

Sustainable Development Report 2012



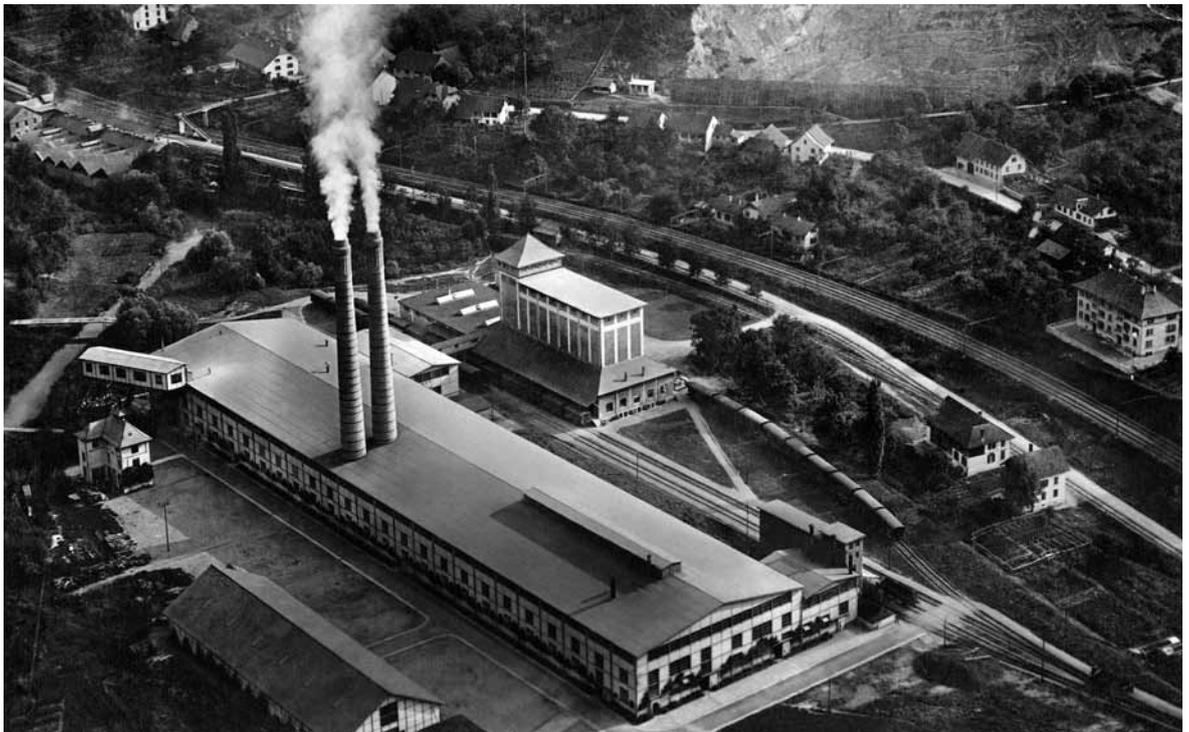
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100 years of Strength. Performance. Passion.

Founded in 1912, in the village of Holderbank, in the Swiss Canton of Aargau, Holcim has steadily grown to become one of the leading construction materials company. It now holds majority and minority interests in around 70 countries on all continents. In 2012, Holcim is celebrating its 100th anniversary. Over the course of the year, many activities are planned both on the corporate and operating company level on the occasion of the centennial. A key initiative

is called “Together for Communities”. It aims to engage all 80,000 employees to work one day for the community, volunteering for a good cause in the name of Holcim. This proposition is in line with our values and commitment to sustainable development aiming to provide almost 100 years’ worth of volunteering work to societies. Holcim Lebanon is actively engaged in this initiative and plans to be involved in a series of volunteering activities in the local communities.



Introduction

About this publication

Holcim Lebanon has published the sustainable development report since 2006. The report addresses our achievements and main business challenges and highlights key performance indicators on the environmental, social and economic levels. It is an integral part of our reporting on sustainability performance and we publish it every three years. The last report was published in 2009.

