



CEMENT

# 2009 sustainability report



## OUR PRESENCE



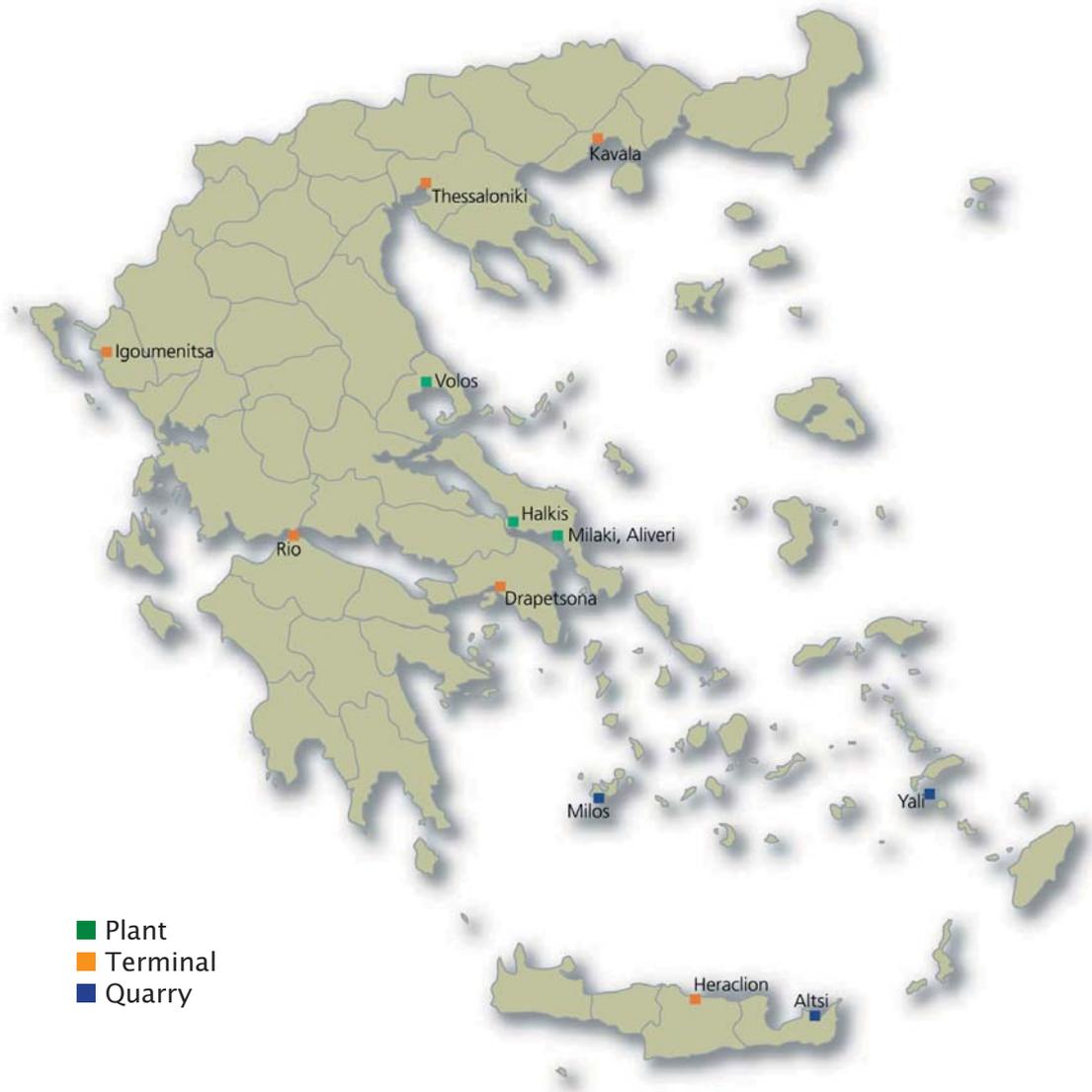
We operate three cement plants, in Volos, Halkis and Milaki in Evoia, with a total production capacity of 9.6 million tons of cement per year.



We manage a total of eleven active quarries in the vicinity of the plants, extracting limestone, clay, schist, plus three quarries managed by the affiliate company LAVA, in Milos, Yali, Altsi.



We operate six distribution terminals, in Thessaloniki, Drapetsona, Rio, Heraclion, Igoumenitsa, Kavala, handling a total capacity of 2,5 million tons per year of cement shipped to customers across Greece.



Sales 2009 (in million euros)

# 469.1

Heracles was founded in 1911 as the Industrial and Commercial Company "General Cement Company", so it has been serving Greece for almost a century. It is now a part of the Lafarge Group. As of 31 December 2009 Lafarge Group owned 88.99 % of the shares in Heracles Group.



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## Welcome to our Heracles Sustainability Report 2009

You will see that the form and content of our report differs from that of our 2008 report. In response to what our stakeholders said about our first report, the coverage is expanded; the report is more focused and much richer in performance data. For a detailed explanation please see the section *What we considered in writing this report* on page 46.

We hope that having read this report you will be convinced that:

- Heracles identifies and reports on the issues that are really important here in Greece (Materiality);
- We are in dialogue with society, listening and acting in response (Responsiveness)
- We do not hide difficult issues (Transparency);
- We are delivering against the goals that we have set ourselves (Sustainability Ambitions);
- Heracles is working in partnership with others to deliver sustainability (Partnership)

We look forward to receiving your opinion on whether this report has proved to be convincing for the above or not, as well as your questions. We are committed to improving year-on-year. For this progress, dialog with you is essential.

### Arnaud Merienne

*Industrial General Manager  
Sponsor of Sustainability Ambitions 2012*

# 2009 a year of **setting & meeting challenges**

# H

**Sustainability  
Ambitions 2012**

Heracles has a strong, actionable commitment to operating sustainably. By sustainability we mean environmental, social and economic sustainability. We have reported publicly on sustainability in 2008. 2009 marked a new departure for us when, on 8th July, for the first time we launched our own Sustainability Ambitions 2012.

Our Sustainability Ambitions 2012 are our specific response to what it means to meet the challenges facing industrial companies and particularly cement companies. Our Sustainability Ambitions have been shaped by those of the Lafarge Group, by external standards such as the Global Reporting Initiative and by feedback that we have received on our performance and reporting. These ambitions are specifically relevant to Heracles and they have identifiable, measurable targets that we are willing to be held to account on.

**Health & safety  
our priority**

Injuries at work are preventable. There is no reason for people to be injured as a result of our operations. We have been giving increasing focus to issues of health and safety over the past few years. We focused on the leadership shown by our management teams on issues of health & safety, while we improved our management processes and tools for risk assessment and prevention. The figures show that we are making strong progress.

I thank all staff for their efforts and alertness that has been the bedrock of the progress we have made over recent years.

While noting progress to date, I am clear that there is still a lot of effort we need to put for achieving the standards of safety-leader companies.

**Improved interaction  
with our stakeholders  
and communities**

True sustainability can be achieved only in dialog with wider society and the local communities in which we operate. Again I believe that 2009 saw significant progress in this area. We have a clear road map, which, although not yet fully embedded, is already yielding results and which we will continue to build on in future years.

**Future progress**

Sustainability is integral to the future of Heracles - to our business strategy and to our future success. We are concentrating on achieving the targets that we have set for ourselves. We believe that we can make a significant, positive contribution to the local communities where we operate, to the economy and to the environment.

I commend this report to you and look forward to reporting on further progress in 2010.

**Pierre Deleplanque**



*Managing Director*



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J. Giannelos

# our **progress** in 2009

We are committed to improvement of our performance against all the key measures for our operations. That is why we have set ourselves the set of targets that we call Sustainability Ambitions 2012. These are relevant to Heracles and benefit Greece. They also contribute to the global set of targets that Lafarge Group is committed to achieving.

TARGET	Deadline	2009 Performance against target	Why is Heracles pursuing this ambition? What will change? How are we progressing against this ambition?
<b>MANAGEMENT</b>			
On <b>safety</b> our target is to reduce the lost time injury frequency rate (LTIFR) to 1.3.	2010	Achieved (1.03)	Every year since 2006 we have targeted an injury frequency rate reduction. Our aim is to reach as soon as possible zero safety incidents and to join the “best in class” industrial companies. 2009 showed strong progress. The target was achieved: LTIFR in 2009 was 1.03.
Full compliance with the Lafarge Group <b>Competition policy</b> .	2010	Achieved	Heracles has been checked and is in compliance so the objective has been achieved. Heracles focuses on maintaining this compliance through intensive training of employees.
Training of all Heracles plant management teams in the Lafarge Group <b>stakeholder relations</b> management process	2010	Achieved	Management teams in all three plants were trained in the local stakeholder relationship methodology and were supported in developing local integration action plans. We will extend this process to our distribution centers and quarries by 2012.
On <b>customers</b> , carry out an annual customer satisfaction survey on both bagged and bulk cement business. Implement OTIFIC (On Time, In Full, Invoiced Correctly) in operations	2010	In progress	In 2009, we carried out a customer satisfaction survey and in 2010 we will have completed the framework for OTIFIC.
Reach 20% of <b>women in senior and executive management</b> (Lafarge Hay grades 18+) by 2012	2012	Achieved	We need to benefit from the strong skills and distinct contribution that women can bring to our management. Our percentage of women above Hay grade 18 is 26.9%, we have achieved our objective but expect the proportion of women in senior management posts to rise further.
<b>SOCIAL</b>			
By 2010, establish a comprehensive <b>occupational health program</b> including at a minimum regular medical examination.	2010	In progress	We aim at establishing a comprehensive group-wide occupational health program with regular medical examination. We already deploy occupational health doctors within our company. We will report on total progress against this indicator next year.

TARGET	Deadline	2009 Performance against target	Why is Heracles pursuing this ambition? What will change? How are we progressing against this ambition?
<b>ENVIRONMENT</b>			
Have 100% of our sites audited environmentally within the last four years.	Permanent	In progress	We conduct environmental audits by independent experts every four years in our plants. We decided to extend the environmental audits every four years in terminals and quarries. In 2009 Halkis Plant and Rio distribution center were audited.
By 2010 reach a rate of 100% of quarries with a rehabilitation plan complying with Lafarge standards.	2010	100%	Beyond the quarry's rehabilitation plan followed as part of the permit process, Heracles applies the methodology developed by Lafarge in rehabilitating the quarry area.
By 2010, all our quarries will have been screened according to criteria validated by WWF International and those with realisable potential will have developed a biodiversity enhancement plan by 2012.	2010	Achieved	In 2009 all our quarries were screened in line with the criteria validated by WWF International. Where we have identified gaps, we commit to developing a site specific plan by 2012. That achieved the first part of this ambition. Now we are going on to decide which quarries have realizable potential and to devise biodiversity enhancement plans.
	2012	In progress	
By 2010 cut our net CO <sub>2</sub> emissions per ton of cement by 11% as compared to 1990.	2010	-12.8%	The increased concentration of CO <sub>2</sub> and other greenhouse gases in the atmosphere is driving climate change. We committed to an 11% cut on 1990 levels by 2010. We achieved this target in 2009 ahead of schedule.
Cut our dust emissions in our cement plants by 40% over the period 2005 - 2012.	2012	-94.6%	Our activities generate dust. Although we are already within local regulations, our voluntary undertaking is to reduce our dust emissions by 40% by 2012 compared to 2005, so reducing nuisance for our neighbors. Achieving this aim will necessarily involve capital investment. We achieved our target in 2007 and have met it every year since.
Cut our NO <sub>x</sub> emissions in our cement plants by 12% over the period 2005 - 2012.	2012	+0.05%	Any combustion releases NO <sub>x</sub> into the atmosphere. Beyond local regulations, Heracles has voluntarily committed to a 12% reduction of NO <sub>x</sub> generated per ton of clinker over the period 2005-2012. In 2009 we actually showed a fractional increase over the base year. We are confident that investments we are making will enable us to reach the target by 2012.
Cut our SO <sub>2</sub> emissions in our cement plants by 20% over the period 2005 - 2012.	2012	-84.9%	SO <sub>2</sub> results from kiln process; the sulfur comes mainly from the local raw materials that are used. Consequently the levels of SO <sub>2</sub> emitted by plants can vary considerably. Beyond local regulations, Heracles voluntarily committed to a 20% reduction of SO <sub>2</sub> generated per ton of clinker over the period 2005 - 2012. In 2009 we showed a significant improvement in performance and exceeded our 2012 target.
By 2010 have a baseline for persistent pollutants in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions.	2010	In progress	Persistent pollutants can be found in inputs and at the kiln stack. In line with the methodology of CSI and working with WWF, the Lafarge Group as a whole has voluntarily undertaken: <ul style="list-style-type: none"> <li>1 - To have completed the measurements of the persistent pollutants for all its kilns by 2010.</li> <li>2 - To develop suitable KPIs and report on progress (achieved in 2007).</li> <li>3 - To implement Best Manufacturing Practices to reduce emissions on top emitters in 2010.</li> <li>4 - To integrate into standard management practices the lessons learnt that contribute to limit emissions of persistent pollutants.</li> </ul> At Heracles we are an integral part of that program. All our kilns have been measured. We will be implementing the best practices.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Observing **good governance**

Heracles can only be sustainable if it is well governed. At Heracles we are committed to the highest standards of corporate governance and ethical behavior.

### ORGANIZATION STRUCTURE

Heracles internal structure consists of an eight member Board of Directors, among whom the only executive member is the Managing Director.

The management of the company lies with the Managing Director. He has overall responsibility for the operational management and the performance of the company, within the framework of delegation assigned by the Board of Directors and the responsibilities provided by the law.

The Managing Director heads a seven\* member Executive Committee, comprised of the company's General Managers. The Executive Committee has been established and is operating to contribute to the effective management and administration of Heracles.

### BOARD AND EXECUTIVE RESPONSIBILITIES

The powers, duties and responsibilities of our Board and Executive Committee are clearly set out in the Corporate Internal Regulation. The Corporate Internal Regulation prohibits board members from pursuing their own interests where these are contrary to Heracles's interests. They also commit to reveal in a timely way any case of conflict of interest that might occur during the discharge of their duties.

The Board of Directors aims to reinforce the long-run economic value of the company and the protection of its interest and is responsible, among others, for the development and implementation of the corporate governance principles. The Audit Committee reports to the Board of Directors and is comprised of three non-executive members, two of them independent. The Audit Committee evaluates the overall effectiveness of the internal control and risk assessment framework. The internal audit department

coordinates the process for the identification, assessment, measurement and monitoring of internal and external business risks. The internal audit has to present the high risk areas to the Executive Committee to ensure that mitigating actions are taken. The Corporate Internal Regulation prescribes nine specific tasks that are the responsibility of the Executive Committee. The first is to communicate the importance of respecting the Code of Business Conduct and ensure compliance with its rules. The second is to ensure adherence to the Competition Compliance Policy of the Lafarge Group. So two of the nine relate to ensuring the implementation of business standards.

### BOARD CHANGES IN 2009

During 2009 the mandate of our previous board expired and the General Assembly of shareholders elected a new board in its place at its meeting of 22 May.

The new board is slightly smaller than the previous one, the number of directors has decreased from nine to eight. The posts of Chairman and Managing Director remain separate.

The new board has two independent members. The two independent members are also members of the audit committee, which has three members. The audit committee meets regularly three times a year and exceptionally whenever judged necessary.

### EXECUTIVE COMMITTEE

The management of the company is the responsibility of the executive committee. Throughout most of 2009 this had six members but in December membership was increased to seven. Besides the Managing Director, the General Managers of finance, human resources, industrial, legal & real estate, sales and supply chain are members. The Executive Committee has five male and two female members.

