materials	Quantity of quarried material	kt	3,854	3,984	4,387	Cement	CSI, GRI (EN1)
	Alternative raw materials rate (consumption of alternative materials as % of total raw materials consumed)	%	14.5%	13.5%	13.9	Cement	CSI, GRI (EN2)
	Consumption of raw material	kt	6,542	5,529	4,160	Cement	CSI, GRI (EN1)
Waste	Hazardous (oils, grease) - recycled	t	75	52	62	Cement	GRI (EN22)
	Hazardous (contaminated rags etc) - disposed	t	15	33	16	Cement	GRI (EN22)
	Non hazardous - recycled	t	3,059	1,586	1,151	Cement, A&C	GRI (EN22)
	Non hazardous - disposed	t	176	127	86	Cement	GRI (EN22)
		t	36	21	25	A&C ⁽²⁾	GRI (EN22)
Natural Resources							
Biodiversity	Quarries with a rehabilitation plan compliant with Lafarge standards ⁽³⁾	#	14	14	14	Cement & LAVA	CSI, GRI (EN14)
			9	9	9	A&C	
	Active quarries that have been screened for biodiversity according to WWF's criteria		23	23	23	Cement, A&C	CSI, GRI (EN14)
	Biodiversity Management Plan Programs for high biodiversity sensitive quarries			4	3	Cement	CSI, GRI (EN14)
			2	5	5	A&C	CSI, GRI (EN14)
Materiality	Environment capital expenditure	k€	4,971	422	193	Cement, A&C	CSI, GRI (EN30)
	Environment operating expense	k€	1,964	1,018	914	Cement, A&C	CSI, GRI (EN30)
Water	Total water withdrawal from ground water	m ³	2,692,000	1,290,000	1,117,000	Cement, A&C	GRI (EN8)
	Total water withdrawal from open water (surface water) ⁽⁴⁾	m ³	776,000	634,881	822,000	Cement, A&C	GRI (EN8)
	Total water withdrawal from other sources	m ³	96,000	71,000	69,000	Cement, A&C	GRI (EN8)
	Rainwater harvested	m ³	49,500	19,330	21,500	Cement, A&C	GRI (EN8)
	Quantity of water consumed	m ³	1,101,000	979,000	895,000	Cement, A&C	GRI (EN8)
	Sites equipped with a water recycling system		3	3	2	Cement	GRI (EN8)
Verification	Sites (in terms of revenues) audited as part of our Environmental Management System	#	3	3	11	Cement & LAVA	

1. All electrical energy is purchased by the PPC (Public Power Corporation) with the following energy mix for 2013: 54,8% lignite, 0,2% diesel, 28,1% natural gas, 7,7% hydropower, 6,2% other renewables and 3,5% imports.

2. Solid waste from settling basins. Hazardous waste is recycled at specialized treatment facilities. No waste is incinerated.

3. 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.

4. 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 2013" 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

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

Amsterdam, 27 August 2014

Ásthildur Hjaltadóttir
Director Services
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

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 31 July 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Photos: Cover: Cover: Thessaloniki, Nea Paralia, ArteviaTM application, Nikos Karanikolas © Heracles Media Library / Page 5: Portrait of Pierre Deleplanque, Yannis Yannelos, © Heracles Media Library / Page 9: Double track railway line Tithorea – Lianokladi - Domokos, Nikos Karanikolas, © Heracles Media Library / Construction of new shipyard in Perama, Nikos Karanikolas © Heracles Media Library / Page 11: Loading at the port facilities of Volos plant, Nikos Karanikolas © Heracles Media Library / Milaki plant employees, Yannis Yannelos, © Heracles Media Library / Page 13: students from the school of Nisyros participate in an educational program on Earthquakes, Kerasina Founta © Heracles Media Library / Page 14: Maintenance works at Volos Plant, Nikos Karanikolas © Heracles Media Library / Page 17: Control room of Volos Plant, Nikos Karanikolas © Heracles Media Library / Page 20: Students from the schools of Milos participate in an educational program on earthquakes, Maria Turlou © Heracles Media Library / Page 20: Thessaloniki, Nea Paralia, ArteviaTM application, Nikos Karanikolas © Heracles Media Library / Page 24: ArteviaTM application, hotel complex in Kos, Alexander Papoulis © Heracles Media Library / Page 26: Thessaloniki Distribution Center © Heracles Media Library / page 31: View of Milaki plant, Olympia Krasagaki © Heracles Media Library / page 32: Biomass in Volos plant, Yannis Yannelos, © Heracles Media Library / page 35: View of Volos plant, Joanna Skyftou © Heracles Media Library / page 38: / Vineyard in the rehabilitated slate quarry of Milaki plant, Yannis Yannelos © Heracles Media Library / Page 39: Centaurea niederi, rare Greek endemic plant in Araxos quarry © Heracles Media Library / Page 40: Water in the slate quarry of Milaki plant, Olympia Krasagaki © Heracles Media Library / Page 50: all photos from Lafarge Media Library

GROUP HIGHLIGHTS FROM 2013

BUILDING THE CIRCULAR ECONOMY

FURTHER REDUCTION IN OUR CO₂ EMISSIONS PER TON OF CEMENT



We recorded a 26% reduction in our CO₂ emissions per ton of cement in 2013 compared to 1990, thanks to kiln energy efficiency, the use of alternative fuels and the reduction in the clinker intensity of our cements.