This report provides an overview of our sustainability performance while benchmarking with legal requirements and internal targets. It also highlights trends and areas for improvements while linking them to programs and initiatives. We aim to showcase our transparency and integrity in reporting and show the realization of business value through commitment to sustainable development. The reported data covers the period between 2009 and 2011. Our sustainability reporting is aligned with the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines.

Methodology and Assurance

This document has been prepared in consultation and collaboration with all relevant divisions and functional units in Holcim Lebanon. Performance indicators are measured through an extensive monitoring program to ensure data accuracy and consistency. Effective reporting processes ensure data sources are reliable. Data and information are mainly taken from Holcim Lebanon annual plant environmental performance reports, management reports, the annual Corporate Social Responsibility reporting and other internal and external reports, all in line with Holcim Group reporting. Continuous data collection and performance measurement systems facilitate the reporting process. We commit to report data and information that are reliable, up to date and accurate, hence confirm report credibility.

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Performance Summary

Holcim Lebanon's progress against key performance indicators (KPIs) in the environment, social and economic domains.

Environmental Performance						
			2009	2010	2011	Legal Requirement
Specific Power Consumption	Up to and including clinker production	Kwh / ton of clinker	67	66	66	NA
	For cement grinding	Kwh / ton of cement	37	35	35	NA
	Mineral components used as substitutes of clinker	tons / year	272,869	305,095	359,724	NA
Clinker factor (average percent of clinker in cement)		%	79.7	79.8	79.9	NA
Atmospheric Emissions	Net specific CO ₂ emissions	Kg CO ₂ / ton of cementitious materials	754	727	717	NA
	Average fugitive dust emissions	µg /m ³	55	53	43	120
	Average dust emissions at stack	mg/Nm ³	38	25	7	150
	Average NO _x emissions at kiln stack	mg/Nm ³	1,234	1,289	1,175	2,500
	Average SO ₂ emissions at kiln stack	mg/Nm ³	8	19	22	800
Specific water consumption		L / ton clinker	164	122	139	NA
Vibrations from quarrying		mm/ sec	1.85	0.87	0.67	10

Social Responsibility						
			2009	2010	2011	
Percent of females in	Top management	%	17	17	17	
	Senior management	%	25	25	25	
	Middle management	%	15	15	16	
	First management	%	3	2	2	
Percent of employees from northern cities		%	85	85	85	
Number of training programs			31	48	42	
Total number of hours spent on training	Top and senior management	Hours	215	366	424	
	Middle management	Hours	1,070	1,603	1,480	
	First management	Hours	420	1,450	1,240	
Lost-time injury frequency rate			2.9	3.6	3.6	
Total CSR spending		USD	200,349	197,050	210,590	

Economic Commitment						
			2009	2010	2011	
Percent of national market-based suppliers from total suppliers, excluding fuels		%	72	75	73	
Payments to national suppliers		ooo USD	41,182	44,254	52,182	
Percent of payments to national suppliers out of all suppliers, excluding fuels		%	74	77	66	
Payments to regional suppliers (neighboring communities)		ooo USD	18,037	19,339	22,630	
Percent of payments to regional suppliers (neighboring communities) out of national suppliers		%	44	44	43	

Executive Summary

Embedding our Commitments

Our commitment to sustainable development is elaborated through the elements of the triple bottom line. This commitment, embedded within our organization and supported by transparent communication, is essential to build our brand. It is key to create a long-term value for our stakeholders, fulfilling economic, social and environmental performance criteria.

Committed to Reducing our Environmental Impacts

Through the effective implementation of the environmental management system, we aim to mitigate the environmental impacts of our operations through managing resources, reducing emission levels and measuring performance. The past three years witnessed significant reductions in the levels of atmospheric emissions such as dust at stack, fugitive dust and CO₂ as well as improvements in other environmental indicators. Environmental investments went beyond compliance with legal requirements to achieve ambitious internal targets. The modernization of the main filter in 2010 resulted in drastic reductions in the levels of dust at stack to achieve one of the best results in the cement industry sector.