### SHARE OWNERSHIP

Lafarge Group owns 88.99% of Heracles.

### COMPETITION LAW

We are committed to competing fairly and to observing rigorously all laws and regulations relating to competition. One of our Sustainability Ambitions is related to competition: to be in compliance with Lafarge Group competition policy. We are pleased to say that this has been achieved and an audit by the group in 2008 confirmed that this was the case.

We have provided extensive and rigorous training for our sales force about competition, as well as for a broader population of the company through Code of Business Conduct training sessions and e-learning tools.

### POLITICAL CONTRIBUTIONS

Heracles Company makes no political contributions.

**“We are committed to competing fairly and to observing rigorously all law and regulation relating to competition”**



In April 2010 a new member was added to the executive committee, the General Manager of Strategy & Marketing.

# Living **our values**

Our Code of Business Conduct is key to making sure we live out our values. In 2009 we have been actively promoting our code to employees and building their understanding and commitment.

“Raising awareness and understanding of ethical business behavior is a permanent commitment”

## **CODE OF BUSINESS CONDUCT TRAINING: ENABLING OUR EMPLOYEES**

Heracles first issued its Code of Business Conduct in 2005. Just having the code is not in itself enough. We need employees not just to have read the code but also to realize that the principles of the code must be reflected in their daily life at work. They need to be a seamless part of the way in which Heracles does its business.

In order to enable this, Heracles launched a thoroughgoing code of conduct training program in October 2009. The program uses and builds on the training toolkit produced by the Lafarge group covering: compliance with law and regulations, preventing conflict of interests, attention to people and the environment, protection of the company's assets, fairness in financial reporting, the importance of internal controls/internal audit and the implementation of procedures and violations.

These materials were reviewed both by Transparency International and the Anti-Corruption Commission of the International Chamber of Commerce. They were reviewed with and endorsed by the Lafarge Group stakeholder panel.

In the current part of the program we are aiming to train around 680 of our staff through an intensive whole day training sessions. Each session has 12-15 participants. The form of training is interactive. This enables every participant to share their views, experience, doubts and questions, as applicable. The training day ends with each participant signing a letter of commitment.

Raising awareness and understanding of ethical business behavior is a permanent commitment.

One of the key learnings from the day is that employees should understand that, apart from the training, advice is always available

from internal audit on any question or doubt they have about the code. Just below a third of this section of the training was completed by the end of the year.

The training must reach all employees because each person must contribute to delivering the values and standards of the code. We will reach all staff who have not been on the one day training through a number of meetings in groups of 30-40 people, across all company sites.

Code of Business Conduct training program will be completed by the end of 2010.

## **ETHICS HOTLINE**

In line with best practice, Lafarge operates an ethics hotline which employees can use to report matters of concern.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Managing our business **sustainably**

Sustainability does not happen by chance. It requires clear goals, commitment from the top management and openness to wider society. In this section we explain how we manage sustainability to achieve good, measurable results.

“We are fully organized to deliver effective sustainability management through a top management vision, clear set of sustainability targets and shared accountability for delivering results. The Sustainability Ambitions targets are integrated in our managers’ performance objectives, being part of the day to day job performance.”

### **A PURPOSEFUL, ORGANIZED APPROACH**

Our approach to managing and improving sustainable development helps enhance our business performance and it also improves our overall stakeholder relationships. We are fully organised to deliver effective sustainability management through a top management vision, clear set of sustainability targets and shared accountability for delivering results. The Sustainability Ambitions targets are integrated in our managers’ performance objectives, being part of the day to day job performance.

### **TOP MANAGEMENT COMMITMENT**

Chaired by our Managing Director, the Executive Committee of Heracles has overall responsibility, determines policy and provides visible leadership on sustainability. The Industrial General Manager is the member of the Executive Committee who takes a day-to-day lead on sustainability matters.

### **SUSTAINABILITY AMBITIONS 2012: DELIVERING OUR COMMITMENTS**

Our Sustainability Ambitions 2012 were launched on 8 July 2009. They define a program for progress in the realms of management, society and environment, all within a tight 2012 deadline. They complement the global Sustainability Ambitions of the Lafarge Group. Through them we make our priorities clear and voluntarily hold ourselves accountable to Greek society.

### **Managing to deliver results**

We have devised a work program to deliver our Sustainability Ambitions 2012. Each individual ambition has a senior manager in the company as an owner. The owner is responsible for:

- developing action plans;
- making sure measurement systems are in place;
- monitoring progress;
- increasing employee understanding;
- increasing external understanding.

The environmental targets within the ambitions are further cascaded to the teams in the field. The targets are broken down by production plant or quarry and the local action plans form part of the corporate environmental master plan. The standard format of the monthly performance meetings between the plants and the Industrial Performance Department includes consideration of environmental performance with follow up actions where necessary.

The Health, Safety and Environment Department monitors and controls BU performance, reporting directly to the Managing Director. Our commitment to sustainability is not internally driven but open to what our immediate neighbors and wider society are telling us. Besides feedback received in the context of local stakeholders’ engagement, a sustainability management training session by WWF Hellas was organized for the senior managers of the company.

“Our Sustainability Ambitions 2012 were launched on 8 July 2009. They define a program for progress in the realms of management, society and environment, all within a tight 2012 deadline. Through them we make our priorities clear and voluntarily hold ourselves accountable to Greek society.”

### Getting everyone in Heracles on board

We recognize that to achieve truly excellent delivery of our ambitions we need the active awareness and commitment of all our staff. So we accompanied the launch of the program with a presentation about Sustainability Ambitions 2012 by each site manager to their management team. They in turn cascaded the targets and the relevant material to their management reports.

In addition, each employee received a copy of the Sustainability Ambitions 2012 brochure along with a letter from the Industrial General Manager, who sponsors the program. In the letter he asked them “actively to promote these principles and engage their team to take ownership of the 2012 targets”.

### Personal targets

A further reinforcement of the importance of the Sustainability Ambitions can be found in the fact that personal targets for both safety and sustainability are included in key managers’ performance targets.

You can read the Sustainability Ambitions 2012 and review the progress achieved on pages 6 and 7.

### EXTERNAL COMMITMENTS

In addition to the internal commitment that we show through Sustainability Ambitions 2012, we also have a commitment to promote sustainability through external actions and our memberships to organizations.

In 2008 we were founder members of the Hellenic United Nations Global Compact network. Over fifty Greek companies are members of the network. Its aims are:

- promotion of United Nations Global Compact and its principles in Greece;
- support of business, academics and organizations that are committed to it and in relation with the continuous implementation of its 10 principles;
- dissemination of the ten principles to the business world;
- attraction of new members;
- creation of opportunities for multi-stakeholder alliances and collective activities;
- support of the wider UN goals for the millennium through activities and events related to all stakeholders.

We continue to make an active contribution to the network.

The World Business Council for Sustainable Development is a vital force in delivering sustainability in the cement industry through the Cement Sustainability Initiative. We were pleased therefore to be a founder member of the Greek Business Council for Sustainable Development in November 2008 and to be able to make a positive on-going contribution to its work.

# Dialog with our **stakeholders**

Heracles is committed to consistent improvement in dialog with our stakeholders. 2009 saw good progress in this area. Targets for stakeholder engagement are factored into the management assessment system for our managers. We are planning still further improvement in future years.

### **A KEY SUSTAINABILITY AMBITION FOR HERACLES**

Fostering stakeholder relations based on dialogue and trust is important to us. Stakeholder relations benefit the communities that we have an impact on and they help us too. That is why alongside matters such as safety and environmental performance targets we have set ourselves a Sustainability Ambition for stakeholders. It is to train all plant management teams and support them in developing an action plan which includes at a minimum: recognition and mapping of their stakeholders, establishing a system for receiving and managing comments or complaints, and a structured process to facilitate dialog and consultation with local communities. This is called Local Integration Plan. We achieved it in 2009 for all our plants, fulfilling our sustainability ambitions target and we will extend this approach to teams in the rest of our sites. It is a first significant step in a much longer process.

### **OUR LOCAL INTEGRATION PROGRAM**

Each of our locations must respond to its stakeholders. Strong, positive engagement with stakeholders does not happen by chance, it needs thoughtful planning and proactive engagement with the local community.

To ensure that this happens effectively, each site develops its Local Integration Plan, an annual plan that focuses exclusively on stakeholder dialog. The plan must be shared by all the management on site; all managers must recognise shared responsibility for making the plan a reality. The Local Integration Plan Methodology is new and we are therefore ensuring through training that we have the skills and capacity to deliver our plans effectively.

The process draws on best practice in stakeholder relations from the whole Lafarge Group. It provides a methodology and tools for delivering consistent improvement in stakeholder relations.

### **IDENTIFYING AND MAPPING OUR STAKEHOLDERS**

Stakeholder dialog cannot be established without proper identification of who the key stakeholders at a particular site are and what the nature of their relationship with the site is. Local management teams identify and map their stakeholders on an annual basis, listening to their main concerns and expectations so as to draw up an action plan with specific, measurable, timed actions for us to take.

The result is to switch the site out of the mode of being re-active and responsive to requests, actions and criticisms from stakeholders to being proactive. This means initiating contact and keeping key stakeholders informed of important developments about the site or creating opportunities for them to visit the site and to understand more fully what goes on there.

The plans are reviewed on a quarterly basis to check whether actions are on course and to refresh them. Primarily this is the responsibility of the site manager but it ultimately involves the whole team. All the plant managers are now surveying the effectiveness of the plan implementation, which is also one of their performance appraisal targets..

## **STAKEHOLDERS DIALOG, ESTABLISHING A CONSULTATION PROCESS**

During the year we have taken the opportunity to brief our stakeholders both about our Sustainability Ambitions 2012 and also to engage in dialog with them about our Heracles Sustainability Report 2008. We have acted on the feedback received in preparing this report. As part of improving systematic stakeholder engagement we are establishing formal local community consultation processes. At Volos plant this has already happened. Plant management, together with an employee representative, sits on a consultation committee chaired by the Prefect of Magnesia. It meets quarterly.

At Milaki the implementation of a consultation process was announced at the Plant Open Day, in October 2009. As part of our action plans for delivering the Sustainability Ambitions on stakeholders, we aim to have established a consultation process in all our sites by 2012.

## **INVITING THE COMMUNITIES INTO THE PLANTS**

Our neighbors and stakeholders need to know and understand what happens at our sites. What are we producing? How are the processes involved? How does the site work? They can only answer these questions and develop their understanding fully if we make opportunities for them to come onto the sites and have a guided site tour. Creating such occasions is an absolutely central feature of each local integration program.

Following their plans each of our three plants created opportunities for stakeholder site visits and tours during 2009.

A good example is provided by the Milaki plant open day on Wednesday 21 October. Thanasias Babos, plant Manager, and Vassilis Katerelos, Environment and Optimization Manager, analysed the current performance of the Milaki plant and the progress that has been achieved in terms of health & safety and environmental performance in recent years and presented the new environmental terms for the plant's operation that had been recently approved. The meeting also included a guided tour for the visitors of the plant's production facilities. It was attended by numerous invitees from local authorities, agencies, schools and media.

Volos plant also took the opportunity offered by the inauguration of its €3million hybrid filter in March 2009 to give a site tour to local stakeholders.

Halkis plant invited the community in the plant in December 2009, with the opportunity of a road safety awareness event, part of a wider road safety campaign held in collaboration with the local authorities.

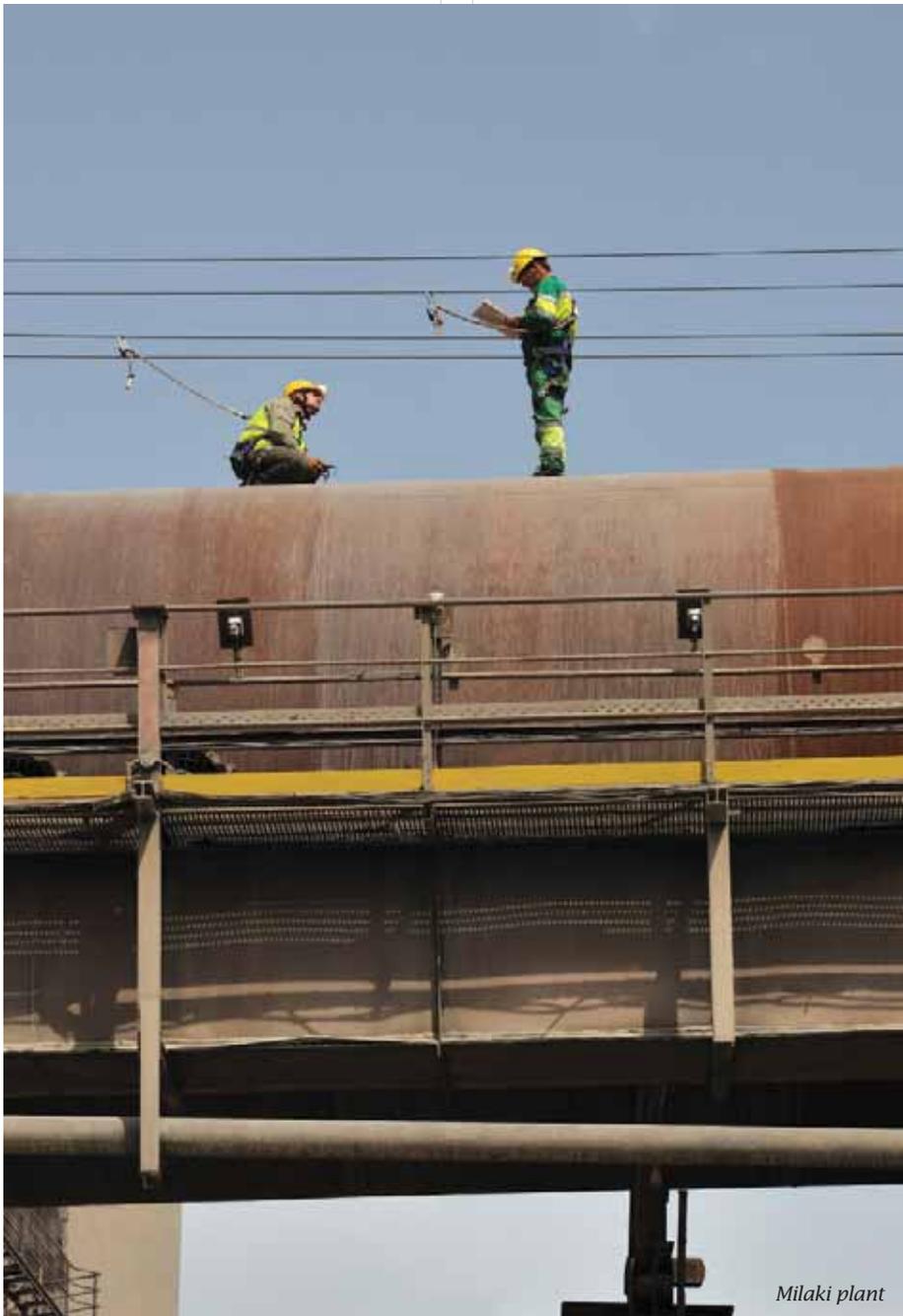
## **COMPLAINTS SYSTEM ACTIVATED**

One of the things surfaced by the training has been that the plants did not have a common approach on systems for managing community comments or complaints. Formally registered comments or complaints existed in 2009 only in Milaki plant - nine (9) comments in total. Since, then a common system has been established in the plants, where all comments or complaints are inventoried and are replied to. The name and contact details of the responsible manager are publicized on our website as well as in site brochures. The complaints system provides a formal way to monitor, measure and respond to the complaints made about the plant. As complainants perceive that they are being listened to and responded to effectively we expect that over time the volume of complaints will fall.

