

# Sustainable Development Report 2015



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# Introduction

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## About this report

Holcim Lebanon published the first sustainable development report based on GRI guidelines in 2009. The report, released every three years, outlines our progress on a range of sustainable business initiatives and highlights areas where major challenges remain. In 2012, we reported on our three year achievements in line with the G3 sustainability guidelines.

This report provides a summary of our sustainability approach and actions for the period extending from 2012 to 2014. It illustrates case studies and presents performance indicators against key objectives and legal requirements. The report is prepared in accordance to G4 guidelines at core level and reflects Holcim Lebanon's commitment to transparent reporting.

## Methodology of data collection

Information and data presented in this report are collected from different monitoring and reporting tools. Indicators on environmental performance are reported from the Plant Environmental Profile (PEP) questionnaire, the annual plant technical report (ATR) and operating statistics reported to the Group. Social indicators on OH&S and personnel are taken from the occupational health and safety questionnaire and yearly reports covering own and third party service providers. Other social performance data are derived from the annual Corporate Social Responsibility questionnaire. Data pertaining to our economic contribution are consistent with our annual financial report.

### Contact us at Holcim Lebanon

#### Sustainable Development

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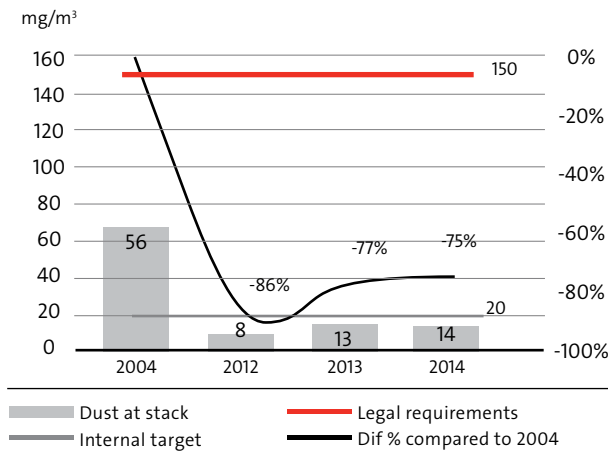
[www.holcim.com.lb](http://www.holcim.com.lb)

#### Corporate Social Responsibility Communications

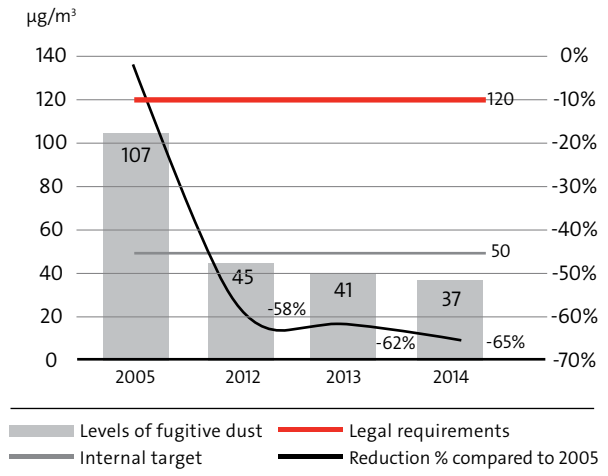
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# Performance Highlights

## Emissions of dust at stack



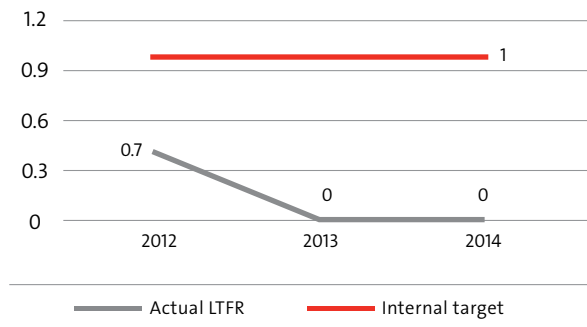
## Emissions of fugitive dust



## Reduced levels of specific CO2 emissions compared to reference year (1990)

Status 2014: **21%** reduction  
 Target 2015: **25%** reduction

## Lost time injury frequency rate



## Employee training

Total investments: **USD 400,000**  
 Total training hours: **16,640 hours**  
 Average number of training hours per employee  
 Top and senior managers: **33.5**  
 Middle managers: **36**  
 Non managers: **18**

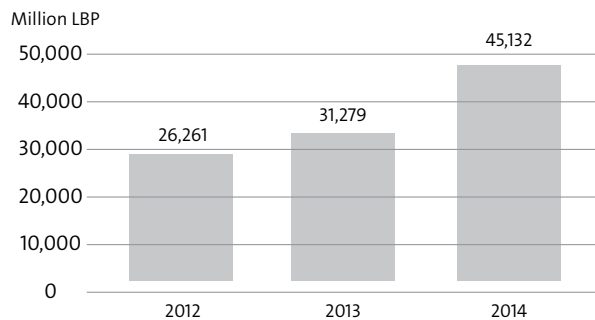
## Community engagement

Total spending in surrounding communities  
**USD 600,000**

## Local economic contribution

Total purchases, excluding fuels  
**USD 232.2 M**  
 Total spending in neighboring communities  
**USD 90 M**

## Dividends paid to shareholders



# About Holcim Lebanon

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Holcim Lebanon was established in 1929 as one of the leading cement companies in Lebanon. Holcim Lebanon combines the production and marketing activities, for grey and white cement as well as ready mix concrete in the Lebanese, Syrian and Cypriot markets, through its cement plant in Chekka and its subsidiaries Société Libanaise des Ciments Blancs (SLCB), Holcim Béton, and Bogaz Endustrive ve Madencilik (BEM). Holcim Lebanon is registered in the Beirut Stock Exchange.

Holcim Lebanon is the Lebanese subsidiary company of Holcim Group, a leading global supplier of cement, aggregates (crushed stone, sand and gravel) as well as ready-mix concrete, asphalt and other services. The Group is globally spread and holds majority and minority interests in more than 70 countries, across all continents.

With the objective to maintain the trust and satisfaction of our clients, we produce a full range of cement products in bulk and bags, as well as special products designed for use in a variety of applications. We are proud to provide our customers with products in compliance with the Lebanese Standard, NL 53:1999. The cement and ready-mix concrete plants hold ISO9001 certification for quality management.

We strive to be a valued and reliable partner for all our stakeholders as well as the most respected and attractive company in the building materials industry. We recognize our responsibility to implement our commitment to sustainable development by taking a holistic approach and managing the environmental, social and economic impacts. This commitment, embedded within our organization and supported by transparent communication, is essential to build our brand.

## Consolidated key figures for Holcim Lebanon

		2012	2013	2014
Annual cement production	000 t	2134	2065	1990
Sales of cement and clinker	000 t	2258	2273	2252
Sales of white cement	000 t	95	96	92
Sales of ready mix concrete	000 m <sup>3</sup>	355	250	128
Net sales	000 USD	228,733	227,386	217,528
EBITDA	000 USD	56,595	63,394	59,504
Operating profit	000 USD	35,127	41,327	37,698

# Message from our Chief Executive Officer



Our society faces complex sustainability challenges, notably waste management, loss of biodiversity, corruption, human rights violations, and many others.

In line with our mission to make positive contributions and build foundations for society's future, we aspire to respond to the pressing needs of our society and provide part of the solution to rising societal and environmental concerns.

Our report details our continuing journey in sustainable development. The report builds on our commitment to sustainability and transparency. We disclose performance indicators highlighting our achievements and challenges. Apart from continuing progress on our commitments, we successfully launched first time activities such as the Net Promoter Score under the Customer Excellence program, compliance-related activities, biodiversity and governance initiatives, among others.

With respect to our environmental performance, I am pleased of what we have accomplished in the areas of emissions, energy and biodiversity and recognize that there is still a long way to go to achieve our goals.

We are proud of our partnership with IUCN regional office and the experts who supported us in managing biodiversity projects. We thank the partner organizations whose expertise and enthusiasm were instrumental in the success of the initiatives.

On the other hand, we still face challenges in terms of co-processing alternative fuels despite the slight progress we made. In line with our aspiration to provide solutions to the challenges of our time, we strongly believe in the role of co-processing in helping address the increasing need for safe and environmentally sensitive municipal waste management. Treating wastes in cement production can help alleviate the problems associated with the increase in waste generation, particularly in countries where waste management infrastructure is barely existent. Our belief is supported by the technical know-how and the modern technology we possess as well as the extensive international expertise of the Group.

At Holcim, we have always stressed on our strong focus on safety with the goal of zero harm to people. We are deeply concerned with the fatality and injuries that occurred in our

operations. As such, we made sure to undertake thorough investigations to identify factors causing accidents and establish management plans to prevent their recurrence. We were active in engaging our employees and our stakeholders along the supply chain in safety programs. Our employees shared their commitment to safety with families, drivers, and contractor workers to improve community safety. We also went through a thorough evaluation for our safety directives to improve the implementation of our safety procedures.