Providing Sustainable Forward-thinking Projects

A waste heat recovery project for electricity generation was launched in 2011 in our endeavor to boost energy efficiency and reduce emissions. This project will save on the use of fuels, resulting in an improvement in environmental footprint and reduction in energy costs. The quarry rehabilitation pilot project in partnership with the International Union for Conservation of Nature (IUCN) reflects a sense of professionalism and seriousness in dealing with environmental challenges. On the other hand, we possess the technical know-how, modern technology and international expertise to be engaged in co-processing of industrial by-products as alternative fuels and raw materials (AFR)

for clinker production. However, the challenge remains significant with the absence of a legal framework and lack of support and awareness from public authorities. Nevertheless, we still face challenges in terms of our environmental performance and continue our efforts to mitigate the environmental impacts of our operations. A case study pertaining to this matter is showcased.

An Ethical and Responsible Corporation

Our CSR engagement is strategically embedded in our business. An adapted CSR strategy covering the years from 2010 to 2014 is developed. To ensure focused and effective CSR engagement, the strategy is reviewed and supported by a multi-disciplinary team. On the occupational health and safety level, we aim to achieve zero accidents to our employees, sub-contractors and visitors through the continual improvement of the green pyramid, and the effective implementation of the fatality prevention elements. We also address employees wellbeing through a preventive health program and activities. We confirm our commitment to sustainable development and CSR through abiding by our code of conduct which is our guideline for fair business practices. As per our CSR policy, we respect diversity and equal opportunities in recruitment, employment, development and retention. We contribute to talent attraction and a diversified workforce in terms of gender balance. Performance appraisal and training programs have increased in the last three years for all employees. Community engagement activities revolve around CSR projects endorsed by NGOs on one hand, and transparent and continuous dialogue with the local communities on the other. As we recognize our opportunity to have a positive impact on our sphere of influence, we aim to engage with suppliers and sub-contractors who adhere to the principles of UN Global Compact and the Universal Declaration of Human Rights. On the economy arena, our activities and services provide benefits to our employees, local suppliers, sub-contractors, shareholders and government authorities.

About Holcim

Holcim Ltd

Holcim Group is a leading global supplier of cement, aggregates (crushed stone, sand and gravel), ready-mix concrete, asphalt and related services. Founded in 1912 in Holderbank, Switzerland, the Group is globally spread with geographic diversification in more than 70 countries and with a workforce of some 80,000. Holcim's commitment to sustainability received recognition in the renowned Dow Jones Sustainability Index (DJSI) for seven years.

Holcim Key Figures		2009	2010	2011
Annual cement production capacity	Million t	202.9	211.5	216
Sales of cement	Million t	131.9	136.7	144.3
Sales of aggregates	Million t	143.4	157.9	173
Sales of ready mix concrete	Million m ³	41.8	45.9	48.4
Sales of asphalt	Million t	11	10.6	10.3
Net sales	Million USD	19,387	20,820	23,306
EBITDA	Million USD	4,248	4,339	4,447
Operating profit	Million USD	2,551	2,518	2,172
Personnel		85,910	80,310	80,967

Source: Holcim Ltd annual report

Holcim Lebanon

Established in 1929, Holcim Lebanon is one of the leading cement companies in Lebanon. The plant and head office are situated in Chekka, and products are distributed to customers all over the country. Holcim Lebanon also operates a white cement plant through its subsidiary in Chekka, Société Libanaise des Ciments Blancs (SLCB), the only producer of white cement in Lebanon. Hence, a full range of cement products is produced to meet the needs of the market as well as special products designed for use in a variety of applications. Moreover, six ready-mix concrete plants in Nahr El Mott, Beirut Harbor, Kfarchima, Chekka, Halba and Tyre are operated under Holcim Béton, along with a grinding station located in Northern Cyprus (BEM). Over the years, Holcim Lebanon has undergone continuous modernizations and operates the largest kiln in the country. The annual cement production capacity evolved to reach 2.5 million tons currently. The cement plant is certified ISO 9001 for quality management system and ISO 14001 for the environmental management system. Our cement is in compliance with the Lebanese Standard, NL 53:1999. Holcim Lebanon is registered in the Beirut Stock Exchange.