Complaints systems will be implemented in terminals and quarries in 2010.

# Putting **Health & Safety** first

Health and safety are core values and our top priority. Our levels of lost time injuries are a fifth of what they were five years ago - but we are still targeting more improvement.



Milaki plant

## BETTER PERFORMANCE IN 2009

Our safety performance in 2009 showed a further improvement against 2008 which was itself our best performance to date. This was true both for employees and for contractors.

Lost time injuries decreased overall from 10 in 2008 to 7 in 2009. The employee lost time injury frequency rate\* for the year was 1.03 compared to 1.89 in 2008, an improvement of 45.5%. This means we managed to reach the objective we had set ourselves in our Sustainability Ambitions regarding safety.

Employee lost time injuries fell from 8 to 4, while contractor lost time injuries rose from 2 to 3. The severity rate is low, 0.09.

## THE ACTIONS WE TOOK TO BRING ABOUT IMPROVEMENT

The improvement was the result of planned actions on our part. Below we look at three aspects of our actions.

 Lost Time Injury Frequency Rate (LTIFR) - the number of LTI's per million hours worked:  
$$\text{LTIFR} = (\text{Total Lafarge Employee LTI's}) / (\text{Total Lafarge Employee Hours Worked}) \times 1,000,000$$

### Improved safety leadership and involvement of management teams

When safety is truly a core value then management must give a lead. We improved our safety leadership through the visible commitment of our management teams (Visible Felt Leadership). We committed to increased safety involvement of all levels of senior management: Executive Committee, Operational Committee and plant management teams.

The implementation of new Lafarge group standards and advisories (Contractor Safety Management, Energy Isolation and Conveying Systems) was sponsored by a member of the Executive Committee of the company. Senior management in the sites became responsible for safety projects, such as the H&S inspection system in plants, an exemplary Safety Week in Halkis and housekeeping evaluations and action plans.

However, we need leadership from supervisors too. We increased the mobilization of supervisors on safety through involvement in *Pairno Thesi* (I get involved). This program aims to change individual behaviour in order to increase awareness and reduce risk tolerance. 2009 saw individual contributions almost double in 2009 over 2008 with more effective outcomes. Supervisors were also encouraged to interact more fully with their staff through an increase in planned inspections and informal safety discussions.

More formally, supervisors were engaged through quarterly plant-wide safety meetings and departmental safety meetings.

All staff was engaged in June in our annual Health & Safety Month through which we reached out to families and local communities too.

### Reducing major risks

Companies with a good safety record identify their main risks and take steps to reduce them. That is what we continued to do in 2009.

A good example is provided by transport safety. Here the use of GPS systems to monitor and prevent speeding violations has led to a year with no lost time injuries and no medical injuries: a previously unheard of achievement. As a result of the initiative the number of speed violation incidents fell from 14,000 in January down to 20 in December, a decrease of 99.85%. The percentage of non-conformities fell from 80.1% of the fleet to 5.6% over the same period (see p. 37).

More generally we are guided by our Safety Roadmap and deploy Lafarge Health & Safety Standard and Advisories, based on the most common cause of injuries across Lafarge. In 2009 we were successful in securing better compliance to the Standard on personal protective equipment (especially relating to safety glasses) and Working at Height (scaffolding, ladders).

Housekeeping was another key initiative this year. It is the simplest and most basic aspect of safety. Sites were audited using a common tool and inspection checklist. We have processed the results and are now consolidating best practice.

We focused on the preparation for and supervision of shutdowns and major projects. We have had significant progress in developing circulation plans to segregate pedestrians and mobile equipment.

### Developing new skills and communicating safety more fully

One-third of the training we delivered in 2009 was formal safety training. Yet of course, improvement comes not just through formal training, but from the daily interaction of our teams on site. The tool box talks - brief safety talks at the workplace - have proved a successful way of cascading key messages and of establishing two-way communication.

We have reinforced the safety message through new communication tools such as *Health & Safety at a glance*, the welcome page of each employee's email application, where each day an article dedicated to Health & Safety appears on the screen confirming that we should start our day thinking about safety. Milaki Plant has also inaugurated a monthly safety leaflet. There has been improved sharing of actions to all sites to flag up high risk areas.



*The distribution center in Rio applied fully the advisory on Energy Isolation in 2009*

Lost time injury frequency rate down to

1.03

The severity rate is low

0.09

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

## 2009 PROGRESS

### Sea Transportation Safety Conference

During 2009 Heracles held a meeting with sea transportation partners, at the example of meetings organized with our road transportation partners. The meeting aimed at sharing our safety priority, vision and values as well as our safety know-how in addressing common challenges. It was an opportunity for open dialogue and concluded with a joint commitment on safety and sustainability in sea transport by all participants.



### PLANS FOR MORE PROGRESS IN 2010

We know we still have room for improvement. In particular, we aim at improving the operational line accountability and safety responsibilities, the risk awareness, control and prevention and the housekeeping in all our operations.

In 2010 we are planning more progress and better performance including further work with our contractor labor force, risk prevention and improved processes.

## Health & Safety Excellence Award

Heracles received the CSR Excellence Award for its occupational Health & Safety program in 2009 by the Association of Greek Advertised Companies with the co-operation of the Hellenic Network for CSR and the Hellenic Management Association - under the auspices of the Ministry of Culture and Tourism.



*Operations in Halkis plant during exemplary safety week.*

### Exemplary Safety Week in Halkis Plant

We made a decision to boost safety mobilization at Halkis plant by having an exemplary safety week in December. With everybody from the plant manager downwards committed to observing good safety practice in absolute detail and putting effort in what would have positive safety effects throughout the year.



*Circulation plan at Drapetsona distribution center.*

### Improving circulation at our sites

A significant initiative during the year was to review the circulation plans for all our plants and distribution centers making sure that we separate the routes for pedestrians and mobile equipment thereby diminishing accidents. This involves actions, such as erecting barriers to protect pedestrians, creating new site entrances for trucks, improving signage. These actions aim at the elimination of risks and the prevention of accidents.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Securing **supplies** responsibly

Our purchase of goods and supplies benefits the Greek economy and particularly the area around our plants, where we have cooperation with many medium and small businesses. We are engaged in a process to ensure that our external sourcing of goods and services properly reflects our sustainability principles.



Local suppliers spending from annual purchases

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# 75%

## WORKING TO SECURE STANDARDS

We look to work with contractors who have similar standards and values to our own. We are proud of our values and business ethics and expect these to be reflected by the contractors that we work with. Over the past couple of years we have been increasing our active engagement in this area. As a standard process, all our consulting partners receive our Code of Business Conduct and are required to comply with its principles and rules. We intend to extend this practice to our contractors and business partners in 2010.

We have a commitment to safety as our number one priority. Such a commitment is not meaningful unless it applies to everyone who works for us whether they are employees of Heracles or employees of a contractor of Heracles. We have been monitoring lost time injuries to our contractor workforce since 2005 (see p. 31).

We are acting by including safety criteria in the selection process for new contracts. This has already been piloted by all three of our plants. We have also instituted induction safety training for contractors. In addition to this, in 2009 we provided a significant amount of safety training for contractors who were already working at our locations. This activity reflects the guidance given in the Lafarge Group Safety Management Standard for Contractors. We expect to achieve full implementation of this standard in 2010. In addition to acting to secure safe practice we take great care to ensure that our contractors respect employment rights and fully comply with the appropriate legislation. In particular we insist on thorough checks being carried out on the documentation and work permits of all of the contractors' employees.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Meeting **customer** needs

We are setting out to meet customer need surveying satisfaction, improving our interactions with customers and innovating: bringing more environment friendly products to market.



### **SETTING AN AMBITION FOR CUSTOMERS**

In thinking through our sustainability ambitions, we decided to set an ambition focused on the people whose purchase decisions drive the economic prosperity of our business: our customers.

The ambition we set ourselves was two-fold.

#### **Surveying customers**

The first part of the ambition related to measuring the satisfaction of our customers with the service that they were receiving. For a number of years we used customer satisfaction surveys as a tool to measure this. We decided to formalize this practice as a commitment in our Sustainability Ambitions program, committing ourselves to an annual customer satisfaction survey in our

bagged and bulk businesses. The survey we realized in 2009 gave us insight into the customers' view of the overall level of our customer service, identifying particular areas for improvement. We will use the lessons gained to improve future performance.

#### **Improving through OTIFIC**

The second part of the ambition relates to fully implementing the Lafarge Group-wide system OTIFIC (On Time, In Full, Invoiced Correctly) to our operations by 2010. Customers value working with an organization that delivers product when it says it will and that does not cause them unnecessary and unproductive work through the billing process. OTIFIC improves performance in these areas and smoothes the processes for the customer in dealing with Heracles. It is intended to develop the operational framework of the system by the end of 2010.

#### **BRINGING A NEW PRODUCT TO MARKET: ATHLOS™**

Athlos™, launched in March 2009, is a response to customer need. It is a value-added, bagged masonry cement. Together with BASIS™, it responds to specific needs that we have identified in the market. Athlos™ has maximum performance in applications of general construction use such as building, plastering, floor screeding, non-reinforced beams. It is friendlier to the environment, as

there is less greenhouse gas emission during its production.

Athlos™ is the result of well-organized and intensive market research and thorough R&D which involved not only the Heracles Quality and Processes department but also Lafarge Group research facilities and the Greek Cement Research Center.

We conducted extensive applications studies, aiming at identifying the primary needs of end users and utilizing their experience in the final result. The final recipe of the product successfully passed these studies.

It complements BASIS™ the reinforced concrete applications cement, that Heracles brought to market in 2008.

#### **PRODUCT INNOVATION**

Product innovation, investment in our plants for increasing the energy efficiency of our kilns and the use of substitutes such as natural pozzolans in our cements, mean that we have some of the least carbon intensive cements in our portfolio. For instance, the recipe of Athlos™ is such that 65Kg less CO<sub>2</sub> emissions per ton of cement product are released during production.

Reduction of CO<sub>2</sub> emissions in the production of Athlos™

14%



@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Our people build our success

We are a capital intensive industry but it is our people who are key to our success. Their skill, ingenuity and dedication give us the competitive edge.



### Women in senior management

# 26.9%

### HERACLES: A RESPONSIBLE EMPLOYER

Our commitment is to being a responsible employer. The company and employees both benefit from open recruitment, consistent performance appraisal and career planning, commitment to training and development and gender equality in the workplace. Our Sustainability Ambition emphasizes on diversity, calling for 20% of senior and executive management roles to be filled by women. We have overachieved this target already!

### Our workforce

At the end of 2009 Heracles had a total of 1573 employees, the majority of them from Greece, and five expatriates from Lafarge Group. 10% of our total staff is women. In 2009 we hired 29 people and 158 people left the company mostly due to retirement.

### Creating a culture where women succeed

Traditionally women consist a low percentage of the workforce of the cement industry. We believe that diversity creates competitiveness and innovation. We have therefore already exceeded our ambition of having 20% women in senior management roles. At the end of the year the figure was 26.9% and this within an organization where still only about 10% of the total workforce is female. Women in Heracles are not limited solely to head office and professional roles but are also in supervisory and management roles in the plants and distribution centers.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

Hours of training dedicated to Health & Safety

10.027

Employees participating in Lafarge Group share ownership scheme

80%

## Student internships

We have established a close cooperation with universities and educational institutions for a student internship program. In 2009 we offered internship opportunities to 40 students, in positions at our plants and head office in industrial, finance, HR and other business functions. This program provides multiple and mutual benefits both for the students and the company. Students gain practical work experience in business operations while we gain from students' talent and innovative ideas.

## INVESTING FOR THE FUTURE: TRAINING AND CAREER DEVELOPMENT

Heracles is strongly committed and invests in training and development. Each employee has a personal development plan, starting upon recruitment and is enhanced through the Annual Performance Review process. Our training plan is designed based on the development needs of our employees and also aligned with the company's priorities. In 2009 we delivered in total 30,229 hours of formal training split evenly between managers and non-managers. 10,027 hours were dedicated to safety, our top priority. The training programs include job specific knowledge and the broader skills that our employees need to succeed.

At group level we benefit from working with the Lafarge University and for technical training the European Technical Center. Each year we have over 100 training courses and seminars to meet the full spectrum of our employees needs.

## SHARE-OWNERSHIP

During 2009 Heracles employees were invited to participate in the 5th Lafarge Group employee share ownership campaign. Employee ownership is a key element of the group's employee strategy. Participation in the scheme in Heracles was 80%, exceeding the group average of 53%. We believe that there are significant advantages in having employees who are also co-owners of the company.



## Group recognition of our people's skills

The skills, customer orientation, ingenuity and technical excellence of our staff was recognized when two of Heracles entries won in their categories, in the Lafarge Group Cement Awards 2009, competing with initiatives from more than 50 countries around the world.

The design and the production of Athlos™ won in the category "Innovation and Customer Orientation" while the second award recognized the efforts of Heracles for less clinker intensive operations.

## Communication with employees is a priority

Heracles is fully committed to communication with its employees. Employees can only contribute fully to the success of the company if they are fully informed and know that they are part of a successful team. Our employee communication on safety, our top priority, is covered in detail in the safety section, but this is not the only area where we aim to build better understanding: developments in the operations and in the market, recognition of employees and teams who have made a particular contribution to company success, or events all around Heracles sites are often the subject of information disseminated through electronic or print messages and publications, so that employees know what is happening outside their own work location. We publish quarterly *Magazino* an internal magazine featuring articles on subjects proposed by our employees or hosting interviews of our employees, as well as a monthly electronic newsletter for updates on developments and activities taking place in our sites. Another important aspect is the invitation of experts to speak on subjects related to public health, nutrition and balanced work life.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Our role in the **community:** actively contributing to the local development

The communities that surround our local sites are essential parties for the success of our activities. More than just our neighbors, they are our employee base, potential clients, and inspiration sources for our improvement. We understand that we have a role in supporting the local development.



*Plant tour in the Milaki plant during the open day organized for the community in October 2009*

## **PUTTING OUR KNOW-HOW AND RESOURCES TO WORK FOR THE COMMUNITY**

We can add value in local partnerships or initiatives making use of our product, equipment, advice and expertise, as well as through contributions to initiatives that the local community sees as more relevant to our priorities in operations: Supporting public Health & Safety related initiatives, the education and the environment, as well as local infrastructure.

In 2009, almost a third of our sites' support (27%) was directed to Health & Safety initiatives, another third (32%) to works and projects improving local infrastructure while 41% contributed to environment or environmental education projects and initiatives of local community associations.

## **HEALTH & SAFETY**

Our commitment to health and safety as a top daily priority is felt not only by our employees, but also the communities around us. A significant part of our energy, knowledge and resources are put to work in community initiatives that relate to public health and safety. Our plants' ambulances, often serve emergency needs of the community. In addition, our Halkis plant donated a 4x4 rescue vehicle to the local Red Cross.

In July 2009 we undertook a major initiative in the Milaki plant for the near-by community. Under the PRAKSI program, eight community infirmaries that had suffered damage or lacked basic equipment were renovated and restored. This created appropriate conditions for doctors to work in a place where patients can be examined in a dignified way.

The Milaki plant also offered its support to the lifeguard training for more than 600 primary school children of the community organized by the local Aliveri Sailing Club in collaboration with the Greek Lifeguard Academy in May 2009.