We seek to continually provide trainings and awareness to help develop the skills of our people and underline shared responsibilities in areas such as anti-bribery and corruption, fair competition, human rights and the Code of Conduct.

In our effort to promote sustainable use of construction material, we aim to highlight sustainable construction as a valuable opportunity in the construction field with the support of the Holcim Foundation. We are pleased to have hosted the Regional Holcim Awards in partnership with the American University of Beirut. Thanks to this prestigious

event, we were able, with our partners, to create a strong foothold for environmental and community-based architecture and position Holcim Lebanon as a prominent contributor to the advancement of sustainable construction in the region.

Finally, we remain committed to building relationships of mutual trust and respect with our stakeholders and we will maintain our commitment to be transparent about what we do.

Jamil Bouharoun  
Ad interim Chief Executive Officer  
Holcim Lebanon



# Approach to Sustainable Development

## Vision and strategy

In line with our vision to build foundations for society's future, we recognize our responsibility to maintain a strong commitment towards sustainability to maintain our license to operate and strengthen our business.

Our aim is to create and sustain a long term value to all our stakeholder groups through embedding sustainability in our everyday business. We strive to be a reliable and valued partner to our stakeholders and to be the most attractive and respected company in our industry in Lebanon.

## Managing sustainable development

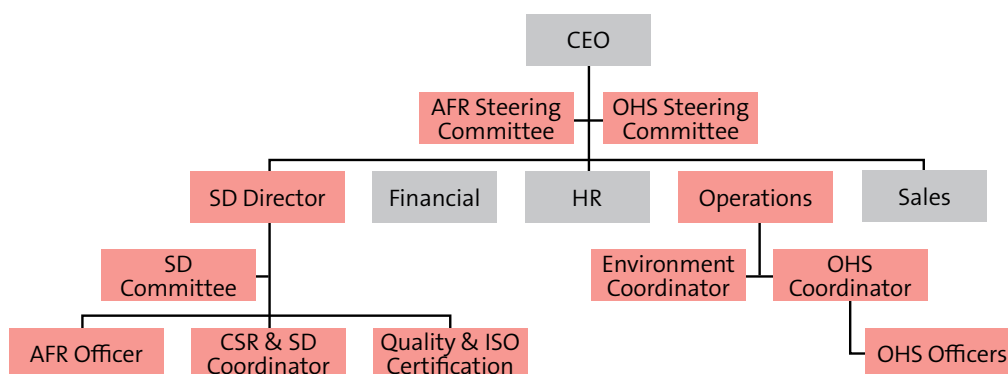
Commitment to sustainable development policies, strategy and practices lies within the responsibility of the executive committee chaired by the CEO. The committee oversees sustainability performance with respect to safety and health,

environment and community engagement. The commitment is supported by steering committees on OHS, AFR and CSR, each composed of members from across the functions who provide their knowledge and expertise.

We follow the holistic approach to sustainability recognizing the environmental and social impacts of our operations and decision making processes. Our strategy is developed based on providing high quality products and services while keeping sustainable development as a basic principle.

The strategy is implemented by the means of a Global Policy covering Environment, Safety and Quality domains. The policy is implemented through the certified management systems and their associated standards which play an important role in the development of resources, monitoring and improving performance.

Our operations comply with the ISO14001:2004 and ISO 9001:2008 management systems and the Holcim Health & Safety Green Pyramid.



*Holcim Lebanon Management Organizational Structure*

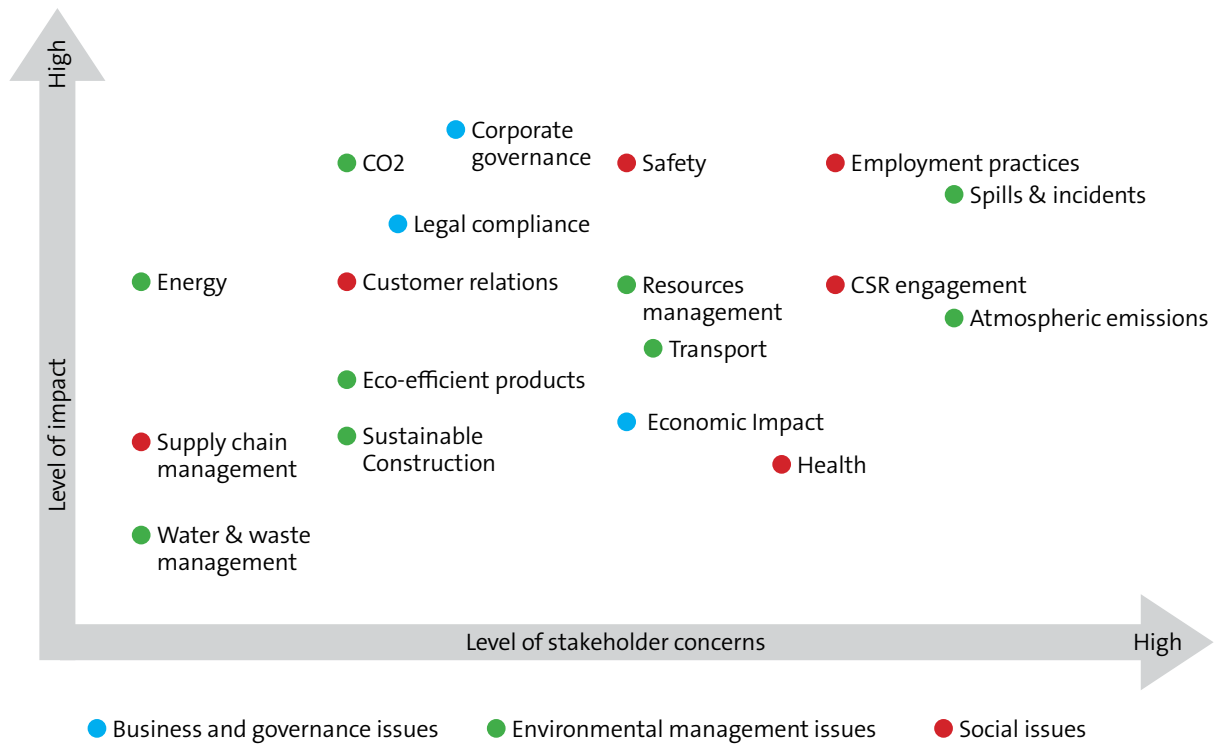


# Determining material issues

This report is based on our material issues that have been identified during the materiality review in 2012. We place great emphasis on our risk management system to ensure the integration of sustainability risks and opportunities while addressing the expectations and concerns of our stakeholders.

We prioritize sustainability issues where we can make a meaningful difference in communities in which we live and operate. Issues are considered material based on their impact on our business and significance to our stakeholders.

Material issues are presented in the matrix which illustrates the sustainability issues confirmed by our internal and community stakeholders.



# Environmental Performance

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## Our commitment

Holcim Lebanon's success depends on our ability to demonstrate a sustainable environmental performance. Our commitment to maintain our positioning as the best environmental performer in our industry drives us to continuously improve our environmental performance.

## Our approach

We use a systematic approach to monitor our impacts at all stages of production. We implement Group-wide management systems to assess and measure our impacts, set objectives to reduce them and commit to continuous improvement. We strive to go beyond legal requirements to achieve strict internal targets in accordance with the Group.

Holcim Lebanon's approach to environmental management is translated in our policy, outlining relevant indicators and targets and the importance of open dialogue to improve the environmental management culture in our operations.

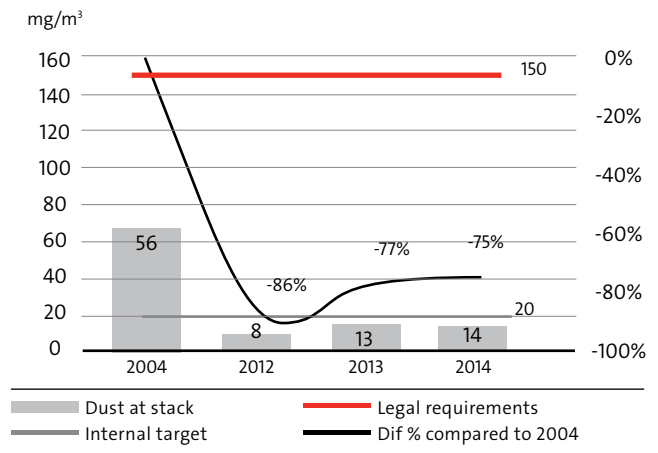
# Mitigating Environmental Impacts

## Reducing atmospheric emissions

### Dust at stack

In the past three years, emissions of dust at stack remained consistently below the internal target of 20 mg/m<sup>3</sup>. Results are due to the modernization of the main filter in 2010, leading Holcim Lebanon to achieve one of the best results in the cement industry, hence achieve the ambitious internal target of keeping dust at stack emissions below 20 mg/m<sup>3</sup>.