Consolidated Key Figures for Holcim Lebanon		2009	2010	2011
Annual cement production	000 t	2,114	2,317	2,310
Sales of cement and clinker	000 t	2,171	2,323	2,366
Sales of white cement	000 t	98	102	97
Sales of ready mix concrete	000 m ³	294	360	341
Net sales	000 USD	207,010	227,206	237,361
EBITDA	000 USD	68,774	78,542	74,901
Operating profit	000 USD	49,478	58,712	53,323
Personnel*		278	289	295

Source: General Management Report

* Includes full time employees from grey cement plant in Chekka, SLCB, Holcim Béton and grinding station in Northern Cyprus (BEM), excluding subcontractors.

CEO Statement



Holcim Lebanon presents its third sustainable development report, demonstrating an ongoing and solid commitment to sustainability and transparency in reporting. The report presents not only our continuous efforts to minimize the environmental footprint of our business but includes innovative and forward-looking projects.

Occupational Health & Safety continues to be our first priority. We have made a good progress over the years, but we still face challenges in reducing the frequency of work accidents. Lost time Injury Frequency Rate (LTIFR) is still above 2. Our aim is to improve our performance and achieve LTIFR below 1 by end of 2013, in compliance with the Holcim Group target.

We are proud to announce the quarry rehabilitation project in Chekka, in partnership with the International Union for Conservation of Nature (IUCN) and a number of local partners. The first of its kind in the region, this project has substantial outcomes as it results in a real life model of a rehabilitated quarry and strengthens our position as pioneers in Lebanon.

A waste heat recovery project, a modern solution to the rising costs of fuels, will be complete by end of 2012. The project will enable us to generate electricity while improving energy efficiency, lowering emissions and saving on energy costs.

We address the business case for using alternative fuels and raw materials as a positive example that contributes to solving the problem of municipal solid waste in Lebanon. Our challenge remains the lack of a legal and institutional framework and a comprehensive waste management plan in the country.

We successfully managed to meet our emissions reduction targets, mainly in terms of dust and carbon dioxide (CO₂). The challenge is to maintain good performance and further improve where possible.

Moreover, we are committed to be a responsible corporation in the communities where we operate. We believe that stakeholder engagement maintains our license to operate.

It is our belief that high business ethics are essential to our reputation. As such, we highlight the importance of Holcim code of conduct not just for our personnel but for our suppliers and sub-contractors as well. People are the foundations of our business. We encourage local recruitment, diversity as well as the development and retention of employees.

The past three years witnessed many challenges and opportunities for Holcim Lebanon. We made significant progress in our materiality issues and we are positive of our ability to achieve our goals.

Urs Spillmann
Chief Executive Officer
Holcim Lebanon

Vision and Strategy

We follow a sustainable approach by focusing on the interdependence between the three pillars of the triple bottom line, integrating environmental, social and economic implications within our strategies and decision making process.

Holcim Lebanon Vision, Mission and Values

Holcim Lebanon is one of the leading cement companies in Lebanon, as well as ready-mix concrete and related services. Our vision is to provide foundations for Lebanon’s future. Our mission is to sustain our leadership position in the cement industry in Lebanon. Our core values are to :