### SUPPORTING EDUCATION

In September 2009, at the start of the school year 2009 – 2010, a partnership was announced between the company and the Evoia Departments of Primary and Secondary Education, as part of the PRAKSI program. The program supports seminars and workshops on the topics of environmental education, health and culture organized throughout the school year for the 1,800 elementary school teachers and 1,570 professors in Evoia schools, as well as activities to take place in the schools and accompanying educational materials.

### LOCAL INFRASTRUCTURE

Our sites provided also product in 2009 to support works and infrastructure in their communities. After the flooding of September 2009, our Halkis and Milaki plants in Evoia, as well as our Volos plant in Magnesia, provided assistance and supplied material for rehabilitation and paving of damaged rural roads and the opening of the local road network, as well as restoration of the damaged river banks. Besides these projects, the PRAKSI program in Evoia responded to requests from individual employees and residents to recover damages from flooding to homes and personal effects.

Also in Evoia, in April 2009 was held the annual training of volunteer fire patrol units from the municipality network supported by PRAKSI program. The training was done by the Fire Service of Halkis. A new volunteer crew also joined in the six municipalities participating in the fire prevention program, from Eretria, who received a 4x4 patrol vehicle and the necessary equipment.

### INVOLVING EMPLOYEES

Our people and partners are almost always involved in the community support projects, either volunteering or actually performing work. Two good examples are provided by Volos Plant. Here employees joined in landscape protection and tidiness activities in the surrounding area. This included a team cleaning the beach close to the plant and removal of machinery from the national road outside the plant.



*"It's your life! Safety on two wheels"*

### Road safety awareness campaign in Halkis

Halkis plant developed in 2009 large scale activation on the subject of road safety, a serious issue for the community, since the rate of traffic related accidents put Evoia among the most highly impacted areas in Greece. Working with the Municipality of Halkis and the Department of Primary Education, in September 2009 the plant developed a road safety awareness-raising campaign for commitment to safety rules, reaching not only citizens of Halkis but also children. 2,500 people attended the event, while more than 1,000 pupils in 14 schools in Halkis took part in an interactive program specifically designed for children, including a Road Traffic Code learning program and painting workshops on road safety.

The plant also supported the Prefecture of Evoia in its road safety program, through support to the Traffic Park created for children education. Targeting those on two wheels, the Halkis plant organized a motorcycles and bicycles event named "It's your life! Safety on two wheels", in November, which was hosted inside the plant. It was co-organized with the Evoia Prefecture and supported by the Motorcycle Sports Club of Halkis.

@ For more information: [www.lafarge.gr](http://www.lafarge.gr)

Support to local Health & Safety initiatives (of total local contributions)

27%

Support to local infrastructure (of total local contributions)

32%

Support to environment or environmental education (of total local contributions)

41%

# Reducing our **emissions**

Our industrial processes produce emissions to air, most notably stack dust, SO<sub>2</sub>, NO<sub>x</sub> and persistent pollutants. We have set ambitions to reduce all of these and to exceed the requirements of legislation in this area.



### **PROGRESS ON STACK DUST, SO<sub>2</sub> AND NO<sub>x</sub> EMISSIONS**

We have been acting for a number of years to reduce these three sources of emissions. As seen from the tables on page 33 we have been making progress on the issues with particularly strong results in progress on SO<sub>2</sub> and stack dust emission reductions.

#### **Stack dust**

We have set ourselves a sustainability ambition for stack dust, aiming for a 40% reduction over the period 2005 - 2012. 2009 saw a further improvement of 52% over the previous year. Stack dust is now 95% down on 2005 levels, far exceeding the 2012 target, and we are committed to further improving.

#### **SO<sub>2</sub>**

We have a sustainability ambition for SO<sub>2</sub> emissions too. This is to reduce SO<sub>2</sub> emissions by 20% over the period 2005 - 2012. We made good progress in 2009 with an 81% reduction over 2008. This was due to action we took at the Milaki plant to cease using raw materials that are high in sulfur content, such as pyrite ash and silica sand. SO<sub>2</sub> emissions are now 85% lower than in 2005.

## What are the emissions produced during cement manufacture?

- Nitrogen oxides (NOx) is a by-product of the combustion process in the kiln, where the clinker is produced. The level of NOx emitted depends on the efficiency of the combustion process.
- Sulphur dioxide (SO<sub>2</sub> or SOx) is released by the same chemical reaction that produces clinker, mainly from raw material. The level of emissions depends mainly upon the chemical composition of the raw materials used.
- Dust is carried out at the stack through the combustion.
- Persistent pollutants include traces of dioxins and furans and heavy metals.

Our Sustainability Ambitions 2012 include a 12% reduction in specific emissions of NOx, a 20% reduction in SO<sub>2</sub>, a 40% reduction in dust emissions for the end of 2012 over 2005 levels. With regard to persistent pollutants and in common with other companies in the Lafarge group we are committed to measuring all of our kilns by the end of 2010.

You can find details in our Sustainability Ambitions 2012 section on pages 4-5 of this report.

### NOx

In terms of NOx emissions, our target is to reduce NOx emissions in our cement plants by 12% over the period 2005 - 2012. However our NOx emissions rose in 2009 and are now fractionally (0.05%) higher than in the base year 2005. This is due to operational difficulties at our Halkis plant during the course of the year. We have taken steps to improve performance by making capital investment for installing an SNCR (Selective Non-Catalytic Reactor). This will put us on a trajectory to meet our goal.

### TACKLING PERSISTENT POLLUTANTS

Our sustainability ambition for persistent pollutants is part of a wider program shared with the other companies within the Lafarge Group. It has two stages. The first stage is to complete the measurements of the persistent pollutants in all the group's kilns by the end of 2010. Our kilns have all been measured and in fact we report data to the European registry and have been doing so since 2001. Once the global survey is complete then the program moves on to implement Best Manufacturing Practices to reduce emissions from top emitting kilns. We will be reporting on this in future years.



*Volos plant tour during the hybrid filter installation*

### Investment in state of the art technology to reduce stack dust

The hybrid filter installed in 2009 on K1 (kiln 1) at Volos is the first hybrid filter installed in the plant following a program of hybrid filter installations in Halkis and Milaki plants. It is most significant for Volos plant because kiln 1 accounts for half the productive capacity of the plant. The filters are designed to minimize dust emissions to less than 10mg/Nm<sup>3</sup>.

The hybrid filter comprises a series of electrostatic and bag-filters. This means that we realize the benefits of both technologies. Thanks to this hybrid technology the productivity of the filter does not depend upon the temperature and humidity conditions of the air nor is it affected by factors such as electricity power failures or unit production abnormalities.

### Stack dust reduction on 2005 levels

95%

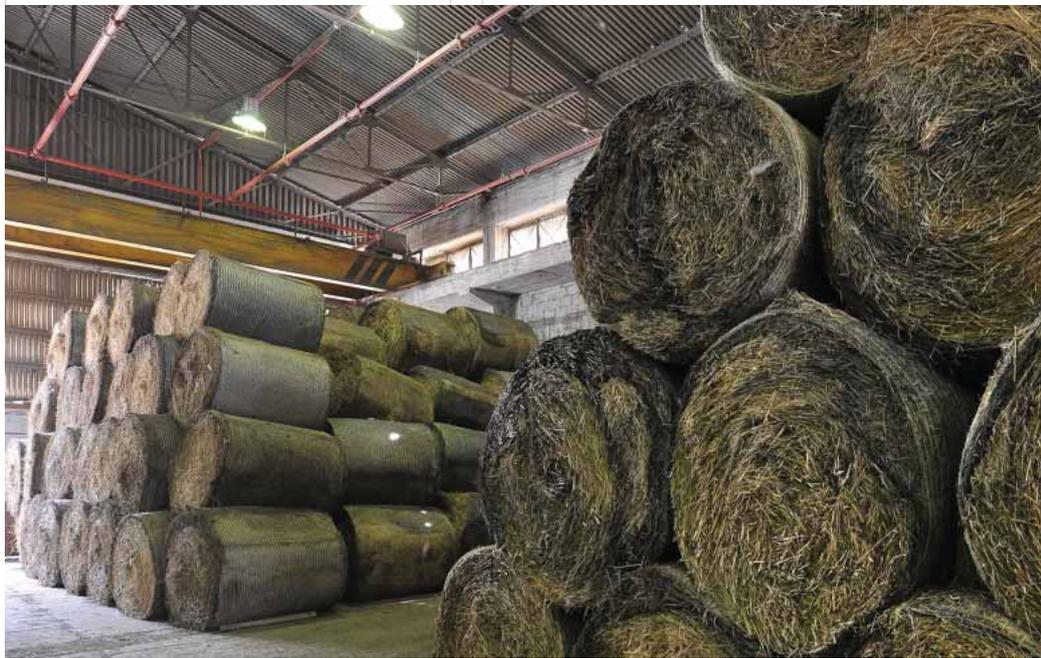
### SO<sub>2</sub> reduction on 2005 levels

85%

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Reducing our carbon impact

The increase of carbon dioxide and other green house gases in the atmosphere is driving climate change. It is estimated that the cement industry generates 5% of all the CO<sub>2</sub> caused by human activity. We are therefore acting to reduce our CO<sub>2</sub> emissions.



### OUR SUSTAINABILITY AMBITION FOR CO<sub>2</sub> EMISSION REDUCTION

We have set ourselves the ambition of reducing our net CO<sub>2</sub> emissions per ton of cement by 11%\* over the period 1990-2012. In 2009 our performance improved by 7% over the previous year. Investment and improvement in our processes have led to a 12.8% improvement in CO<sub>2</sub> per ton of cement since the base year 1990 so exceeding our 2012 target of an 11% cut.

Cement production necessarily results in CO<sub>2</sub> emissions. The process of transforming limestone into clinker, known as de-carbonization, releases the carbon dioxide embedded in the limestone. This process accounts for 60% of our total CO<sub>2</sub> emissions. Fossil fuels used in the combustion process account for the remaining 40%.

In terms of our overall impact we are making headway by optimizing our production process so that less CO<sub>2</sub> is released in com-

bustion, substituting fossil fuels with carbon neutral alternative fuels and biomass and improving the ratio of less energy intensive raw materials in our cement products.

We have made progress with regard to using carbon neutral biomass in our fuel mix. We began with a pilot project and started using biomass in 2008 in Volos plant. In 2009 biomass accounted for 1,8% of the plant's fuel mix, and 0.97% of the fuel used in our plants in total. We plan to increase the use of biomass further, as well as include other alternative fuels in our plants' fuel mix and by priority, the use of recycling residue. For this, in 2007 we committed to a significant investment in our Milaki plant and applied for the necessary permit to introduce recycling refuse derived fuel in the plant's fuel mix. We have obtained this in 2009. The operation permits authorized from local administration are still in progress.

\* Independent to reduction in absolute values, which is subject to production volumes.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)



*Biomass storage in Volos plant*

A real breakthrough in 2009 was the development of our ATHLOS™ product. Beyond the fact that this new bagged product changed the paradigm, creating a niche market for masonry cements, ATHLOS' production releases per ton of cement approximately 65Kg less carbon dioxide compared to the former, conventional product.

In addition to making our processes and products less carbon intensive, we are acting to increase the energy efficiency of our transport systems, managing our indirect emissions.

We are also following closely the developments in the construction sector, so as to leverage the focus and experience of Lafarge Group on sustainable construction.

**CO<sub>2</sub> emissions reduction per ton of cement since base year 1990**

**12.8%**



### **Transport emissions**

Using a special program (Trucks Control System, TCS) the Logistics Department seeks to optimize combined cargo transport, aiming at great reductions in fuel consumption, environmental burden, and cost.

Whether products are to be transported from the plants to the distribution centers or to customers, great effort is made to combine the return trips with cargos that need to be transported back to the plants. This way, a vehicle may be transporting bulk cement to customers, and return to the plant carrying fly ash. Combined cargos transportation (land and sea) and maximization of the utilization factor of carrying capacity, lead to a significant reduction in empty traffic, and make a major contribution to reducing Heracles' carbon impacts.

# Recycling to conserve materials

Our offices and our industrial processes generate several types of waste. We are aware of the need to steward all materials carefully and are in action to reduce waste, reuse materials where possible and to recycle.

Within the waste hierarchy of reduce, reuse, recycle, recover, we must first make sure that we are minimizing the amount of material that we have to recycle. This is what we aim to do. The pillars of our policy are to:

- Prevent waste generation
- Re-use materials, where applicable
- Recycle materials (produce secondary materials) & waste utilization
- Safe final disposal to organized landfill.

We have been increasing our commitment to re-cycling and finding new ways of reducing the volume of material that goes to landfill. For instance we have been recycling electronic waste since 2005, well ahead of EU requirements to do so. In 2009, our plants recycled 375 tons of paper, carton and wood.

## RECYCLING WITHIN OUR PROCESSES

In Heracles we follow a systematic approach to waste management and treatment of recyclable materials, as per our Environmental policy, applied to all sites, offices and plants, where different types of waste are collected separately and sent for treatment and reuse. In our production plants we recycle waste from other industries but we have also developed methods and systems to recover and recycle raw materials and intermediary products out of our own production process. These are processed to remove foreign particles and are reintroduced into the production process.

The rest of waste materials that are not recycled in our facilities are collected and handled by licensed subcontractors, as per the European and Greek legislation.



Storage area for waste to be recycled in Milaki

## RECYCLING WITHIN OUR OFFICES

As part of the waste management system, in our Head office in Lycrovissi, we have organized systems in place and are able to recycle paper, computers, office machinery, telephones, batteries, glass and steel. To ensure the full efficiency of the process we do this in collaboration with licensed recycling companies. For all hazardous wastes we obtain Safe Disposal Certificates - this is particularly important for items like batteries and electronic equipment that have a toxic element and so cannot be sent to ordinary landfill. To give some idea of the volumes involved in Head Office, in 2009 we recycled 18 tons of paper and 20 tons of garden waste.

Tons of paper recycled in the Head Office

# 18

## Reducing the waste generated

Our new printing policy adopted in 2009 has successfully led to a 20% reduction in paper use, a 30% reduction in ink and toner and an 80% cut in power consumption associated with printing.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

# Water

Water is vital for life but water supply is increasingly a global social, economic and environmental issue. Indeed it is estimated that by 2030 half the world's population will live in high risk areas for water shortage. We are taking action to make sure that we steward water responsibly.

## WATER USE IN OUR OPERATIONS

Cement kilns operate in extremely high temperatures. At various stages of the production process we use low chlorine water for cooling the hot air or process gases. We also use water for spraying the internal pathways or surfaces in our plants to control the fugitive dust. Significant amounts of water are consumed for watering the plants in our quarries' rehabilitation areas.

For cooling the equipment in our plants, the water passes through closed circuits, so it is fully recovered and re-used.

## WATER: SOURCING

Compared to a number of other industries our industrial processes cannot be said to be among the major water consumers, but we still have a significant water footprint. In 2009 we used 2.85 million cubic metres of water in our plants. 88% of the water that our plants consumed came from permitted drills while 12% was drawn from the municipal network supply.

Our Volos plant sources all the water used from permitted drills. The Halkis plant draws 85% of its water from drills with most of the remainder from the municipal supply. Halkis also has recently installed rainwater collection systems. Milaki plant faces water scarcity in the region. 90% of plant needs are covered by water transported by sea from another region. The rest is locally provided from the municipal (7%) and own drill (3%). It is in our plans to realize a significant investment in order to stop using source water and replace it with water from desalination. We have applied for the necessary permits in 2007 and we are halfway through the process, which requires a number of nine different authorizations.