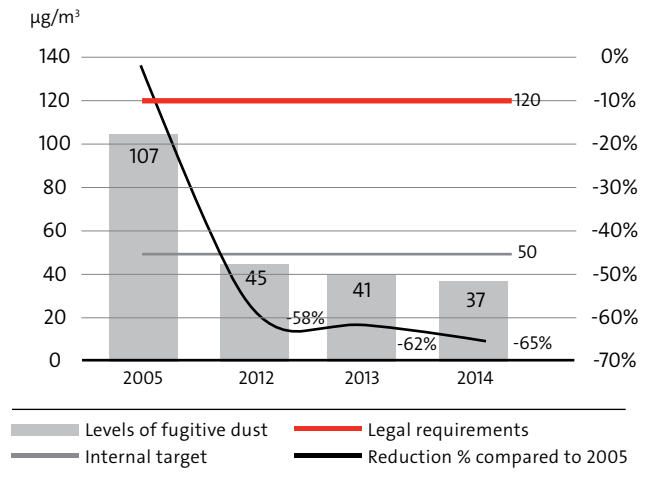
### Emissions of dust at stack



### Fugitive dust

In line with our continuous commitment to go beyond the legal requirements in our environmental footprint, Holcim Lebanon strives to consistently reduce levels of fugitive dust, taking into account the significance of fugitive dust expressed by local communities. By 2014, emissions reached 37 µg/m<sup>3</sup>, 65% less than the level reported in 2005. Efforts focused on maintaining dedusting systems on machinery, continuous spraying in internal roads to reduce dust emitted from vehicle circulation and continuous equipment maintenance.

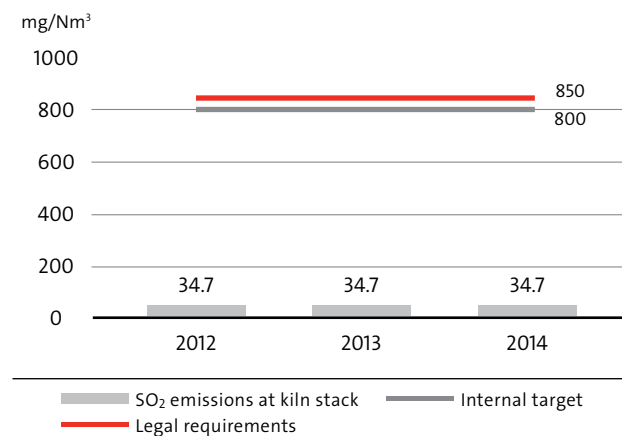
### Emissions of fugitive dust



## Nitrogen Oxide (NOx) and Sulfur Dioxide (SO<sub>2</sub>)

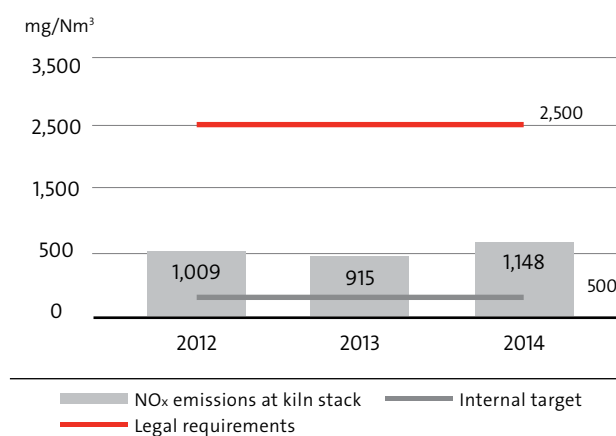
Levels of NOx and SO<sub>2</sub> have been constantly maintained below the legal limit values during the past three years.

### Emissions of sulfur dioxide



Nevertheless, our challenge remains to reduce the levels of NOx emissions according to the internal target (500 mg/Nm<sup>3</sup>) set by the Group.

### Emissions of nitrogen oxide



## Carbon Dioxide (CO<sub>2</sub>)

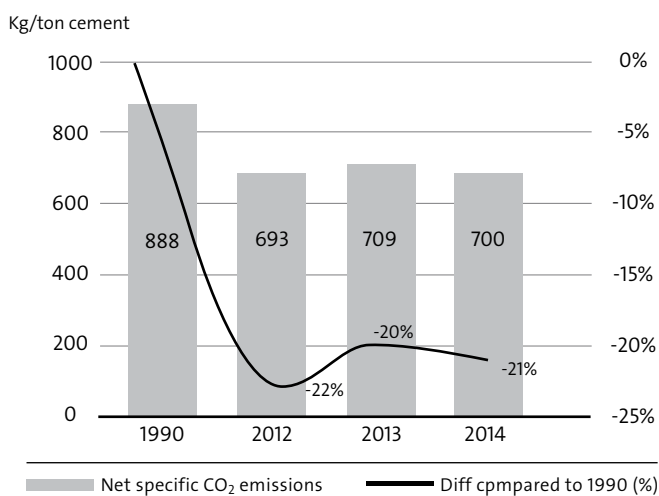
Holcim Lebanon is on track to achieve the objective set by the Group to reduce CO<sub>2</sub> emissions per ton of cementitious material by 25% by 2015 compared with the reference year of 1990.

The average level achieved in 2014 is 700 kg per ton of cement, equivalent to 21% reduction compared with 1990 levels. The decrease in the absolute volumes of CO<sub>2</sub> emissions in the last two years is proportional to the production of cement.

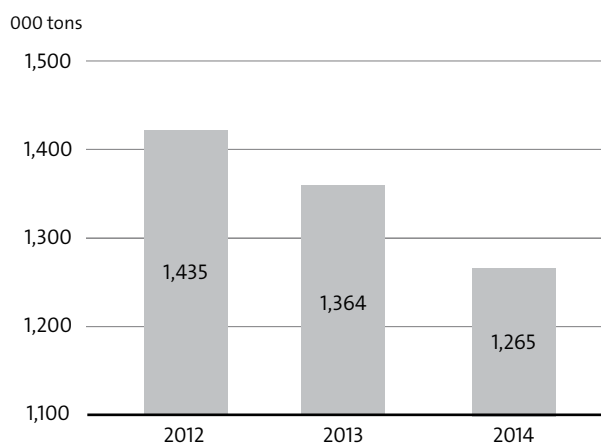
The invariable performance related to clinker factor and co-processing of alternative fuels, two main contributing factors to CO<sub>2</sub> emissions, hindered further potential reductions. In the past three years, clinker factor, i.e. substitution of clinker with mineral components, remained stable at 82%.

Holcim Lebanon still faces major challenges in co-processing alternative fuels due to the lack of adequate legal framework to regulate such activities in the country. On the other hand, the presence of the onsite power plant that fully supplies electrical energy needs for the production system also contributes to our carbon footprint.

### Specific CO<sub>2</sub> emissions



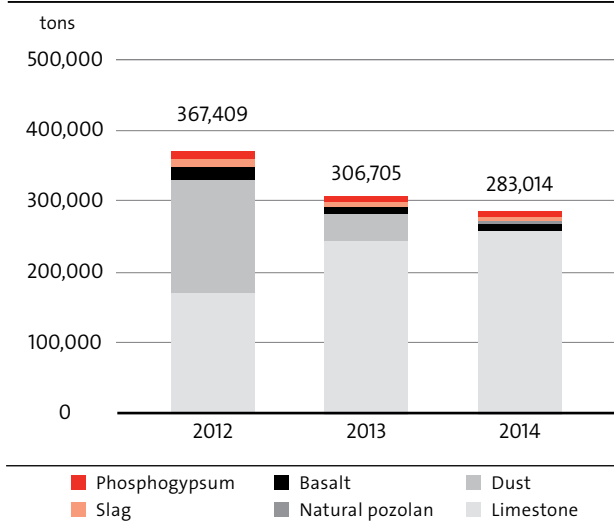
### Net absolute CO<sub>2</sub> emissions



## Mineral components

In three years, we used a total of 957,128 tons of natural materials as substitutes of clinker in cement. Adding mineral components such as limestone, basalt and gypsum leads to a lower clinker factor, hence less carbon emissions.

## Mineral components used as substitutes of clinker



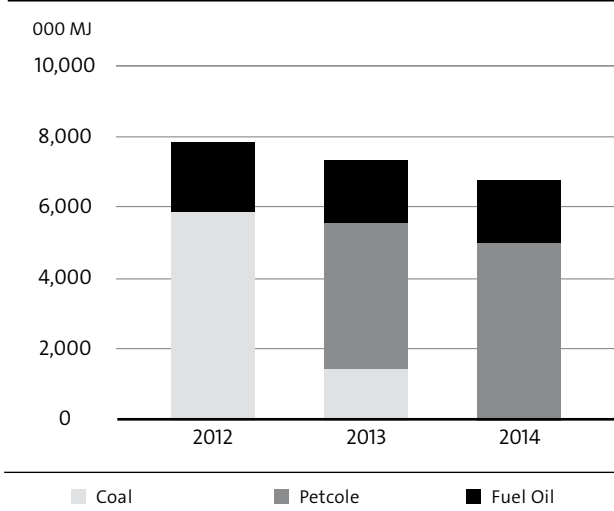
## Energy consumption

Cement production is an energy intensive industry that significantly depends on traditional energy sources such as coal and petcoke. Holcim Lebanon alternates using different sources of energy for the kiln operations.