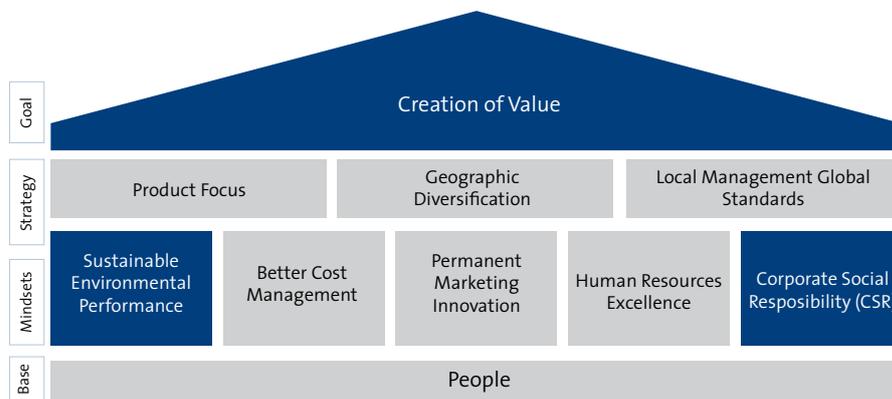
- Create value to our customers by offering the best product and service for their specific needs.
- Be recognized as an employer of first choice.
- Achieve zero harm to people in our operating environment.
- Empower our employees to enable them to perform.
- Demonstrate commitment to sustainable development by having the best environmental performance in our industry and meeting standards of the Holcim Group.
- Act sustainable, credible, and ethical towards our stakeholders.
- Be recognized as a trusted partner in our community.
- Provide the highest returns to shareholders in our industry.

Sustainable Development, embedded within our strategy

Sustainability is one of the most talked about concepts and mostly subject to diverse interpretations, green washing and marketing.

Sustainability embraces not only preservation of the environment but also critical development-related issues such as the efficient use of resources, continual social progress and economic growth. It addresses issues such as respect for human rights, occupational health and safety, fair competition, sustainable construction, among many other modern societal concerns.

Our commitment to sustainable development is elaborated through the elements of the triple bottom line. This commitment, embedded within our organization and supported by transparent communication, is essential to build our brand. It is key to create a long-term value for our stakeholders, fulfilling economic, social and environmental performance criteria. A strong sustainability performance, in all its elements, allows us to earn and keep the trust and respect of our stakeholders in order to maintain our license to operate and strengthen our business. Being a member of the Holcim Group, Holcim Lebanon recognizes its responsibility to implement the ongoing commitment to sustainable development by taking this holistic approach and managing the environmental, social and economic impacts within the local context. The Holcim strategy house (shown in the graphic), reflects the integration of environmental performance, social responsibility and economic prosperity in our business.



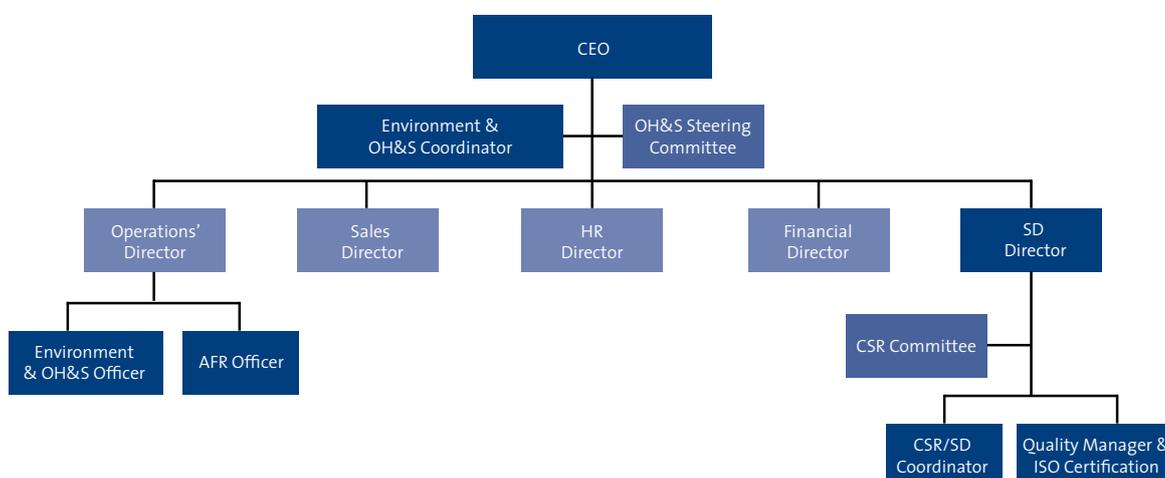
Working within the triple bottom line

Our integrated strategy focuses on sustainable development in delivering high quality products and services