SOME GROUP PROJECTS FOR 2014

STRATEGIC PARTNERSHIPS IN MUNICIPAL WASTE TREATMENT AND BIOMASS SOURCING



In 2014 we will continue to develop partnerships to strengthen our municipal waste offer and secure our biomass supplies, in particular through agroforestry projects in emerging markets.

BUILDING COMMUNITIES

LAUNCH OF GROUP-WIDE VOLUNTEERING PROGRAM



Our volunteering program aims to strengthen the Group's contribution to building better cities and to local communities around our sites. We recorded over 57,000 volunteering hours in 2013, the first year of the program.

PROGRAMS TO PROMOTE EDUCATION AND JOB CREATION



In 2014 we will focus on developing new country-level programs to support education and vocational training, one of the main ways in which Lafarge can contribute to local socioeconomic development.

BUILDING SUSTAINABLY

A SEMINAR FOR THE MICROFINANCE COMMUNITY



We aim to become a main convener among the key actors in the global microfinance market. In 2013 we organized a workshop in the Philippines bringing together actors representing 10% of this sector, to share their experience and best practices.

ACCELERATION OF OUR AFFORDABLE HOUSING PROGRAM

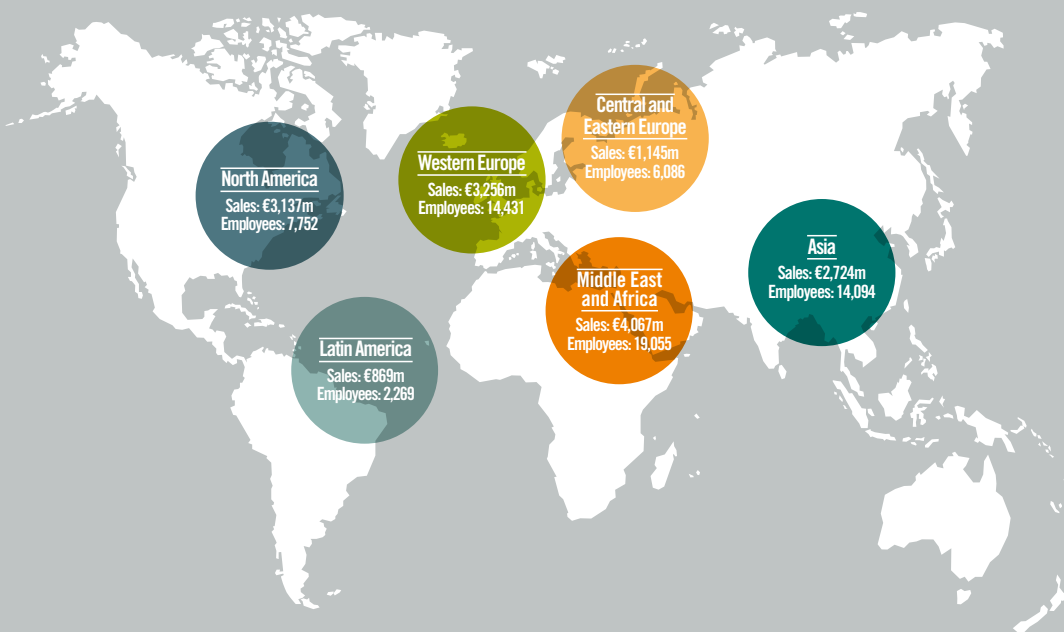


We continue to expand our portfolio of affordable housing projects. By the end of 2014 our objective is to have launched projects in around 20 countries, in particular in Northern and Sub-Saharan Africa, Asia and Eastern Europe.

COMPANY PROFILE

Lafarge world presence

A top-ranking player in the cement, aggregates and concrete industries, we contribute to the construction of cities around the world. Our innovative solutions provide cities with more housing and make them more compact, more durable, more beautiful and better connected. With annual sales of €15.2 billion, operating in 62 countries and employing 64,000 people, Lafarge is a world leader in building materials.



SHARED VALUE AT LAFARGE	€m	%
Sales	15,198	—
Cost of goods sold	10,265	—
Cash value added	4,933	100
Paid to employees for their services	2,239	45.4
Paid to lenders as a return on their borrowings	1,041	21.1
Retained for growth	819	16.6
Community Investment	20	0.4
Net Cash	814	16.5
Income taxes paid to governments	525	64.5
Paid to investors for providing capital	289	35.5

Cement

A world leader
Employees: 38,000
Revenues: €9.657m
Countries: 56
Sites: 155

Aggregates & Concrete

No. 2 & No. 4 worldwide
Employees: 25,000
Revenues: €5.451m
Countries: 37
Sites: 1,481



KEY FIGURES 2013

Revenues

€15,198m

Net income Group share

€601m

Number of countries

62

Number of employees

64,000

Number of sites

1,636

Of which number of quarries

726

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