Our energy efficiency results are comparable to the improved performance on the Group level (3,469 MJ per ton in 2014) following efforts to optimize processes and equipment.

In the past three years, we maintained our focus on energy efficiency of our own operations. Our annual energy consumption remained constant between 3,369 MJ and 3,427 MJ per ton of clinker produced in 2012 and 2014 respectively.

## Energy consumption by source

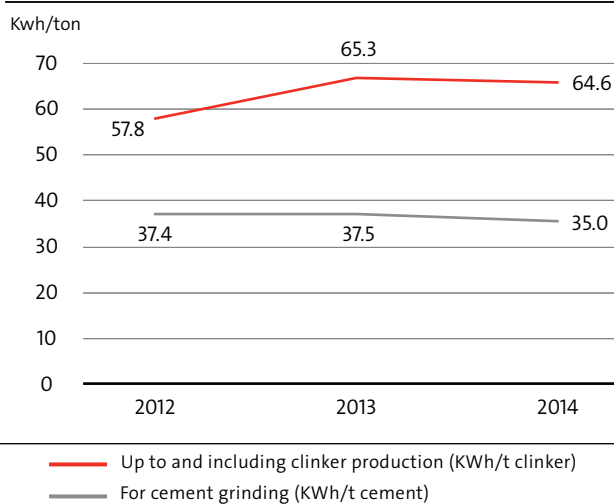


## Power consumption

Cement production, in its two stages (clinker production and cement grinding) is one of the most energy intensive industries. Over the past three years, optimization of power consumption progressively improved.

Concerning the cement grinding, measures were taken to increase the productivity and the energy efficiency of the milling system. A number of less efficient mills were shut down in 2014 while others were upgraded, resulting in improved performance.

## Specific power consumption



## Focus: Waste Heat Recovery (WHR)

Holcim Lebanon invested 11 million USD in a Waste Heat Recovery (WHR) system on the modern set of generators to increase the power plant's efficiency. The system, which started operating in April 2013 and performed at full capacity in 2014, led to considerable improvements in fuel savings, energy cost and carbon emissions.

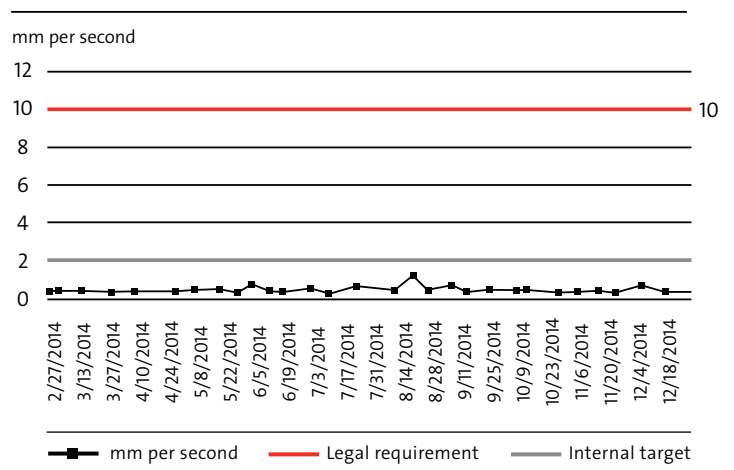
The contribution of the WHR system materialized in 2013 with a 2% share of the total power generated. This contribution more than doubled in 2014 to achieve 5% of the total power generated, translating into significant yearly savings of more than 3,000 tons of fuel oil and around 10,000 tons of CO<sub>2</sub> emissions.

## Quarry blasting

Holcim Lebanon remains committed to optimize blasting techniques to reduce adverse effects such as noise and vibration emanating from blasting operations. Monitoring of blast vibration is regularly undertaken. Data is recorded and compared to relevant threshold levels.

Our efforts have resulted in respecting the internal strict target of 2 mm/sec and preventing variations in the vibration results over time.

### Vibration levels



## Water

Water is a precious natural resource and its management is a major challenge in the sustainability arena especially in water-scare areas. Although Holcim Lebanon does not heavily depend on water for cement production due to the dry process kiln, water is consumed for domestic purposes.

The implementation of the Holcim Water Directive and its related Water Measurement Protocol developed by the Group in compliance with GRI sustainable indicators remains a strong commitment for Holcim Lebanon. This will help us better monitor water consumption through installation of water meters in all of our facilities, in order to achieve more efficient and sustainable management of our water resources.

## Environmental complaints

Holcim Lebanon embraces a culture of transparency and commitment to dialogue regarding the environmental aspects of our operations, particularly in addressing environmental complaints. We acknowledge our key stakeholders' concerns and seek to resolve complaints. Stakeholders along the supply chain are involved in reporting critical environmental observations and monitoring effectiveness of remediation measures.

During the past three years, 16 environmental complaints were recorded, all were resolved. Complaints addressed issues of excessive dust emissions and material leakage from technical breakdown in the plant and glitches in the power plant. Following each incident, action plans were elaborated and immediate corrective measures were taken to deal with the relevant impacts.

## Partnering for Biodiversity

Sustainable development, which includes biodiversity management, is embedded into Holcim's long term business strategy. Holcim Lebanon is engaged in three pioneering initiatives, which strengthen our position as pioneers in the sustainability commitment in the industrial sector in Lebanon.



*Fadi Shraideh, Regional Director,  
IUCN Regional Office for West Asia*

“IUCN and Holcim have been working together since 2007 to strengthen biodiversity management within Holcim's operations and to contribute to sector-wide improvements in the cement and related sectors worldwide.

In West Asia, IUCN is committed to systematically integrate biodiversity considerations into the planning, operational and post-operational phases of Holcim extraction operations. From the beginning of 2012, IUCN Regional Office for West Asia is working hand in hand with Holcim Lebanon to develop and implement good practices in biodiversity management with IUCN support. It is with great pleasure, that IUCN ROWA helps businesses contain their environmental footprint and enhance their positive contribution to the environment.”

### Pre-biodiversity assessment surveys

Cooperation with IUCN resulted in a rapid biodiversity assessment survey prior to excavation activities on a site. The anticipated quarry site is located at an elevation varying between 270 and 355 meters. The project aims to pre-assess biodiversity values of the site in order to identify the best rehabilitation process in the future.

In March 2014, experts from IUCN ROWA and AFDC conducted a series of field visits to assess the status and trends of fauna and flora species and analyze soil composition. The team surveyed different taxonomic groups, mainly plants, mammals, birds, reptiles and amphibians.

The results showed the presence of around 45 floral and 28 faunal species with details pertaining to their habitat condition, disturbances and biology. Findings give a comprehensive idea of the site and suggest recommendations to consider once quarrying is over and rehabilitation starts.

The concept of pre-assessment is a first in the region and adds a new value to the rehabilitation approach by suggesting pre-biodiversity assessment that provides solid baseline information used as a reference for future rehabilitation activities.



## Quarry restoration pilot project in Chekka



In the frame of the mutual collaboration with IUCN's regional office, a partnership was established with a team of national experts with diverse backgrounds and expertise. Following biodiversity and hydrology assessments, an ecological restoration scheme was developed for the abandoned quarry.

For the restoration, planners have concentrated on restoring the site as much as possible to its original state, integrating the new landscape within the surrounding zone, implementing measures to limit soil erosion and water runoff and improving fauna presence through habitat creation and management. The restoration process is based on human interventions on site while taking into account natural dynamics, i.e. ability of nature to evolve on its own over time.

The site is divided into four main subunits.

- The Highland, which consists of the main quarry walls, is restored using gabion structures that are installed to break the steep topography of the walls and support adequate habitats for fauna and flora species.
- The Cliff-land is covered with topsoil and planted with native species and shrubs, in addition to installing gabion structures. Interventions on the cliff-land aim to create a mosaic habitat for species and a natural landform to retain material for plantation.
- The Core-land of the quarry is where dykes and a network of ponds are created in order to slow down water runoff in the area, hence provide humidity to the dry environment. This will support habitats for amphibians and insects.
- The Low-land is planted with native species of trees and shrubs and acts as a “panel” for the restored quarry.

Following implementation, a monitoring plan is developed to follow up progress and understand the evolution of the landscape. This pilot project, which was completed in 2014, achieved an impact far beyond the local community. The project is a real life model for the rehabilitation of abandoned quarries in Lebanon, that can be replicated in the region and used for educational and research purposes. Lessons learned and milestones towards successful implementation are described in a guidelines manual developed by the experts.





*Sawsan Bou Fakhreddine,  
Director General,  
Association for Forests  
Development and Conservation  
(AFDC)*

“AFDC is proud to have been part of the team of local and regional experts that restored the Holcim quarry relying on accurate assessments and scientific models which is the very first time that something of this large scale being done in Lebanon and the Arab region. It considers this pioneering project as a model that can, and should be, replicated elsewhere in the country, especially now that its success is unquestionable.”