## WATER: DISPOSAL

Water issues are not solely related to sourcing but also with the release of water back into the local environment. Here too we have a strong commitment and are making progress. A major investment is being made at Halkis plant where we are half way through installing a new drainage system. At Volos and Milaki plants the process water goes through a cleaning system (sedimentation basins with oil traps) before release. Almost 100% of the Milaki treated water is collected and re-used to road spraying and watering of the trees inside the plant. Volos uses biological treatment of the water directed to sewers and underground disposal.

## FUTURE ACTIONS

In addition to the actions mentioned above we will be participating in the wider Lafarge Group initiative on water which is being done in collaboration with WWF. This will lead to each plant generating a full water footprint. Plants will also implement best practice guidelines that will be issued at the end of the pilot phase in 2010. We look forward to using this opportunity to drive further increases in our performance levels.

Cubic meters of water used  
(in millions)

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# 2.85

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

## 2009 PROGRESS

# Managing our quarries and protecting **biodiversity**

One of our largest environmental impacts comes from our quarrying activities. We manage them responsibly. In recent years we have been increasingly focused on identifying and enhancing the biodiversity associated with our quarries.



*Almyros quarry, Magnesia*

### Spent in quarry rehabilitation in 2009

(in thousand €)

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# 477.2

### OUR AMBITIONS FOR QUARRIES

We have eleven active quarries providing raw materials to our cement plants, out of a total of thirteen quarries, while our affiliate company LAVA manages three quarries of pumice, gypsum and pozzolan. We have long recognized that we must operate the quarries in a responsible way over the long-term.

In 2009 we formalized our commitment in two Sustainability Ambitions.

The first relates to rehabilitation of quarries after use and it is by 2010 to reach a rate of 100% of quarries with a rehabilitation plan

complying with Lafarge standards.

The second addresses biodiversity. It is in two parts. The first is to screen all our quarries according to the biodiversity criteria validated by WWF International by 2010. The second part is for those quarries having realizable potential to have developed a biodiversity enhancement plan by 2012.

### REHABILITATION PLANS

In accordance with Greek law each of our quarries must have an approved rehabilitation plan in place from the moment that



permission is granted to operate the quarry. If the rehabilitation plan is not observed then the license to operate may be withdrawn. In addition to this we are committed to having all our quarries with rehabilitation plans in place according to Lafarge Group guidelines. These guidelines have been created as part of the fruitful global partnership enjoyed by the Lafarge Group and WWF International. The rehabilitation plans for our quarries meet these guidelines. Where we have identified gaps, due to historical conditions of the exploitation, we are committed to developing a site specific plan by 2012.

### **ACTION ON BIODIVERSITY**

Knowledge, assessment and management are the three pillars of our biodiversity strategy. They are included in our Sustainability Ambitions 2012: to check all active quarries to assess their importance as conservation sites; to develop site biodiversity programs for all environmentally sensitive locations; and to ensure that the results of these two steps are integrated into the rehabilitation plans that we already have in place for each quarry.

This area of activity greatly benefits from the global partnership with WWF International. In 2009 Heracles made strong progress by completing the screening of all quarries against the WWF agreed criteria. In all there are 22 criteria and they are grouped under three headings: biodiversity knowledge; sensitivity, designation or protection status and biodiversity opportunities. The indicators we are using have now been reviewed and chosen as common key performance indicators for the reporting standard of the Cement Sustainability Initiative of the World Business Council for Sustainable Development.

### **PROMISE OF FUTURE ACTION**

Now that we have a full biodiversity assessment of all our quarries we can go on during 2010 to choose those that offer the best opportunities for biodiversity. Having made our selection we will go on to ensure that we have effective plans in place by our deadline of 2012, fulfilling our biodiversity ambition.



*Antelope cranium fossil at Sesklo quarry, Volos*

### **Taking care of Greece's heritage at Sesklo quarry**

We have been working the quarry close to Sesklo village, in Magnesia, since 1960. In 1971 major mammal fossils of the Upper Pliocene age have been brought to light and studied. Since then our longstanding smooth collaboration with the University of Athens and, then, the Ephorate of Paleoanthropology & Speleology has yielded fruit in the search for local fauna millions of years earlier, revealing remains of animals that once lived there, some of which are no longer Greek endemic species, such as the giraffe. In April 2009 due to heavy rain a new fossil-bearing area came to the light. It has now been successfully excavated.

### **Care for our Milos quarry**

The rehabilitation of our quarry in Milos not only poses challenges due to the local soil and climate conditions but also because it is in a highly sensitive area (NATURA network) and close to tourist operations. The protected species of Milos island are the indigenous viper (*Vipera scwheizeri*) and the threatened species of Mediterranean Seal (*Monachus monachus*). Both our operations and our rehabilitation plans take account of the sensitivity of the area.

@ For more information:  
[www.lafarge.gr](http://www.lafarge.gr)

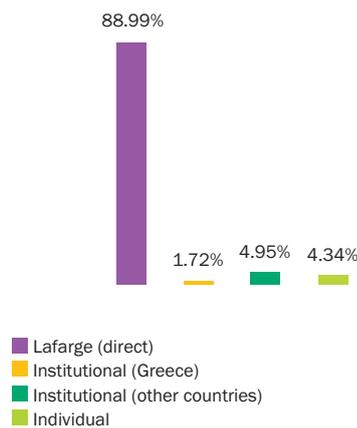
## OUR PERFORMANCE IN 2009

# A long-term positive contribution to Greece

Founded in 1911, Heracles is the market leader in cement production, actively present throughout Greece with a distribution network covering the entire Greek mainland and islands for bulk and bagged cement.

Even in the economic downturn Heracles is continuing to make a significant practical and economic contribution to Greece. On this page we publish a value-added statement showing how the economic benefits of our activities are distributed.

### Shareholders by type (%)



The Lafarge Group is far and away our largest shareholder. However we have other institutional and individual shareholders whose interests are fully taken into account.

### Who benefits from our operations

(Cash Value Added)

	€ million	%
Revenues:		
Sales & financial interest received	469.1	n/a
Cost of good sold	237.4	n/a
Cash value added	231.7	n/a
Taxes to be paid to governments	23.3	10.1%
Paid to investors for providing capital	30.5	13.2%
Paid to lenders as a return for their borrowings	0.7	0.3%
Retained for growth	32.2	13.9%
Paid to employees for their services	136.2	60.9%
Community investment	0.7	0.3%

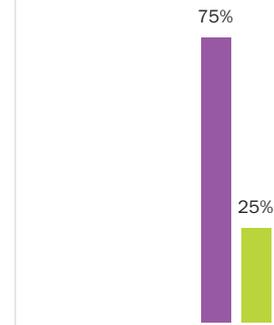
Our employees are the group that benefit the most from the value added by Heracles.

### Turnover (€ thousands)



Our turnover declined by a quarter as a result of the economic downturn.

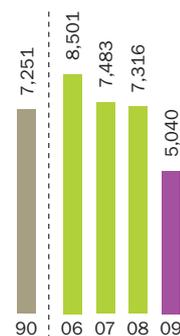
### Supply spending (%)



Spending with local suppliers in Greece  
Spending suppliers outside Greece

Out of our annual purchase program, 75% is directed to local suppliers, the remaining 25% consisting mostly in goods that cannot be sourced from Greece, mostly raw materials.

### Cement production (in KTonnes)



2009 saw a significant drop in the level of cement production owing to the economic downturn.

### Net profit after tax (€ thousands)



We showed a decline in net profit after tax during 2009. This reflects the difficult trading conditions following the global financial crisis.

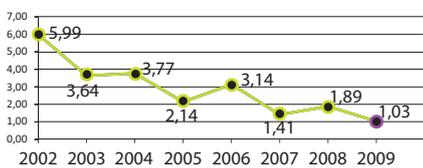
# Safety: A core value

Here we present in one place both the detailed safety priorities that we have had for 2009 and 2010 and detailed key performance data.

We are sharing our safety performance in detail. The overall trend is one of improvement but we are committed to further improvements in our safety results.

## Lost time injury frequency rate

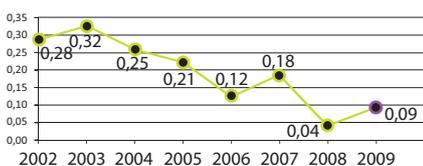
(Number of accidents leading to loss of time by million hours worked)



We exceeded our 2009 target. Though there are peaks and troughs in performance the overall trend is of a decreasing lost time injury rate.

## Lost time injury severity rate

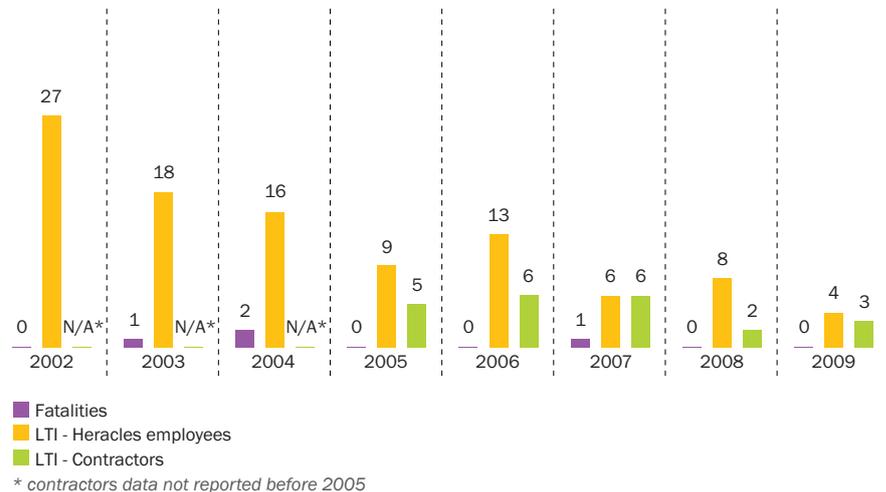
(Number of calendar days lost as a result of accidents by thousand hours worked)



We have made great improvement against this indicator reducing it by two-thirds over the period 2002-2009. We set and exceeded targets for our lost time injury severity rate in both 2008 and 2009.

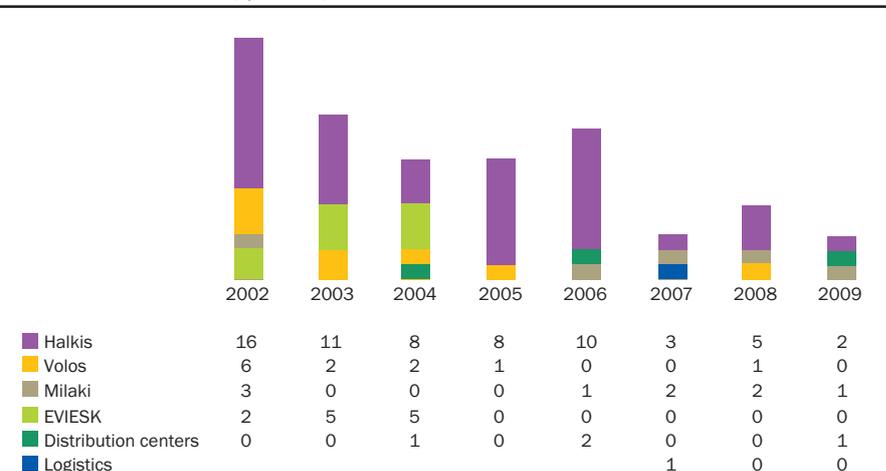
## Fatalities and lost time injuries

(Number of incidents by contractors and employees)



We are making progress over time. The decline in employee lost time injuries is particularly noticeable. We are targeting further improvements in all indicators.

## Number of accidents (By location)



All locations are showing a reduction in the number of accidents. The biggest improvement is at the Halkis plant.

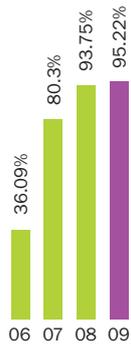
## OUR PERFORMANCE IN 2009

# An effective, talented and efficient workforce

We have an increasingly productive workforce. We have strong emphasis on technical, safety and general management training.

### Reviewing performance

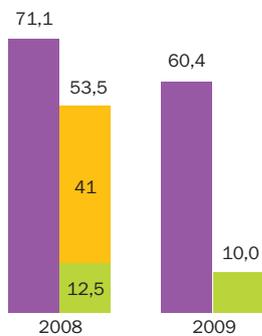
(Percentage of managers receiving performance appraisals)



The percentage of managers receiving performance reviews continues to rise year on year.

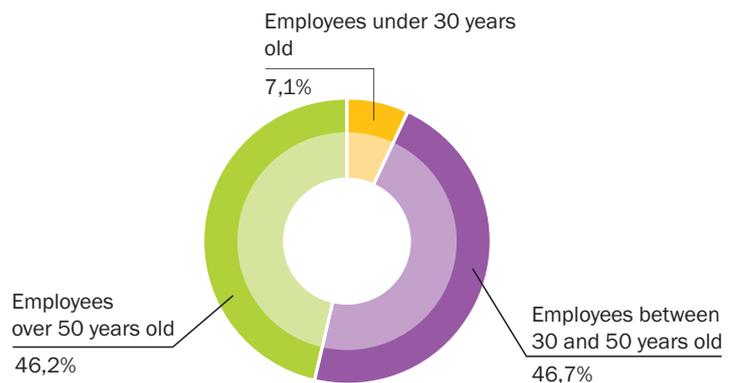
### Investing in a skilled workforce

(Average hours of training/per person)



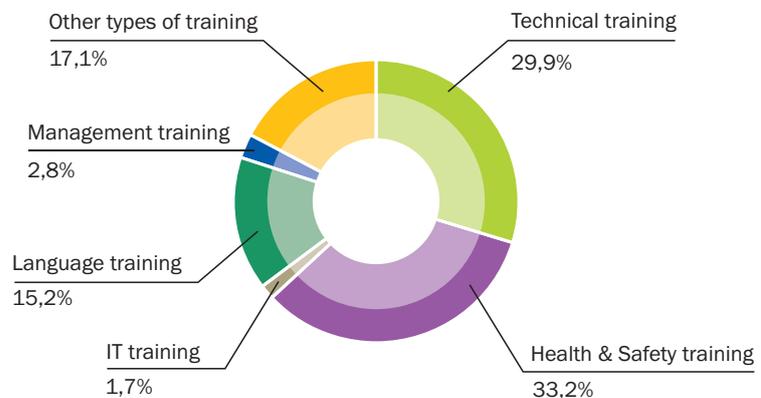
- Managers
- Non managers
- Special one off long term training in 2008 "Technicians training and development in technical skills" for newly recruited technicians in the plants

### The age structure of our workforce (%)



Our workforce age profile is heavily weighted towards the middle and upper segments of the age range.

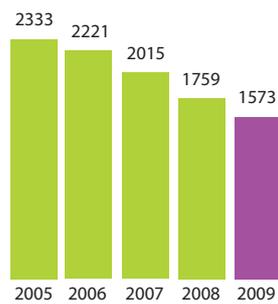
### Investment in training by type (%)



Our biggest single commitment is to health and safety training. Our second largest category is technical training that builds up our skills base.

Women play an increasingly important part both in our general workforce and in senior management roles.

### Number of employees



### Job evolution (Number)

	2008	2009
Hirings	44	29
Resignations	9	12
Retirements	27	7
Early Retirements	255	139
Deaths	2	3
<b>Balance</b>	<b>-249</b>	<b>-132</b>

Our workforce declined in 2009. The age structure of our workforce is such that many employees are close to retirement.