Being a subsidiary company of Holcim Group, Holcim Lebanon is committed to the mission of being the most respected and attractive company in the business and relevant markets. Global standards are locally implemented while taking into account the local context. Therefore, we developed an integrated strategy based on high quality products and services while keeping sustainable development at the center, in order to perpetuate a respectful cement manufacturer with regard to environment and social responsibility in Lebanon. The strategy is implemented by means of a global policy covering quality, environment and safety domains. Follow up and implementation are done through the associated management systems: ISO9001 for quality, ISO14001 for environment and Holcim Health and Safety Green Pyramid.

A Sustainable Development Oriented Organizational Structure

Top management commitment to sustainable development is revealed through the management structure of Holcim Lebanon (shown in the graphic), where there is direct influence on sustainability concerns. This reflects the priority given to sustainable development issues while bringing them to the forefront and making sure they remain topics of discussions with top and senior management. The leadership structure exhibits a significant role in leaders' capacity in planning, decision making and implementing sustainability related procedures, programs and initiatives. The framework also showcases platforms, allowing for inter-departmental collaboration through committees such as the CSR and OH&S steering committees. This structure facilitates progress monitoring and reporting of sustainability issues with respect to targets and action plans.



Management framework of sustainable development at Holcim Lebanon

Materiality Issues

Holcim Lebanon follows a business risk management system (BRM) to identify and manage corporate risks. The system integrates company risks and opportunities with the aim to address the issues of highest priority to our business according to the different stakeholder groups. This is done through the materiality review process whereby the first review was conducted in November 2008 through focus groups with personnel and external stakeholders. Accordingly, sustainability issues with potential impacts were identified and addressed as improvement opportunities in a comprehensive strategy, covering the period between 2009 and 2012. Throughout this period, the results of the review were confirmed and followed up with our stakeholders. The next materiality review is to be done in 2012 to re-assess the risks and capture changes in our stakeholders expectations. Based on our last materiality review, our current sustainable development priorities are displayed in the following table and addressed in the report.

SD materiality review showing priority issues, while balancing stakeholders' concerns and impact on Holcim Lebanon.

Issues		Importance of issues according to all stakeholders		
		Low	Medium	High
Economic	Economic impact			High
	Corporate governance		Medium	
	Customer & supplier relations		Medium	
Environmental	Legal compliance		Medium	
	Resource management			High
	Spills and other incidents			High
	Atmospheric emissions			High
	Transport			High
	Water			High
	Energy			High
	Eco-efficient products		Medium	
	Waste management	Low		
	Carbon dioxide	Low		
Sustainable construction	Low			
Social	OH&S			High
	CSR engagement			High
	Employment practices			High
	Supply chain management		Medium	



We strive to achieve the best environmental performance in our industry and meet standards of the Holcim Group.

The continuous improvement of our environmental performance is supported by the implementation of the environmental management system based on ISO14001 standards and reducing the environmental impacts of our operations. The latter focuses on identifying and assessing level of impacts, setting targets to reduce them and commit to continuous improvement. Ongoing investments accompany the monitoring and decreasing of atmospheric emissions such as carbon dioxide (CO₂), dust at stack and fugitive dust. Our aim is to achieve efficient use of resources, reduce CO₂ emissions through replacing clinker with mineral components, improve our thermal energy efficiency and encourage co-processing of alternative resources.

Being credible and ethical towards our stakeholders helps us be a trusted partner in our community.