*Carla Khater, Ph.D,  
Researcher and Project Manager,  
National Council for Scientific  
Research (CNRS)*

“The CNRS ecology research team had the opportunity to work on a real scale implementation project. The project exhibited an interesting collaboration between the public and private sector, worth of strengthening on a wider scale. This initiative sets the path towards future successful collaborations with the private sector, which the CNRS highly values.”



## An Orchid sanctuary in the village of Kfarhazir

A biodiversity assessment was carried out over a span of one year to record variety of floral species inhabiting a hillside in Kfarhazir, one of Holcim Lebanon sites. The hill is a haven for 15 types of orchids species (out of 86 taxa), the equivalent to 17.5% of the national diversity of orchids. This ecological ensemble and orchid habitat is very distinctive in Lebanon, hence projects a natural and national significance.

The project follows a promising approach through identifying a hotspot that features an exceptional concentration of orchid species, many of them experiencing habitat loss. Therefore, Holcim Lebanon aims to dedicate the site to be a protected area for orchids to ensure their survival and progress. In collaboration with IUCN regional office, a site management scheme is put in place.



*Myrna Semaan Haber, Ph.D.,  
National expert - Project coordinator*

“The project is setting a remarkable example in bringing two international entities, Holcim the multinational company through its satellite section in Lebanon, and IUCN through its regional office in Jordan, to work for the exploration and protection of an orchid hotspot in Lebanon. They are pioneering lessons to be emulated and expanded globally. Partnering with Holcim is not only permitting the realization of major accomplishments, but it is founding real values to be perpetuated for the better acknowledgment of our role at maintaining a better planet for future generations.”



## Co-processing Alternative Fuels

Co-processing alternative fuels and raw materials is a sustainable solution in societies where waste management infrastructure is inadequate and uncontrolled dumping is a common practice. As co-processing falls under Holcim Lebanon commitment to sustainable development, it paves the way for partnerships with local institutions for the development of sustainable solutions that ensure a responsible use of waste materials.

Co-processing reduces overall environmental impacts of our operations by cutting back the use of fossil fuels and limiting emissions. It also contributes to socio-economic development through mitigating high energy costs while generating employment opportunities and avoiding negative health impacts caused by unsound waste treatment practices.

Holcim Lebanon is committed to ongoing stakeholder dialogue and to support the development of adequate legal frameworks to ensure the responsible use of waste materials leading to local acceptance. Holcim sets strict guidelines for the safe use of waste derived resources in its processes and products.

Holcim Lebanon possesses the technical know-how and modern technology and benefits from the international expertise to be engaged in co-processing of AFR.

In 2012, a pilot test to co-process five tons of pharmaceutical waste was successfully completed under a Memorandum of Understanding (MoU) signed with the ministries of Environment and Health, the Lebanese Pharmaceutical Importers Association (LPIA) and a certified control body (APAVE) and in the presence of local community representatives. However, the permit obtained in 2013 to co-process pharmaceutical waste has not been activated as a result of lack of endorsement from the local authorities.

Solid waste management remains a critical issue threatening the sustainable development of the country. In 2014 - 2015, the national debate over a new management system initiated discussions over a range of treatment methods. Holcim Lebanon believes that with sound MSW management as a prerequisite, the real potential of AFR in Lebanon lies in co-processing of Refuse Derived Fuel (RDF). RDF presents an opportunity for Holcim Lebanon to act as a partner to society by offering successful solutions for part of the waste, without increasing atmospheric emissions, nor impacting product quality.

# Social Performance

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## Occupational Health and Safety (OHS)

Safety remains the most important priority at Holcim Lebanon as we continue to pursue our target “Zero Harm to people”. During the reporting period, we dedicated around 1.5 M. USD to safety related systems and activities, equipment, industrial hygiene and monitoring programs.

Throughout our journey in implementing the OH&S management system, we remain focused on reinforcing the safety culture among our employees and partners. Nevertheless and despite our continuing efforts, Holcim Lebanon deeply regrets the fatality that occurred in 2012. We will continue to strengthen our competence and ameliorate our safety performance to reach our goal.

### Contractor safety management

Holcim Lebanon mandates contractors to follow safety standards set by Holcim Group. The Holcim Contractor Safety Management (CSM) Directive which establishes the minimum safety requirements for contractors was launched in 2013. The Directive sets criteria to increase the safety awareness and operational standards among our contractors community. A documented process is followed to ensure that adequate processes are developed and implemented to control the risks associated with contracted activities.

### Safety programs and activities

The Holcim Fatality Prevention Elements (FPEs) Directive, introduced in 2012, is integrated throughout the business with a particular focus on Working at Height, Isolation and Lockout and Vehicle and Traffic Safety.



With safety being the responsibility of all, a Championship Program was launched in 2014 with the objective of enhancing ownership and involvement of all operational managers in the safety program. Supported by continuous training, assigned Champions develop a set of safety skills such as conducting risk assessment and gap analysis and participate in incident investigation. Champions also discuss performance and learnings with their teams and assess efficiency of mitigation measures.

### Best monthly worker

As improved awareness and behavioral change are essential factors to prevent hazards and improve safety, a behavior observation program was launched in 2013.

The program is based on encouraging dialogue across all organizational levels to involve employees in reporting and discussing unsafe behaviors.

The Best Monthly Worker reward is given to those who not only report hazardous behaviors, but also address and mitigate them in their teams. The program enriches the safety dialogue in Holcim Lebanon. Since its inception, more than 300 observations were reported and 33 workers were recognized for their observations and corrective initiatives.

### Level 1 risk assessment

Holcim Lebanon underwent an OHS level 1 risk assessment in 2014 as part of a two staged approach of the assessment strategy for the implementation of the OHS Directives set by Holcim Group. The assessment seeks to verify the level of understanding and the quality of implementation of the Directives in order to advance the organization towards a mature level in preventing serious incidents. It also challenges the application of practices by the company and the contractor personnel to reduce the likelihood of serious incidents and acknowledges best practices identified in the assessed group company.

The level 1 assessment evaluated the following Directives: Working at Height, Isolation and Lockout and Vehicle and Traffic Safety in addition to the directive of Contractor Safety Management within our operations. A structured five step methodology consisting of a pre-assessment and a series of verification practices and documentation was adopted. Based on the assessment results, a range of necessary actions was defined to control weaknesses in the areas of risk assessment, experience learnings, hazard identification and control, traffic safety and contractors safety. To ensure sustained application of the directives, the main recommendations focused on:

- Reviewing risk assessment process and monitoring effectiveness of control measures.

- Establishing processes to recognize learnings from the Group and implement relevant actions to prevent similar experiences or incidents from recurring.
- Reviewing isolation surveys to document and isolate all hazardous energy sources to prevent sudden release of energy which leads to serious and fatal injuries.
- Establishing a circulation plan and traffic safety rules within the premises covering the full range of vehicles, mobile equipment and operating environment.
- Improving the implementation of the CSM directive by ensuring requirements are applied to all contractors across business segments.

### Commitment to road safety

Road accidents are considered the leading cause of fatalities in Lebanon. Recognizing the impact of vehicles, drivers behaviors and road conditions on safety, Holcim Lebanon addresses the significant challenge of road safety. In 2013, we cooperated with a third party to organize a training program on defensive driving targeting 300 people of own personnel, contractors and truck drivers over a period of two years.



In parallel and as part of an accident reduction program, we developed a circulation plan for our site in Chekka and conducted a complementary road safety study to identify hazards that drivers encounter while commuting between Holcim offices.

Furthermore, we organized a safety week in partnership with Kunhadi, in the neighboring villages of Heri, Chekka, Kefraya and Kfarhazir, to promote safe behaviors among drivers. The awareness program focused on risk factors of road accidents.

Holcim Lebanon received the Holcim OH&S Excellence Award for the region Africa Middle East as a recognition for the success of the program. We are also proud of our collaboration with the Global Road Safety Partnership (GRSP), a leading international organization dedicated to the reduction of road-crash death and injury, in the framework of their pilot project in Lebanon.



The project was implemented in 2013 in partnership with the Lebanese Traffic Management Center, the Lebanese Red Cross and several road safety organizations. Holcim Lebanon's participation in the project came as a recognition for its effective fleet management strategy that aims to proactively integrate safe driving into the organization's driving policies and culture.

In order to reinforce the safety culture and enhance road safety performance among our partners, particularly contractors and clients drivers, we also launched the Best Monthly Driver initiative, an incentive program to drive safely and comply with the Holcim road safety rules.

### Safety family day 2014

In September 2014, Holcim Lebanon organized a Safety Day for families to emphasize on the importance of safety at work and in everyday life. More than 500 employees and family members attended the event and participated in a series of interactive and entertaining activities.