### Women in management (%)

	2008	2009
Percentage of senior managers (Hay grade 18-22) that are female	24.10%	26.90%

The proportion of women among our senior management continues to grow.

### Women in the workforce (Number)

	2008	2009
Number of senior Executives managers (Hay graded 23 and above)	0	0
Number of managers (Hay graded between 12 to 22)	50	53
Number of non-managers (Hay graded 11 and below)	118	111

In 2009 the absolute number of women employed fell by four but women increased as a proportion of the workforce.

# Environment performance

We track our performance against the indicators that measure our main environmental impacts. This year we are giving a fuller range of performance data than we have previously done.

We are also setting out trends so that you can see not just this year's figure but where our performance is improving and the rate of improvement. You can find further commentary on our performance on waste and water on page 36.

## Sites audited environmentally in the last 4 years

	2005	2006	2007	2008	2009	2010
Volos						
Milaki						
Halkis						

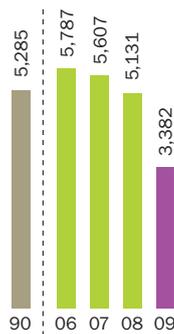
Our plants are subject to environmental audit in an orderly four year cycle. We are extending auditing to our terminals too.

## Managing and improving the impact of our quarries (Area affected and rehabilitated)

	Total area	Already rehabilitated	Rehabilitated in 2009	Area affected
Volos	2520	1200	100	900
Halkis	1225	148	9	120
Milaki	1814	280	60	640
Milos	439	100	35	290
<b>Total</b>	<b>5998</b>	<b>1728</b>	<b>204</b>	<b>1950</b>

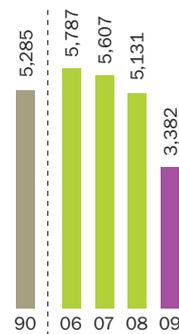
A third of the land area covered by our quarries was land that had been rehabilitated by the end of 2009. Another third is still area not affected.

## Total gross CO<sub>2</sub> emissions (Millions of tons/year)



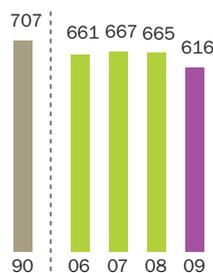
2009 saw a significant decrease in our gross CO<sub>2</sub> emissions, mainly resulting from lower production.

## Total net CO<sub>2</sub> emissions (Millions of tons/year)



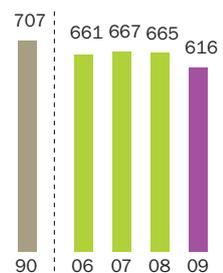
Our net tons show a similar decline to the gross tonnage.

## Gross CO<sub>2</sub> emissions (Per ton of cement)



Our emissions per ton are on a downward trajectory.

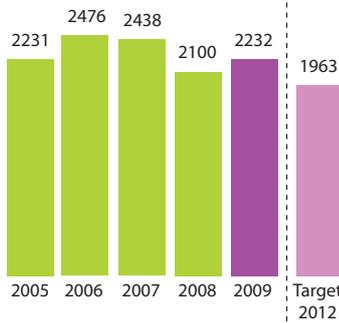
## Net CO<sub>2</sub> emissions (Per ton of cement)



Investment and improvement in our processes have led to a 12.8% improvement in CO<sub>2</sub> per ton of cement equivalent since the base year 1990 so exceeding our target of an 11% cut.

## NOx emissions

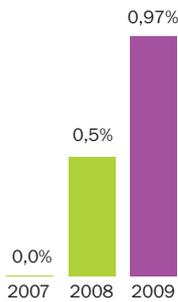
(g/t KK)



We emitted 8775 tons of NOx in 2009. Our NOx emissions per ton of clinker rose slightly in 2009 and are fractionally higher than in the base year 2005.

## Alternative fuel rate

(Consumption of alternative fuels as % thermal consumption)



Our use of alternative fuels is increasing, but it is still quite low.

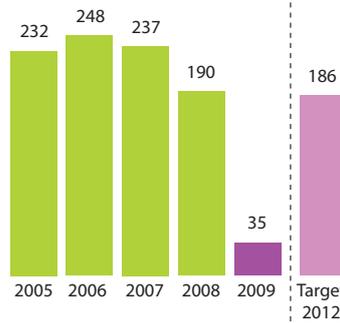
## Fuel mix in the cement business (%)

	1990	2006	2007	2008	2009
% coal	94%	13%	29%	31.07%	8.41%
% coke	4%	83.3%	67.8%	66.3%	89.13%
% oil	2%	3.2%	3.0%	2.2%	1.07%
% HVF	0%	0%	0%	0%	0%
% gas	0%	0%	0%	0%	0.41%
% waste	0%	0%	0%	0%	0%
% biomass	0%	0%	0%	0.5%	0.97%

Coke has replaced coal as the main fuel since the base year 1990. Our use of biomass is growing.

## SO<sub>2</sub> emissions

(g/t KK)



We emitted 137 tons of SO<sub>2</sub> in 2009. This was a 81% decrease on the previous year and means that we have already achieved our 2012 target.

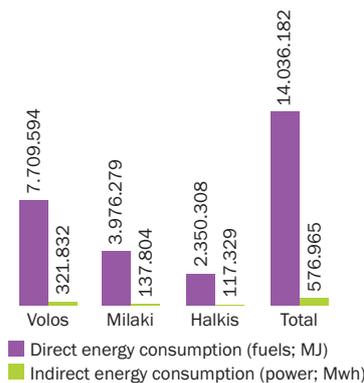
## Alternative raw materials

(Consumption of alternative raw materials as % of total raw materials consumed for cement and clinker production)



Our use of alternative raw materials increased by 41% over 2008.

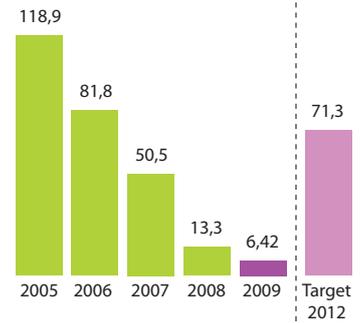
## Direct and indirect energy consumption (by site)



The main user of energy is our Volos plant which is one of the largest cement plants in Europe.

## Stack dust emissions

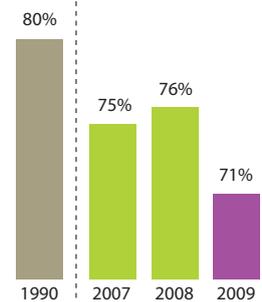
(g/t KK)



In 2009 we emitted a total of 25.2 tons of stack dust. In terms of grams per tonne of product this was a decrease on the previous year of 52% and a 95% reduction on the base year of 2005. We have exceeded our Sustainability Ambition target.

## Clinker to cement factor

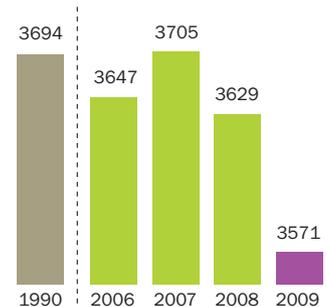
(Ratio between clinker consumption and cement production)



Through positive management actions and investment our cement/clinker factor has improved by 11.3% since the base year 1990. 2009 showed an 6.6% improvement over 2008.

## Specific heat consumption

(MJ / ton clinker)



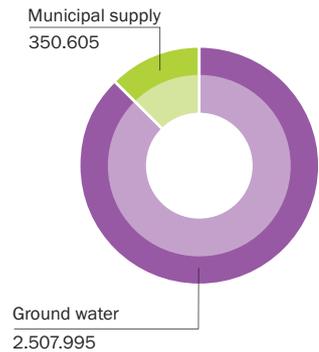
Our specific heat consumption continued its trend of improvement for the second year in a row.

# Managing water and waste

We are responsible in our sourcing of water for our processes, carefully measuring and monitoring extraction.

With our waste the focus is on recycling not on disposal. Similarly we meet the standards laid down in the quality of water we return to the environment.

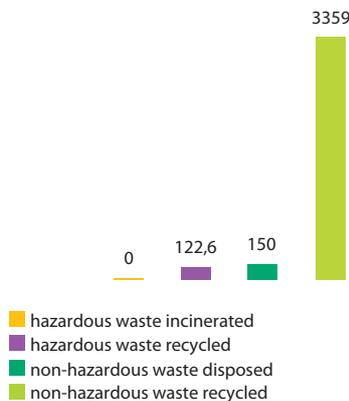
Total water withdrawn by source (m<sup>3</sup>)



88% of the water we use is ground water that we derive from wells for which we have permits.

Managing our waste impacts

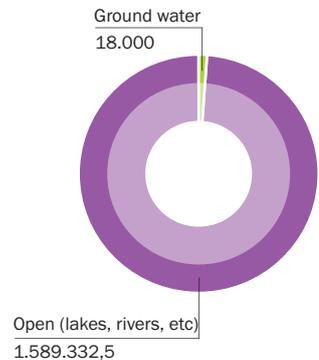
(Waste by type and disposal method - tons/year)



The overwhelming majority of our production waste is recycled. None is incinerated.

Total process water discharged

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



Virtually all the water we discharge is discharged into open water. The quality of the water discharged must meet stringent, statutory requirements.

# Improving our road **transport** performance

2009 delivered better transport safety results in Heracles as a result of the use of GPS tracking systems.

Heracles transports much of its product by road. Use of GPS tracking systems and analysis of individual driver performance led to significant improvements in safety performance. We had no lost time injuries or medical injuries as a result of our road transport activities in 2009.

We will be publishing fuller information about our transport impacts in future years' reports.

## Road activities: Delivering our product

(Basic facts)

Number of Silo Trucks	333
Number of silo trucks with GPS	311 (~93%)
Tns delivered per year	3,1M
Kms per year	26M
Loadings per day	333

Delivery by road forms the backbone of our distribution system.

## Road safety milestones

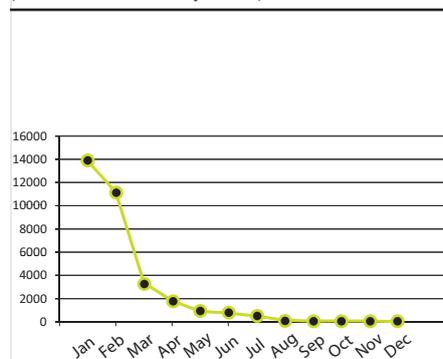
(Number and type of incidents)

	2005	2006	2007	2008	2009
Fatalities	0	0	0	0	0
Fatalities - Third party	0	0	2	1	0
Lost time injuries	2	3	2	1	0
Medical injuries				3	0
First aid					2
Damage to trucks	43	53	35	42	9

Actions taken during 2009 have significantly improved our road safety record.

## Speed violations 2009

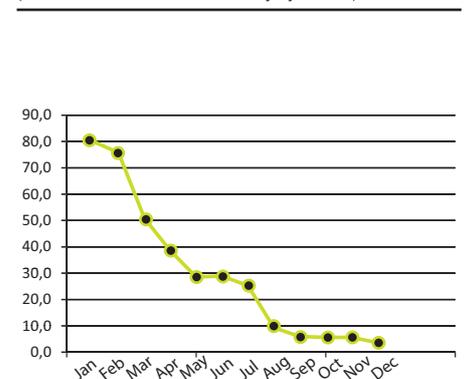
(Number of violations by month)



The use of the GPS system to control speeding violations has delivered a transforming effect to our road transport in 2009.

## Violation participation

(% of drivers with non-conformity by month)



The percentage of drivers with a non-conformity has been reduced drastically by the steps we have taken in 2009.

## GRI content index

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
1.1 Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		SR 2009, page 3 CEO Message.
1.2 Description of key risks and opportunities		AR 2009, page 7 Prospects – major sources of risk and uncertainties for 2010.
2.1 Name of the organisation		Heracles General Cement Company.
2.2 Primary brands products and/or services. The reporting organisation should indicate the nature of its role in providing these products and services, and the degree to which it utilises outsourcing.		The main product is cement. See SR 2009, inside front cover, Heracles Presence in Greece. See also pages 15 to 17 for information on suppliers and customers.
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		See SR 2009, inside front cover, Heracles Presence in Greece. See also Annual Report.
2.4 Location of organisation's headquarters		49-51, Sophocli Venizelou str. 141 23 Lycovrissi Attica.
2.5 Number of countries where the organisation operates, and the names of the countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		Greece
2.6 Nature of ownership and legal form		Limited company registered under Greek law.
2.7 Markets served (including geographical breakdown, sectors served, types of customers/beneficiaries)		See inside front cover, Heracles presence in Greece.
2.8 Scale of reporting organisation, including: number of employees, net sales (for private sector organisations) or net revenues (for public sector organisations) and total capitalisation broken down in terms of debt and equity (for private sector organisations) and quantity of products and services provided. Reporting organisations encouraged to provide additional information: total assets; beneficial ownership (including identity and percentage of ownership of largest shareholders); and breakdowns by country/region of the following: • Sales/revenues by countries/regions that make up 5 percent or more of total revenues; • Costs by countries/regions that make up 5 percent or more of total revenues; and • Employees.		See SR 2009, inside front cover, Heracles Presence in Greece. See also Annual Report and employee data in SR 2009, pages 20 - 21, 34.
2.9 Significant changes during the reporting period regarding size, structure or ownership, including: the location of, or changes in operations including facility openings, closings and expansions and changes in the share capital structure and other capital formation, maintenance and alteration operations		None.
2.10 Awards received in the reporting period		<p>AWARDS</p> <ul style="list-style-type: none"> <li>-Corporate Sustainability Responsibility Excellence Award for Occupational Health &amp; Safety. Association of Greek Advertised Companies with the Hellenic Network for CSR and the Hellenic Management Association.</li> <li>-Environmental Management Award [Greek Awards for the Environment by the Greek Association of Environmental Protection Companies. These awards are part of the European Business Awards for the Environment].</li> </ul> <p>The Heracles Sustainability Report 2008 was rated 8th by the University of the Aegean, Centre for Environmental Policy and Strategic Environmental Management and 10th by the Accountability Rating Greece [Institute of Social Innovation, partner of the AccountAbility] among the published reports of 100 largest in turnover companies in Greece.</p>

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
3.1 Reporting period (e.g., fiscal/calendar year) for information provided		1/1/2009-31/12/2009
3.2 Date of most recent report if any		2008
3.3 Reporting cycle (annual, biennial, etc.)		Annual
3.4 Contact point for questions regarding the report and its context		Back cover
3.5 Process for defining report content, including determining materiality, prioritising topics within the report and identifying the stakeholders that the organisation expects to use the report. Include an explanation of how the organisation has applied the Guidance on Defining Report Content and the associated principles		We took into consideration the feedback received on SR 2008, see SR 2009 pages 8-9 Sustainability Management and SR 2009 page 46 What we considered in writing this report.
3.6 Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers) See GRI Boundary Protocol for further guidance		Report covers the activities of Heracles Cement Company only.
3.7 State any specific limitations on the scope or boundary of the report. If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organisation, state the strategy and the projected timeline for providing complete coverage		This is a full scope report.
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations		Not relevant.
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols		See page 51, Lafarge Group Sustainability Report 2009.
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such restatement (e.g. mergers/acquisitions, change of base year/ periods, nature of business, measurement methods)		None.
3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report		None.
3.12 GRI Context Index Table identifying the location of the Standard Disclosures in the report. Identify the page number or weblinks where the following can be found: Strategy and analysis 1.1-1.2; Organisational profile 2.1-2.10; Report parameters 3.1-3.13; Governance, commitments and engagement 4.1-4.17; Disclosure of management approach per category, Core performance indicators, Any additional GRI indicators that were included, any GRI sector supplement indicators included in the report		SR 2009, 38-45.
3.13 Policy and current practice with regard to seeking independent assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)		This is Heracles' second Sustainability Report so we are relatively new to reporting. We will continue to make progress on our reporting and will consider the question of assurance in future years.
4.1 Governance structure of the organisation including committees under the highest governance body responsible for specific tasks such as setting strategy or organisational oversight. Describe the mandate and composition (including the number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social and environmental performance)		SR 2009, pages 6-7 Observing good governance, Living our values. The Managing Director reports to the Board on matters relating to economic, social and environmental performance.
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).		No, see SR 2009, pages 6-7 Observing good governance, Living our values.