Partner organizations presented their invaluable support and expertise on developing the main themes including fire safety, traffic and electrical safety. Among the activities, a live demonstration by the Civil Defense on firefighting techniques, health awareness and first aid sessions by the Red Cross and road safety awareness by Kunhadi.

Other requirements included restricted movement of contractor workers during kiln shutdown by using area color coding and enhancing processes for job safety analysis and permitting.

### Lost time injury frequency rate

Following improved implementation of our safety management system, we reduced the number and severity of accidents to achieve LTIFR of 0.7 in 2012, which drastically dropped to zero in the following years. As such, we were able to reach the internal target of 1 set by Holcim in 2013.

According to OSHA, LTIFR refers to the rate of occurrence of workplace incidents that resulted in an employee's inability to work the next full work day. It is calculated as:

$$\frac{\text{Number of lost time injuries}}{\text{Total number of hours worked}} \times 1,000,000$$

### Fatality in Holcim Lebanon

In March 2012 and during the kiln shutdown, a tragic accident took place in the plant causing the death of an onsite manager following a fall from the work site.

The accident was thoroughly investigated and relevant safety procedures have been improved.

A lengthy review for the root cause analysis led to a series of actions to prevent similar hazards and to reduce risk of accidents.

Also, the scaffolding process was revised and enhanced to include the following:

- Involvement of trained contractors for scaffolding
- Training of safety agents to improve their competency on scaffold control
- Improvement of scaffold standards in terms of ladder, platform, guardrail, etc...



# Responsible Employment Practices

Our people and the quality of recruitment are the factors behind our success. Our ambition is to employ the right person with the right skills and attitude in the right job. Our aim is to attract and retain an engaged workforce and develop their potential to meet our leadership and technical talent requirements.

## Diversity

Our employment practices contribute to creating an environment that promotes equal opportunities and non-discrimination to gender in recruitment, development and retention. Holcim Lebanon attracts highly qualified female professionals as women constitute 19% of management. However, only 7% of the total workforce is represented by women.

Driving gender diversity remains a challenge in an industry predominantly held by men. Holcim Lebanon continues to drive activity to increase employment of women and their progression into management roles.

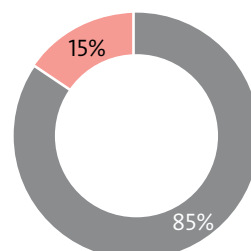
## Engagement survey

At Holcim Lebanon, we take our employees' opinions seriously and we strongly believe that different views support us in improving our standards of doing business. Research shows that organizations with highly engaged employees outperform on a range of business and people measures.

In 2013, 86% of our employees participated in a global engagement survey in partnership with Aon Hewitt Associates, a leading global firm specialized in employee surveys.

## Employee distribution

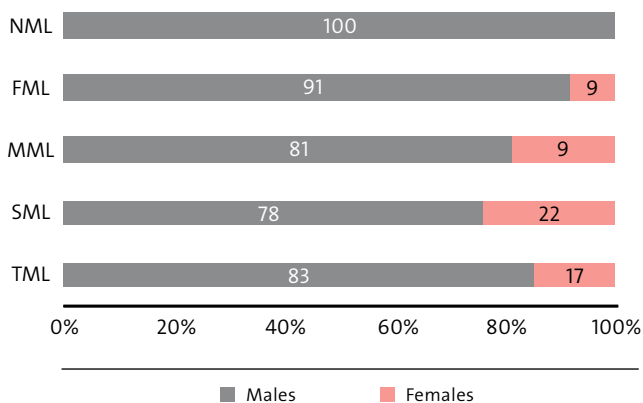
Split by region (2014)



■ Northern cities ■ Others

## Breakdown of employees per category

Split by gender (2014)



The overall employee engagement score was 74%, which was used to set future targets. Detailed results aided management in understanding which areas are impacting employee engagement. Additional analysis through focus group meetings revealed actions to improve our working environment and culture.



## Training and development

Holcim Lebanon provides ample training opportunities and supports continuous education as part of individual and development programs. Employees who have a record in sustained good performance and who adhere to Holcim values are eligible to enroll in executive or graduate programs as well as vocational training geared towards the development of technical skills. In three years, approximately 400,000 USD were invested to provide a total of 16,641 hours of training to employees.

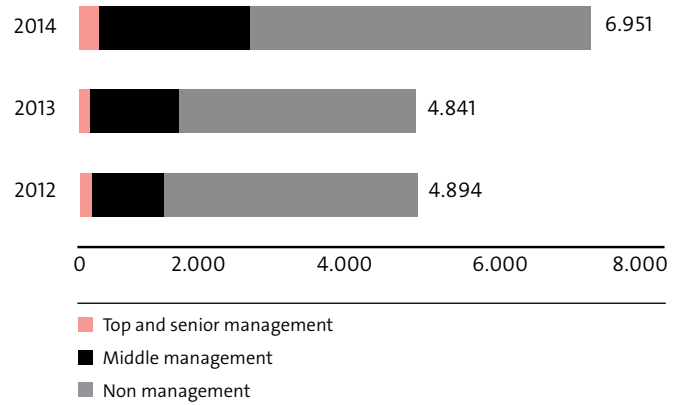
We believe in the important role of coaching and mentoring in the professional development of employees. A coaching program was developed in 2012 for the management team to support their career advancement. '2Empower', a mentoring program, was introduced to support transition of new recruits into the company and strengthen a culture of development and good performance. The program was piloted with the support of the Executive Committee members in 2014 and proved successful.

## Performance appraisal

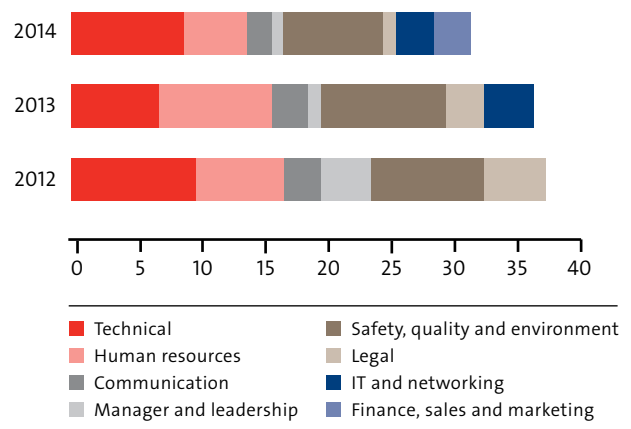
We make sure that performance appraisal is done using our formal tools, ensuring continuous feedback for employees, coaching and development of individual development plans. All employees at managerial level receive formal performance appraisal and review compared to 80% of non-managerial employees.

### Total number of training hours

Split by employee category



### Training programs for skills management



## Acting Responsibly with Compliance

In the past three years, the role of compliance in doing business was emphasized in Holcim Lebanon through promoting a culture of compliance internally and within our sphere of influence and through implementing compliance-related activities, particularly on anti-bribery and corruption, fair competition and integrity. Face to face and online trainings enhance employees knowledge, hence decreasing risk of violations.

### Anti-bribery and corruption

Holcim Lebanon is committed to conduct all business in an honest and ethical manner. In 2012, an Anti-Bribery and Corruption Directive (ABCD) was released and rolled out across the Group. With the support of the compliance officer, all employees in the company participated in trainings on the Directive in addition to an e learning certificate program as a yearly requirement.

In this regard, Holcim follows a zero-tolerance approach to bribery and corruption whereby noncompliance could result in dismissal or termination of employment.

In parallel, employees were encouraged to use a Whistleblowing System (WBS), a secure platform to report violations of laws and regulations on anti-corruption practices.

### Building on integrity

Holcim Lebanon emphasizes an open culture of integrity where business is done with the highest standards of ethical manner, to ultimately make a positive impact on people and communities in which we operate. In 2014, a revised code of conduct was internally communicated to all personnel, as part of a global campaign to raise awareness on the Code, its supporting directives and policies and people's responsibilities. The code of conduct covers legal and ethical principles by which we conduct business including safety, diversity and respect, protection of the environment, anti-corruption and other principles.



## CSR and Community Engagement

CSR is considered as a comprehensive set of practices and programs which are integrated into the business operations and decision making processes. Community engagement is an important pillar in our CSR policy.

Holcim Lebanon follows a strategic approach to CSR. It is our commitment to work as partners with all our stakeholders, building and maintaining relationships of mutual trust and respect. Our aim is to effectively contribute to improve the quality of life of our employees, their families, the communities around our operations as well as suppliers and customers. This is realized through social investments and transparent dialogue with local communities.

Social engagement projects are strategic as they contribute to improving the quality of life of our stakeholders and maintain our social license to operate. Social investments fall under the focus areas of education, infrastructure and community development and are implemented with the involvement of community

stakeholders, from the planning phase until evaluation. In three years, we invested over 600,000 USD in community engagement activities within the three focus areas.

We rely in our social investments on the Holcim “Social Engagement Scorecard” (SES), an internal tool used to assess efficiency and impact of our social contributions. More than 90% of our CSR spendings is reviewed through the SES. We have also developed a Community Engagement Plan (CEP) which specifies the local engagement activities, while taking into account local situations and needs around our operational sites.

We are committed to continuous and transparent dialogue with local communities and authorities represented by municipal councils. Our aim is to share our environmental and social performance, and seek stakeholders’ views on their needs, areas of concerns and key sustainability issues. Discussions cover topics on emissions, co-processing, transport, employment, and community projects. Meetings are often opportunities to resolve issues and come up with follow up actions.

Holcim Lebanon aims to further improve stakeholder dialogue through forming a Community Advisory Panel (CAP) to include representatives from authorities, academia, NGOs and local associations.

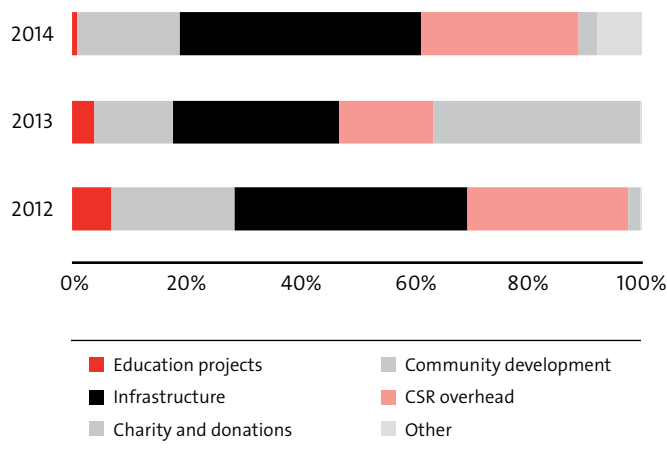
### Engaging local students

In 2013 and 2014, Holcim Lebanon partnered with a social campaign to organize a series of educational and development activities to over 200 students from the surrounding communities. The program was designed to develop students’ knowledge in terms of health and environment with the aim to encourage them to lead a healthy lifestyle.

Under this partnership, TheatFilm, a project that focuses on theatrical and movie making techniques was developed.

The project focused on helping students express themselves and discover their inner capabilities. As such, activities were organized to help them explore a world beyond their immediate surroundings, hence enrich their perspectives. With the support of professionals, producers and movie makers, students were motivated to talk about their aspirations, dreams and concerns with the aim to enhance their imagination and creativity in a positive and supportive environment.

### Community investments



## Partnership in support of SMEs

As part of our commitment to improve quality of life and under the focus area of sustainable community development, we partnered in 2010 with “Institut Européen de Coopération et de Développement” (IECD) in a three year development project to support micro and small enterprises (MSEs) in North Lebanon. The project aims to improve the living conditions of MSE owners by improving the productivity of their businesses. Activities focused on reinforcing existing enterprises through training and personalized accompaniment to ensure economic growth and increased employment.

By the end of the project, over 200 beneficiaries attended the workshops and were coached by experts. A network of SME owners and resource center were established to maintain long term support to beneficiaries. Through this project, Holcim Lebanon strives to contribute to the development of a solid local economy by supporting local enterprises in the region.



## Corporate volunteering

Holcim Lebanon believes that volunteering for a good cause is in line with Holcim values and commitment to sustainable development. As such, we encourage and support our employees and their families to participate in community initiatives that make a positive impact on the communities we serve.

In 2012, a volunteer program was initiated under the global initiative “Together for Communities” to celebrate Holcim 100 years anniversary. The centennial was an opportunity to launch the volunteer program which became integrated in our activities, making a difference in our employees’ lives as well as local communities. From 2012 to 2014, more than 200 employee volunteers and family members dedicated a total of 1,912 hours to volunteer in local communities. Organized by the employees themselves and in partnership with local organizations and institutions, activities target environmental, social and development causes.



## Respecting Human Rights

Holcim Lebanon recognizes the role of business with respect to human rights. The belief goes beyond managing own operations and includes business relationships with contractors, suppliers and service providers.

In 2014, we conducted a self-assessment workshop according to the Holcim Human Rights Management Approach, which is based on the internationally recognized UN Guiding principles on Business and Human Rights. The workshop covered potential human rights risks relevant to our business, specifically those related to employment practices, community impact and supply and value chain. A mitigation action plan was developed and approved by the local management team. Yearly progress monitoring of priority areas is scheduled to ensure compliance in coordination with relevant functions.

### Sustainable procurement

We emphasize on the importance of systematically identifying and mitigating our social impacts and addressing them as opportunities in order to better manage risks.

Our commitment to sustainable development extends to our partners and we expect them to abide by our standards on environment, OHS, human rights and labor, bribery and corruption. The roll out of Holcim supplier code of conduct, based on the principles of the UN Global Compact, affirms this commitment and the practices associated with sustainable procurement.

Holcim Lebanon seeks to engage contractors in managing the requirements through communication activities, supplier events and assessment tools including self-assessment questionnaires, collection of evidence and random audits to monitor compliance and manage risks in the supply chain.

## Listening to our Customers

Under our commitment to sustain long term relationship with our stakeholders, we aim to better understand our customers and their needs to assess and maintain their satisfaction.

In 2013, we improved the process of conducting satisfaction survey with the support of a third party. The improved survey measures the loyalty of our customers to the brand and the drivers affecting their views. The survey covers all business aspects connecting us to our clients, particularly those on loyalty, relationship management, purchasing, product delivery and pick up, invoicing, safety and others.

The survey is conducted in waves over a period of one year and aims to seek customer feedback and measure their satisfaction and loyalty. Results are reviewed by the management team who then approves the action plan that aims to enhance customers' experience with the company. Survey results consistently remained positive in 2013 and 2014 with Net Promoter Scores of 39.4 and 37.3 respectively, a clear indication of our clients' recommendation behavior for our brand.



# Holcim Lebanon hosts the Regional Holcim Awards 2014



Winners of Regional Holcim Awards 2014 Africa Middle East.

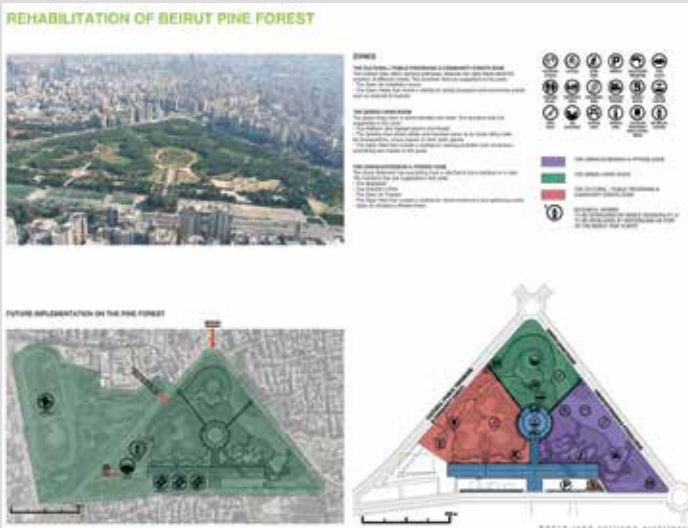
Holcim Lebanon promotes the sustainable use of building materials through the Awards competition conducted by the Holcim Foundation for Sustainable Construction.

In October 2014, we organized for the first time in Beirut the Fourth International Holcim Awards for the region Africa Middle East, in partnership with the American University of Beirut (AUB).

Twelve sustainable construction projects were recognized with a total of USD 330,000 prize money, two of them are Lebanese. A project by Raëd Abillama Architects on urban forest rehabilitation and one by a team of AUB students on an urban energy recovery and development concept were honored for architectural excellence as well as social and environmental resilience.

An international jury selected the winners using the “target issues” for sustainable construction that include the “triple bottom line” of environmental, social and economic performance, and also recognize the need for architectural excellence and a high degree of transferability.

Beirut hosted the regional Awards ceremony, along with the cities of Toronto, Moscow, Jakarta and Medellin, each representing its respective region.



Holcim Awards Silver 2014 - Evergreen City: Urban pine forest rehabilitation, Beirut, Lebanon.



“Next Generation” Prize-winning teams, 2014.



Holcim Awards “Next Generation” 4th prize - Waste to Energy: Urban energy recovery and development concept, Beirut, Lebanon.

# Economic Contribution

Holcim Lebanon delivers a sustainable and positive economic benefits to shareholders, partners and stakeholders along the supply chain.

We recognize that we must deliver sustainable economic value to the communities in which we operate. Economic value created through our operating activities is distributed to employees, suppliers, contractors, communities, shareholders and government authorities. Details on our economic performance are presented on page x

## Benefits distribution

In the past three years, the economic value created to employees, government, shareholders, creditors and communities represent between 24% and 28% of our net sales. Employees benefited 34%, 38% and 30% respectively in 2012, 2013 and 2014. These benefits, amounting to around 54 M. USD, are represented in wages, retirement funds, pensions schemes and other workplace benefit offerings.