# HERACLES SUSTAINABILITY REPORT 2009

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
4.3 For organisations that have a unitary board structure state the number of members of the highest governance body that are independent and/or non-executive directors. State how the organisation defines 'independent' and 'non-executive'. This element applies only for organisations that have unitary board structures. See the glossary for a definition of 'independent'.		SR 2009, pages 6-7 Observing good governance, living our values. In the corporate internal legislation it is defined that independent and non executive members have no other responsibility apart from their being Board members and their participation in the audit committee.
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include references to processes regarding: the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and informing and consulting employees about working relationships with formal representation bodies such as organisation level works councils and representation of employees in the highest governance body. Identify topics related to economic, environmental and social performance raised through these mechanisms during the reporting period.		We uphold the rights of shareholders, including minority shareholders, as specified in Greek law. Internal mechanisms are in place for employees to make suggestions to the Management via unions and the Management meets periodically with trade union representatives.
4.5 Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance)		Personal targets for both safety and sustainability are included in key managers' performance targets. See SR 2009, page 9 Sustainability Management.
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.		The Charter for the Board of Directors includes a paragraph on conflict of interest. It states that a Board member should notify the Board in a timely manner if a conflict of interest arises. Board members, Executive Committee and operational management state their compliance with our conflict of interest policies in an annual certification letter.
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics		The General Assembly of shareholders assesses the performance of the Board. They ensure that each Director possesses the necessary qualities, experience and competence (including on strategy, economic, environmental and social topics) thereby enabling the Board to perform its duties effectively. They implement corporate governance requirements according to Greek legislation and take into account the balance of the Board's composition.
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation Explain the degree to which these: are applied across the organisation in different regions and department/units; and, relate to internationally agreed standards		SR 2009, pages 6-7 Observing good governance, living our values, Code of Business Conduct training: enabling our employees. Our Code of Business Conduct covers conflict of interest, corruption, internal audit and internal control. The Code of Conduct training has been approved by Transparency International.
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles Include the frequency with which the highest governance body assesses sustainability performance		We carry out an annual risk assessment process with top management. We identify basic business risks and level of exposure. This includes environmental and legal risks. This is presented to the Executive Committee who then validate an action plan. The Executive Committee reviews sustainability performance once a year.
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		The General Assembly of Shareholders assesses the performance of the Board.
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organisation's approach to risk management in operational planning or the development and introduction of new products		SR 2009, pages 24-25 Reducing our carbon impact.
4.12 Externally developed, economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses. Include the date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (e.g. multi-stakeholder, etc). Differentiate between non-binding, voluntary initiatives and those with which the organisation has an obligation to comply		-UNGC (2008) -Hellenic Federation of Enterprises (SEV) Council of Sustainable Development (2008) -Hellenic CSR Network (2000) -European Road Safety Charter [Directorate - General for Energy and Transport, European Commission] (2006) They all are voluntary initiatives.

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. This refers primarily to memberships maintained at the organizational level.		We are members of Hellenic Federation of Enterprises (SEV) Hellenic Association for Resource Recovery and Recycling (SEVIAN) as well as members of the Greek Mining Enterprises Association.
4.14 List of stakeholder groups engaged by organisations. Examples of stakeholder groups are communities, civil society, customers, shareholders and providers of capital, suppliers, and employees, other workers and their trade unions		SR 2009 pages 10-11 Dialogue with our stakeholders. Our stakeholders include: employees, customers, shareholders, local communities, authorities, regulators, civic society.
4.15 Basis for identification and selection of stakeholders with whom to engage. This includes the organisation's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage		SR 2009 pages 10-11 Dialogue with our stakeholders.
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/ union structures, and other vehicles. The organization should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.		SR 2009 pages 10-11 Dialogue with our stakeholders.
4.17 Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting		SR 2009 pages 10-11 Dialogue with our stakeholders. SR 2009 page 46 What we considered in writing this report.
<b>Economic Performance (Management Approach)</b>		Please see our Annual Report 2009 for full information on our economic performance: <a href="http://www.lafarge.gr/HeraclesAnnual-FinancialReport2009Eng.pdf">http://www.lafarge.gr/HeraclesAnnual-FinancialReport2009Eng.pdf</a> See also inside front cover, SR 2009 on Our Presence in Greece and page 18 - 19 for information on Customers. The responsible senior officer is Pierre Deleplanque, CEO.
EC1 Direct Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments (core)		SR 2009 page 30, see Cash value added chart.
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change (core)		See Lafarge Group Annual Report and Accounts, page 12, Climate and Natural Disasters, for information on how climate risks are identified and addressed. See SR 2009, page 8, Top Management Commitment, for an overview of how Heracles' Executive Committee addresses climate change issues. See SR 2009, pages 24-25 for opportunities related to climate change, particularly information on ATHLOS, a new product that releases less carbon dioxide in production.
EC3 Coverage of organisation's defined benefit plan obligations (core)		Heracles does not provide private retirement scheme. It compensates with 100% indemnity for retirement and separation.
EC4 Significant financial assistance received from government (core)		No significant financial assistance received.
EC5 Range of ratios of standard entry level wage compared to the local minimum wage at significant locations of operation (Additional)		The Heracles G.C.Co minimum salary is 129% of the statutory minimum.
EC6 Policy, practices and proportion of spending on locally based suppliers at significant locations of operation (core)		Out of our annual purchase program, 75% is directed to local suppliers, the remaining 25% consisting mostly in goods that cannot be sourced from Greece (raw materials mostly).
EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. (core)		The majority of our staff are local hires. 16% of senior and executive management are expatriates. We recruit employees with the skills that best meet the needs of our business.

# HERACLES SUSTAINABILITY REPORT 2009

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement (core)		In total, Heracles donated in 2009 €788,652 in support for local community initiatives, plus € 152,261 worth of cement product or construction materials for local infrastructure or emergency needs.
<b>Environmental performance (Management Approach)</b> <i>United Nations Global Compact principles 7, 8, 9</i>		<p>This is fully addressed through our Sustainability Ambitions 2012 on pages 4-5. Eight of our Sustainability Ambitions relate to the environment. Two of these on environmental audit and quarries relate directly to environmental management. While Lafarge Group guidelines only require us to have an environmental audit of the cement plants in 2009 we audited our Rio Terminal as well. It is our intention to audit all our terminals. For further details see also pages 8-9 Managing our business sustainably.</p> <p>The responsible senior officer is Arnaud Merienne, Industrial Operations General Manager.</p>
EN1 Materials used by weight or volume (core)		8,421,731t of raw materials and fuels 3,931,042t of clinker 5,040,330t of cement
EN2 Percentage of materials used that are recycled input materials (core)		9.7% of our materials are recycled input materials.
EN3 Direct energy consumption by primary energy source (core)		14,036,182MJ. See SR 2009 page 35, chart on Direct and indirect energy consumption.
EN4 Indirect energy consumption by primary source (core)		576,965 Mwh. All our indirect energy is from Public Power Corporation. See SR page 35, chart on Direct and indirect energy consumption.
EN5 Energy saved due to conservation and efficiency improvements (additional)		SR2009, page 24.
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives (additional)		See Athlos description, SR 2009 page 17.
EN7 Initiatives to reduce indirect energy consumption and reductions achieved (additional)		See transport case study, SR 2009 page 25.
EN8 Total water withdrawn by source (core)		2,858,000m <sup>3</sup> /year. Sources are: 2,507,995m <sup>3</sup> from ground water and 350,605.2 m <sup>3</sup> from other sources.
EN9 Water sources significantly affected by withdrawal of water (additional)		None.
EN10 Percentage and total volume of water recycled and reused (additional)		See SR page 27 water.
EN11 Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (core)		<p>1. Milos island            Pozolane quarry which consists of:                227.000 m<sup>2</sup> land owned                439.000 m<sup>2</sup> land leased</p> <p>The quarry area is in a protected area for the "red viper" as well as adjacent to Natura 2000 protected zone</p> <p>2. Hornstone quarries (two) in Anavra Volos. Both quarries are leased</p> <p>    i) The first is 135.000 m<sup>2</sup> and                ii) the other 230.000 m<sup>2</sup></p> <p>both are inside the Natura 2000 protected zone            See SR 2009, pages 28-29.</p>
EN12 Description of significant impact of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (core)		Our quarrying activities clearly do have an impact on habitats and so on biodiversity during the time of their operation. However each has a rehabilitation plan. Examples of rehabilitation of quarries are given in the body of the report, see SR 2009, pages 28-29.
EN13 Habitats protected or restored (additional)		During 2009 204.000 m <sup>2</sup> were restored according to the plan submitted and authorized by the authorities. Environmental inspectors as well as mining inspectors often visit the quarries to certify that rehabilitation program is progressing in line with the environmental and mining terms.

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
EN14 Strategies, current actions, and future plans for managing impacts on diversity (additional)		In conjunction with WWF international the Lafarge Group has worked on a set of guidelines for biodiversity management in quarries. The substance of the guidelines has been incorporated into the agreed methodology recommended by the WBCSD Cement Sustainability Initiative. Heracles is committed to achieving full implementation by the end of 2012.
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk (additional)		The Pozolane quarry on Milos island is in a protected area of ecological value. In particular, the area has two protected species, the vipera scwheizeri and the Mediterranean seal (monachus monachus).
EN16 Total direct and indirect greenhouse gas emissions by weight (core)		3,382,142 tons CO2 per year.
EN17 Other relevant indirect greenhouse gas emissions by weight (Core)		Scope 1: 3,416,803 tons CO2 Scope 2: 400,445 tons CO2 Scope 3: approximately 50,000 tons CO2
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved (Additional)		SR 2009, page 24. See also pages 16-17, Customers.
EN19 Emissions of ozone depleting substances by weight (core)		None.
EN20 NOx SOx and other significant air emissions by type and weight (core)		SR 2009, page 35.
EN21 Total water discharge by quality and destination (core)		SR 2009, page 36.
EN22 Total weight of waste by type and disposal method (core)		123 tns/year of hazardous waste recycled 150 tns/year of non-hazardous waste disposed 3,359 tns/year of non-hazardous waste recycled
EN23 Total number and volume of significant spills (core)		0
EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex 1, II, III or VIII, and percentage of transported waste shipped internationally (additional)		123 tns/year of hazardous waste recycled: 19% shipped
EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation (core)		SR 2009, pages 16-17 Customers.
EN27 Percentage of products sold and their packaging materials that are reclaimed by category (core)		Not a material issue in the industry given the small percentage that packaging represents.
EN28 Monetary value of significant fines and total number of non-monetary sanctions for, non-compliance with environmental laws and regulations (core)		0
EN29 Significant environmental impacts of transporting goods and materials used for organisation's operations, and transporting members of the workforce (additional)		SR 2009 page 25, Transport case study.
EN30 Total environmental protection expenditure and investments by type (additional)		€6,818,135.32 capital expenditure €42,561 waste maangement €297,098 cleaning and watering of plants areas €510,242.1 Enviroment restoration €53,193.46 Recycling and utilizing expenses
<b>Product responsibility (Management Approach)</b>		Please see the Customer section of SR 2009, pages 16-17. The responsible senior officer is George Melatos, Sales General Manager.
PR1 Life cycle stages in which the health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures (core)		The company assesses the impact of products and services on health and safety during their production, transport and use. Products are labeled accordingly and safe instructions are provided to users.
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements (core)		Material Safety Data Sheets (MSDS) are available for all types of cement produced. These are provided to our clients and any cement user and are also posted on our website.
PR5 Practices related to customer satisfaction, including results of survey measuring customer satisfaction (additional)		SR 2009 page 16-17.

# HERACLES SUSTAINABILITY REPORT 2009

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
PR6 Programmes for adherence to laws, standards and voluntary codes related to marketing communications including advertising, promotion and sponsorship (Core)		-Members of the Communication Control Council -Cosigned the Hellenic Code for Advertising and Communications (EDEE).
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (core)		No fines received.
<b>Labor practices and decent work (Management Approach)</b> <i>United Nations Global Compact principles 3, 4, 5, 6</i>		Please see the People section of our SR 2009, pages 18-19. Our labour practices are managed in line with best practice and all requirements of Greek law. For more information, please see the entries below. The responsible senior officer is Evelyn Marangoudakis, Human Resources General Manager.
LA1 Total workforce by employment type, employment contract and region (core)		For Heracles General Cement Company the figure is 1573 as of 31 December 2009. 100 % are on full time permanent contracts. The vast majority of our employees are based in Greece.
LA2 Total number and rate of employee turnover by age group, gender and region (core)		The turnover rate is 9% per men and 14% per women, while it is 1% for the ages 20-30, 2,5% for the ages 31-50 and 32% for the ages above 60.
LA3 Benefits provided to full time employees that are not provided to temporary or part time employees, by major operations (additional)		This is not applicable as all our employees are full time.
LA4 Percentage of employees covered by collective bargaining agreements (core)		All, as per applicable law in Greece.
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements (core)		As per applicable law in Greece.
LA6 Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes (additional)		All employees are covered by Health and Safety Committees, with elected representatives in the plants.
LA7 Rates of injury, occupational diseases, lost days and absenteeism and total number of work related fatalities by region (core)		SR 2009, page 31 Safety.
LA8 Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases (core)		The comprehensive Heracles General Cement Company occupational health program includes educational and preventive measures.
LA10 Average hours of training per year per employee by employee category (core)		Managers: 60.4 average training hours per year Non managers: 10 average training hours per year
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity (core)		SR 2009, pages 7-8 Observing good governance, living our values for Executive Committee composition. 9% of our employees are below the age of 30, 54% are between 31-50 and 37% are above the age of 51. 10% of the total Heracles population are women and 90% are men. See page 32.
LA14 Ratio of basic salary of men to women by employee category (core)		Heracles has a gender-neutral pay system which is compliant with Greek and EU pay equality legislation. However the pay system in Greece is complex, taking into account a number of different factors, which means that we are not able to produce a meaningful single ratio as envisaged by indicator LA14. We are looking to address this issue and report in the long term.
<b>Human rights (Management Approach)</b> <i>United Nations Global Compact principles 1, 2, 3, 4, 5, 6</i>		Our approach to managing human rights is fully in line not only with Greek law, but also with our commitments to the principles of the United Nations Global Compact. The responsible senior officer is Pierre Deleplanque, CEO.
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening (core)		This is not a particularly material issue for us, given the high standards of human rights in Greece. All of our investments are in Greece.