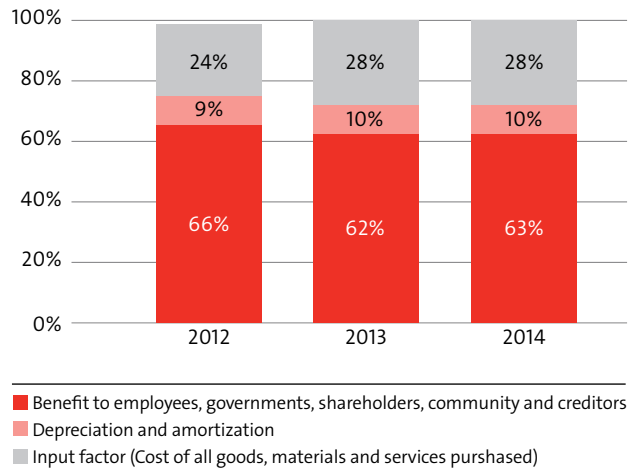
## Cost of goods, services and materials purchased, excluding fuel

We maintain our commitment to provide opportunities for Lebanese suppliers and particularly local organizations from the neighboring communities and benefit from their skills and expertise.

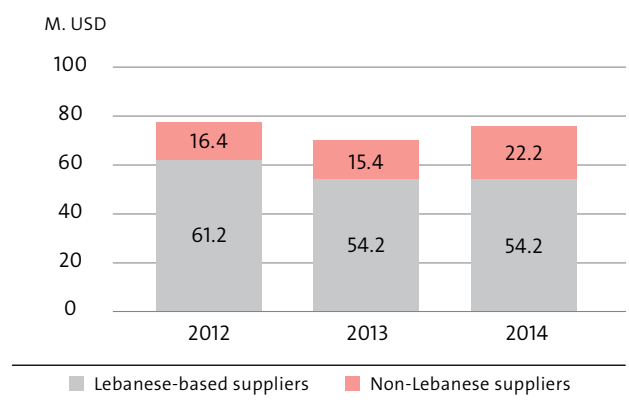
The cost of goods, services and materials purchased, excluding fuels, totaled 223.2 M. USD in the past three years. Lebanese-based suppliers account for more than 70% of the total cost

As demonstrated by our procurement practices, we stay committed to support a stable local economy through our local sourcing policy. Suppliers from neighboring communities consistently represent between 42% and 46% out of Lebanese suppliers. Spending in the local economy amounted to more than 90 M. USD in the reporting period.

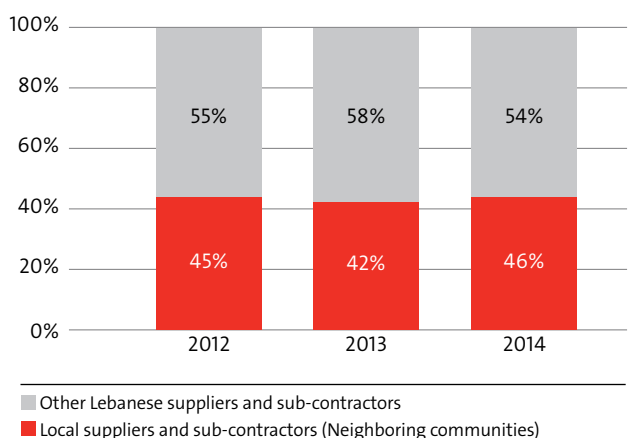
## Value creation for Holcim Lebanon and key stakeholders as percentage of net sales



## Total cost of goods, services and materials purchased, excluding fuels, by suppliers



## Expenses paid to local suppliers out of Lebanese suppliers



# Performance Tables

<b>Economic Performance</b>	<b>GRI-G4</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Net sales (000 USD)</b>	EC1	228,733	227,386	217,528
<b>Dividends paid to shareholders (10,000 LBP)</b>		26,261	31,279	45,132
<b>Taxes and fees paid by Holcim Lebanon (10,000 LBP)</b>		6,671	17,670	5,418
<b>Value creation for Holcim and key stakeholders (000 USD)</b>	EC1			
Revenues		230,072	233,108	221,412
Input factor (Cost of all goods, materials and services purchased)		150,003	141,904	136,343
Depreciation & amortization		21,469	22,067	21,806
Benefit to employees, governments, shareholders, community and creditors		54,387	64,656	60,012
<b>Benefits Distribution (%)</b>	EC1			
Benefits to employees		34	28	30
Benefit to government (taxes)		8	18	6
Benefit to shareholders (inc.minorities)		32	32	50
Benefit to creditors		11	11	14
Community investments		0.2	0.3	0.2
Retained in business		15	11	0
<b>Goods, services and materials purchased, excluding fuels (million USD)</b>	EC1			
Lebanese-based suppliers		61.2	54.1	54
Non-Lebanese suppliers		16.4	15.4	22.2
<b>Proportion of spending on local suppliers (%)</b>	EC9			
Local suppliers & sub-contractors (neighboring communities)		45	42	46
Other Lebanese suppliers & sub-contractors		5	58	54
<b>Environmental Performance</b>	<b>GRI-G4</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Material Used</b>	EN1			
<b>Mineral components used as substitutes of clinker (tons per year)</b>				
Limestone		169,167	240,074	257,238
Basalt		158,391	40,764	0
Dust		16,977	9,852	10,602
Slag		12,802	8,374	8,875
Natural pozolan		0	0	2,041
Phosphogypsum		10,072	7,641	4,258
Total		367,409	306,705	283,014
<b>Clinker factor (average % of clinker in cement)</b>		80	82	82
<b>Atmospheric emissions</b>				
Net specific CO <sub>2</sub> emissions (Kg CO <sub>2</sub> per ton of cementitious material)	EN18	693	709	700
Absolute net CO <sub>2</sub> emissions (Ktons/year)	EN15	1638	1512	1395
Average fugitive dust emissions (µg/m <sup>3</sup> )	EN21	45	41	37
Average dust emissions at stack (mg/Nm <sup>3</sup> )		8	13	14
Average NO <sub>x</sub> emissions at kiln stack (mg/Nm <sup>3</sup> )		1009	925	1148
Average SO <sub>2</sub> emissions at kiln stack (mg/Nm <sup>3</sup> )		34.7	11.8	27.3



<b>Environmental Performance (continued)</b>	<b>GRI-G4</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Energy</b>	EN3			
<b>Thermal energy mix of clinker production (%)</b>				
Coal		75	19	0
Petcoke		0	56	74
Fuel oil	EN3	25	25	26
<b>Fuel consumption by source (000 MJ)</b>				
Coal		5,868	1,409	0
Petcoke		35	4,120	5,063
Fuel oil	EN5	1,893	1,875	1,755
<b>Thermal Energy efficiency (MJ / ton of clinker)</b>	EN5	3,369	3,479	3,427
<b>Specific power consumption</b>				
Up to and including clinker production (Kwh / ton of clinker)		57.83	65.26	64.56
For cement grinding (Kwh / ton of cement)		37.4	37.5	35

<b>Social Performance</b>	<b>GRI-G4</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Occupational Health and Safety</b>	LA6			
Number of fatalities		1	0	0
Lost Time Injury Frequency Rate (LTIFR)		0.7	0	0
Lost Time Injury (LTI)		1	0	0
<b>Employment Practices</b>				
<b>Turnover rate</b>	LA1	1.95	2	9.73
<b>Absentee rate (%)</b>	LA6	1.3	1.3	1.4
<b>Breakdown of employees according to gender (%)</b>	LA12			
Male		95	95	94
Female		5	5	6
<b>% of female workforce</b>	LA12			
Top management level		17	17	17
Senior management level		22	22	22
Middle management level		16	17	19
First management level		9	9	9
Non managerial level		0	0	0
<b>Training programs for skills management</b>	LA10			
Technical		10	7	9
Management and leadership		7	9	5
IT and networking		3	3	2
Human resources		4	1	1
Safety, quality and environment		9	10	8
Finance, sales and marketing		5	3	1
Communication		0	4	3
Legal		0	0	3
Total		38	37	32
<b>Total number of training Hours by employee category</b>	LA9			
Top and senior management		428	392	492
Middle management		1,112	1,332	651
Non management		3,309	3,117	4,359
Total		4,849	4,841	6,951
<b>Average number of training hours per employee</b>	LA9			
Top and senior management		32.9	30	37.8
Middle management		26.4	31.7	50
Non management		16.5	15.5	21.7
<b>Total Training Spent (USD)</b>		158,827	147,996	91,917

<b>Social Performance (continued)</b>	<b>GRI-G4</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Formal performance review (%)</b>	LA11			
Top and senior management level		100	100	100
Middle management level		100	100	100
Non management level		60	80	80
<hr/>				
<b>Community engagement</b>				
Community spending total (000 USD)	EC1	124	291	185
% Education		7	4.1	1
% Community development		21.6	13.6	17.9
% Infrastructure		28	29.2	42.1
% CSR overhead		28	16.6	27.8
% Charity and donations		2.1	36.3	3.3
% Other		0.5	0.3	7.8



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