GRI G3 GUIDELINES	REPORTING LEVEL	REFERENCE / COMMENTS
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken (core)		This is not a particularly material issue for us, given the high standards of human rights in Greece and that 75% of our supplies are sourced from Greece. Consequently we do not track data on this matter.
HR4 Total number of incidents of discrimination and actions taken (core)		No incidents related to breach of the Code of Business Conduct principles concerning discrimination were reported through the business conduct line reported in Greece.
HR5 Operations identified in which the right to exercise of freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights (core)		Not applicable. Freedom of association is guaranteed in Greece.
HR6 Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour (core)		Not applicable. Child labor not a material issue in Greece.
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour. (core)		Not applicable. Forced and compulsory labor not lawful in Greece.
<b>Society (Management Approach)</b> <i>United Nations Global Compact principles 10</i>		Please see SR 2009, pages 20-21 our role in the community. The responsible senior officer is Pierre Deleplanque, CEO.
SO1 Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting (core)		The company undertakes a yearly assessment on impact and risks related to operations. In addition, local integration plans identify impact or areas of risks related to local operations and develop mitigation or action plans accordingly.
SO2 Percentage and total number of business units analysed for risks related to corruption (core)		Potential risk of corruption is fully covered by the regular processes of Heracles Company and of the wider Lafarge Group.
SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures (core)		We are currently in the process of delivering Code of Business Conduct training to all employees. This program began in 2009 and will be complete in 2010.
SO4 Actions taken in response to incidents of corruption (core)		No incidents of corruption were identified in 2009.
SO5 Public policy positions and participation in public policy development and lobbying (core)		Heracles is a member of the local cement industry association. See Lafarge Sustainability Report for issues raised in the European context.
SO6 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country (additional)		None.
SO7 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes (additional)		None.
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (core)		None.

- FULLY REPORTED
- PARTIALLY REPORTED
- NOT REPORTED
- NOT MATERIAL FACTOR FOR LAFARGE

# What we considered in writing this report

In the Sustainability Report 2008 we committed to reporting annually on our progress in sustainability matters. We were determined that the 2009 report should show progress over 2008. We identified potential improvements. We listened to the feedback we received and made changes as a result.

### FEEDBACK FROM STAKEHOLDERS ON THE SUSTAINABILITY REPORT 2008

In our Heracles Sustainability Report 2008 we wanted to provide a measurable account of our efforts in managing our business in a sustainable manner. We structured our report around the Sustainability Ambitions 2012 and explained what the specific targets are and our actions intended to bring the desired result. We received feedback from stakeholders that sometimes the Heracles sustainability target was overshadowed by the parallel mention to what Lafarge Group does globally. We have listened and responded to this feedback and this year's report is entirely focussed on Heracles.

The Institute of Social Innovation has rated Heracles Sustainability Report 2008 10th in the Sustainability Rating Greece. The Environment Department of the Aegean University also awarded Lafarge Heracles Sustainability Report for the successful implementation of the international GRI-G3 of the Global Reporting Initiative (GRI) during the CSR REPORTING FORUM 2009 held on December 8th 2009.

### FOCUSSING ON 2009 PROGRESS

Having reported only last year we realized that readers would not just want a report that repeated everything that had been said before. So on pages 12-29, where we are reporting on the main subject areas, we have concentrated in particular on the progress made during 2009. We trust that taken with the explanation of our aims and processes at the start of the report and the fuller performance information at the back of the report, this gives a complete and up to date picture of what we are doing.

### ENRICHING THE DATA

We recognized that our report would be rich if we were able to give far more data about our performance. We realised too that wherever possible we should give performance data over a number of years so that readers can see trends and our direction of travel.

### MEETING GRI GUIDELINES

Finally, we know that many readers find that a full GRI index is very helpful to them in establishing understanding of the report and being able to use it effectively. We have produced a full index and had it checked by GRI who confirm that it is Application Level A.



# Lafarge Group Progress 2009

## POINTS OF PROGRESS

### Health and safety

Health and safety remains our number 1 priority as a Group. Despite significant progress on our Lost Time Injury Frequency Rate (LTIFR), we deeply regret that we suffered fatalities during 2009 and are determined to continue to drive improvements until these are eliminated altogether.

### Employee and sub-contractor fatalities in 2009

32

### Employee Lost Time Injury Frequency Rate (LTIFR) in 2009

0.98

### Responding to economic crisis

We have acted to ensure the sustainability of our business, maintaining investment in emerging markets and have focused closely on our social agenda providing support to employees affected by restructuring.

Despite the temptation to cut costs in the face of the downturn, Lafarge has moved to increase its investment in employee development during 2009. The Lafarge University budget, our center for people development, increased by 15% from 6.6 million euros in 2009 to 7.6 million euros in 2010.

### Group sales in emerging markets in 2009

51,6%

### Decline in headcount in 2009

4.8%

### Climate change and sustainable construction

We consider the Copenhagen Accord as an invitation for business to promote policy proposals to enable further CO2 emission reductions in developed and developing countries. Lafarge, within the Cement Sustainability Initiative (CSI), is committed to lead our sector. By end of 2009, we have achieved our CO2 objective one year ahead of schedule with a 20.7% reduction between 1990 and 2010.

### Reduction of our net CO2 emissions per ton of cement

20.7%

### Reduction of our absolute level of CO2 emissions in industrialized countries

37.7%

### Alternative fuel rate in 2009

10.9%

Besides reducing the carbon footprint of its products, Lafarge developed a campaign of internal education on sustainable construction throughout 2009, launching a new e-learning tool and carrying out a series of training sessions at various levels of the organization. More than 50% of our R&D budget is dedicated to issues relating to sustainable construction such as energy, CO2, natural resources efficiency, health and safety as well as comfort and quality of life. Our strategy also involves launching new products that reduce the footprint of a construction over its lifetime.

### Moving partnerships forward

During 2009, we signed new partnership agreements with WWF and CARE that extend our work with these NGOs into important new areas.

The new partnership agreement with WWF will focus on five key areas: climate change, persistent pollutants, water consumption, biodiversity and sustainable construction.

The three-year extension to the CARE partnership covers three themes.

- Distribution to other countries of the know-how developed by Lafarge in terms of programs to combat HIV/AIDS and malaria.
- Development of a system to assess the social and economic footprint on local communities of actions carried out by Lafarge in developing countries.
- Launch of a program to help poor people in developing countries to have a higher quality of housing.

### Biodiversity in quarries

Lafarge extracts over 450 million tons of material, more than 90% of the raw material used by the Group, from 730 quarry sites worldwide. Our ambition is to manage biodiversity at each stage of the quarry's life: during extraction as well as towards the end of its life with monitoring tools. Present developments will allow increasing the number of quarry sites which have a positive impact on biodiversity and ecosystem services.

### Percentage of quarries with a rehabilitation plan in 2009

79%

### Percentage of quarries with a biodiversity program in 2009

35%

### Percentage of quarries screened according to WWF criteria in 2009

64%

### Mapping our water footprint

We launched our efforts to map and manage Lafarge's water footprint, in partnership with WWF.

### Percentage of sites with water recycling system

75%

@ For more information: <http://sustainabilityreport.lafarge.com>

## Lafarge's presence in the world

The world leader in building materials, Lafarge holds top-ranking positions in Cement, Concrete, Aggregates and Gypsum with nearly 78,000 employees in 78 countries. As a producer of materials that are vital to economic and social development, Lafarge's growth is linked to demographics and the need for housing and infrastructure.

### Cement

**Worldwide market position:**

World Leader - Cement, hydraulic binders and lime for construction, renovation and public works

**Employees:** 46,468

**Sales:** 9.477 billion euros

**Countries:** 48

**Production sites:** 160

### Aggregates & Concrete

**Worldwide market position:**

N°2 for Aggregates and N°3 for Concrete - Aggregates, ready-mix and precast concrete products, asphalt and paving for engineering structures, roads and buildings

**Employees:** 23,552

**Sales:** 5.064 billion euros

**Countries:** 36

**Production sites:** 1,773

### Gypsum

**Worldwide market position:**

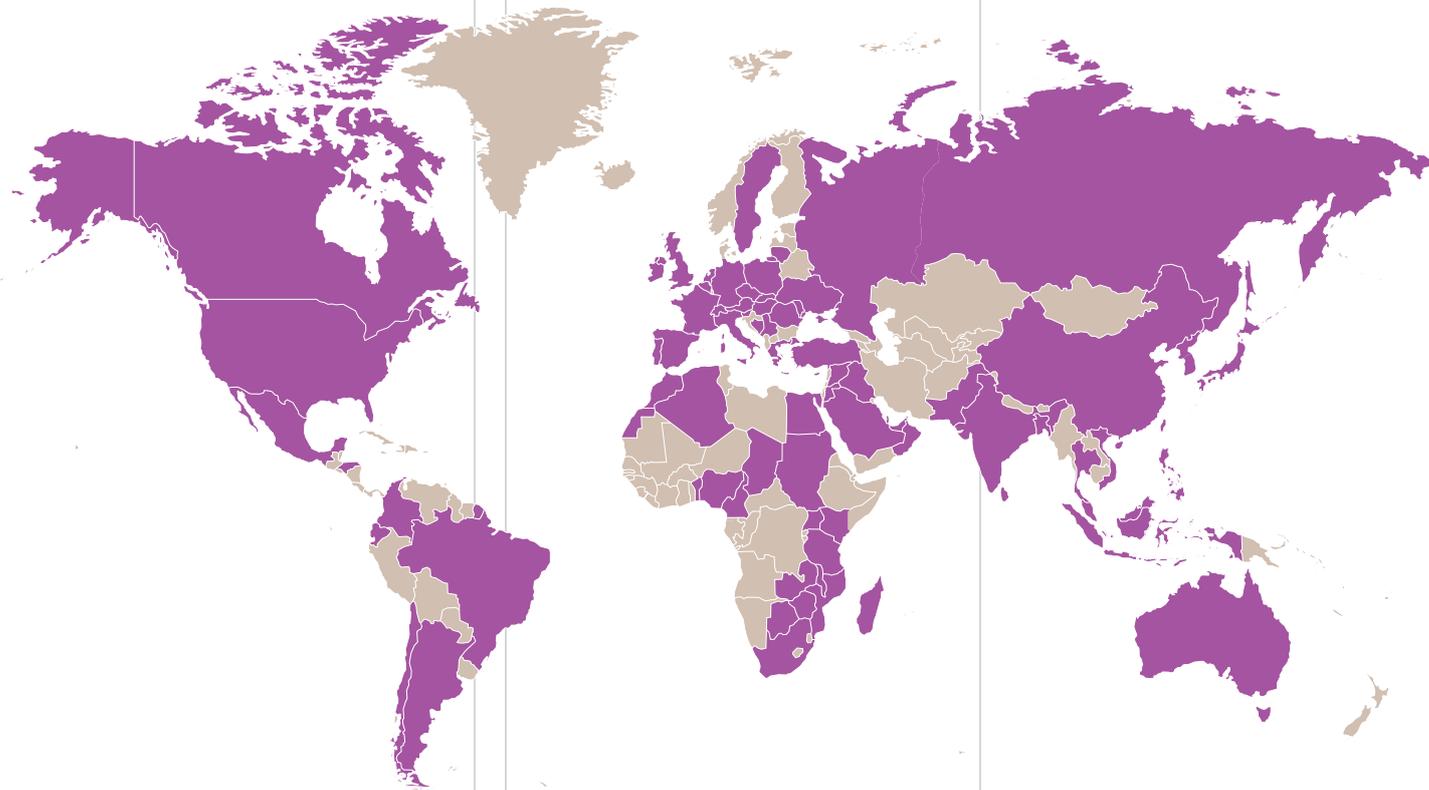
N° 3 - Plasterboard systems and gypsum-based interior solutions for new construction and renovation

**Employees:** 7,974

**Sales:** 1.334 billion euros

**Countries:** 30

**Production sites:** 80



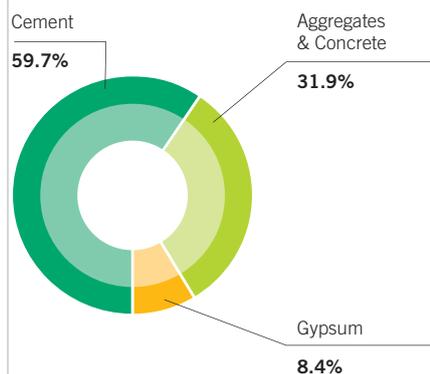
### Sales (in million euros)

15,884

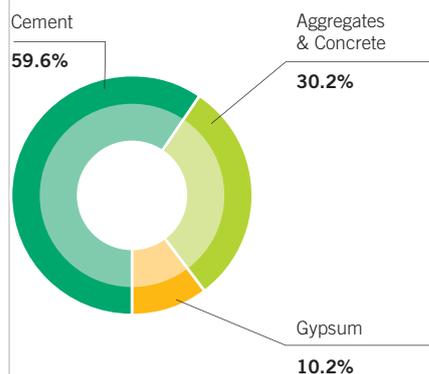
### Net income (in million euros)

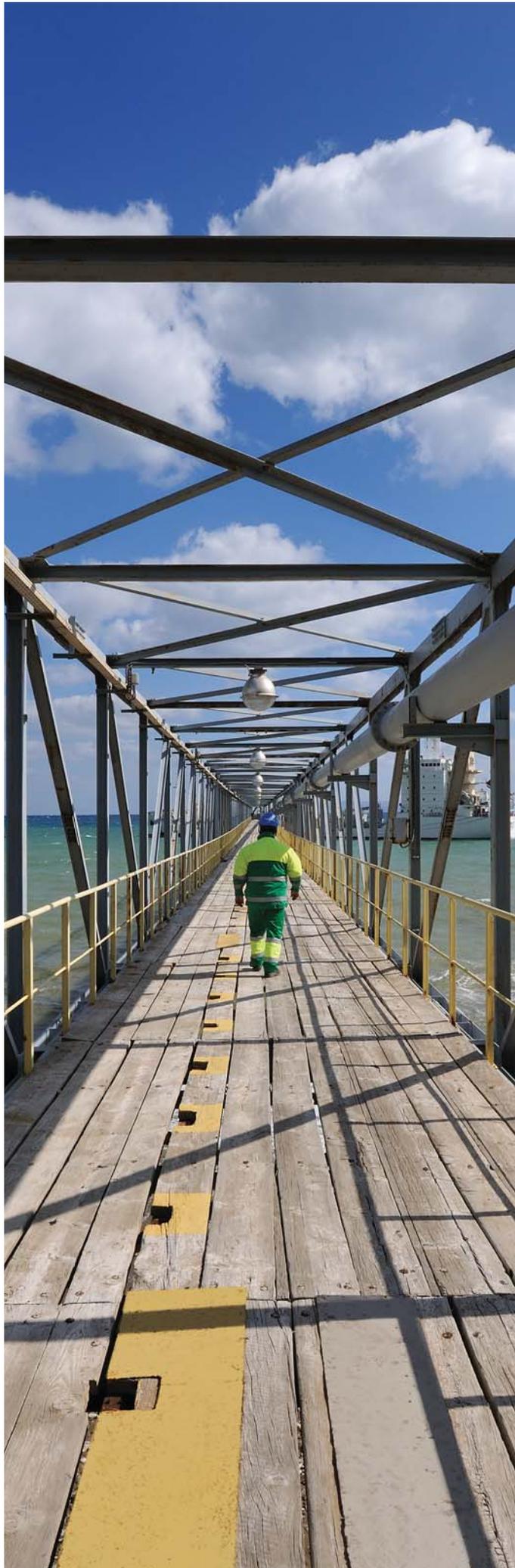
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### Sales breakdown by business line



### Workforce breakdown by business line





- Cover photo: Employees in Milaki plant
  - Back cover photo: Iraklion terminal port
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