Our approach to Corporate Social Responsibility (CSR), an integral part of our commitment, is strategic rather than philanthropic. It aims to build the capacity of people and organizations through investment and engagement. The CSR approach follows a holistic view and focuses on six pillars. It addresses issues such as code of conduct, equal opportunities, human rights, assessment of suppliers and sub-contractors, safety at work, and partnerships with local communities. A comprehensive CSR strategy document exemplifies how CSR is embedded within our daily business practices. The strategy is implemented through a CSR steering committee, chaired by a member of the executive committee.

On the economy arena, we largely contribute to the local economy via our employees and the activities of our suppliers, sub-contractors and customers. Our activities and services provide benefits to the government and local authorities through taxes and fees. We also commit to provide the highest returns to the shareholders in our industry.



Environmental Performance

We are committed to be a responsible cement manufacturer with respect to environment in Lebanon. We aim to continuously improve our environmental performance through measuring and monitoring progress towards targets. Investments focus on reducing impacts and optimizing resource utilization. Our commitment goes beyond legal compliance to achieve strict internal targets while providing positive contributions to our business.

In Brief

Cement production causes adverse environmental consequences through its dependence on natural resources including raw materials and energy sources and through the release of atmospheric emissions. However, opportunities exist to mitigate the environmental impacts through managing resources, optimizing and measuring performance and reducing emission levels. Holcim Lebanon aims to decrease the ecological footprint through the effective implementation of the environmental management system and ISO14001:2006 certification.

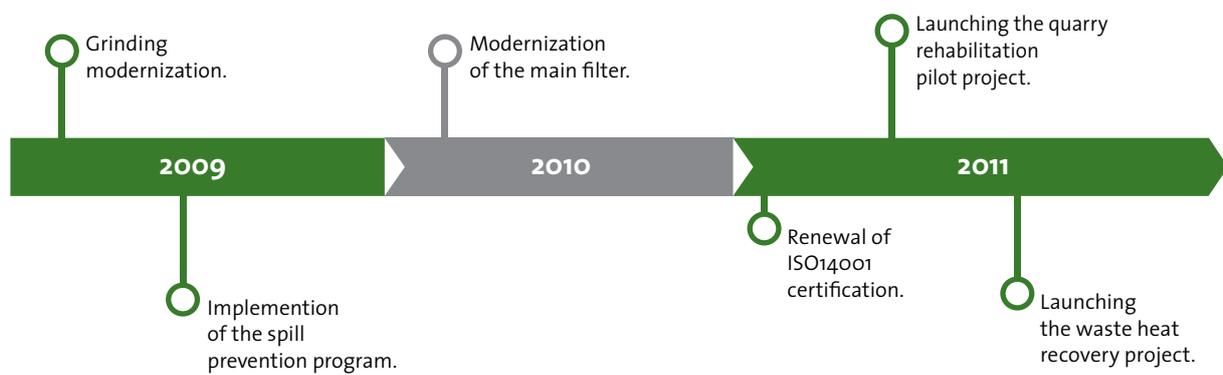
The past three years witnessed significant reductions in the levels of atmospheric emissions such as dust at stack, fugitive dust and CO₂ as well as improvements in other environmental indicators. Environmental investments went beyond compliance with legal requirements to achieve ambitious internal targets.

The modernization of the main filter in 2010 resulted in drastic reductions in the levels of dust at stack to achieve one of the best results in the cement industry sector. A waste heat recovery project for electricity generation was launched in 2011 in our endeavor to boost energy efficiency and reduce emissions. This project will save on the use of fuels, resulting in an improvement in environmental footprint and reduction in energy costs. The quarry rehabilitation pilot project in Chekka in partnership with the International Union for Conservation of Nature (IUCN) is an opportunity to show our commitment to sustainable development within the industrial sector. We continue to promote co-processing of alternative resources and highlight its significance in terms of sustainable development.

Nevertheless, we still face challenges in terms of our environmental performance and continue our efforts to mitigate the environmental impacts of our operations. A case study pertaining to this matter is showcased in the report.



Environmental Milestones, 2009 –2011



Overview on Environmental Management System (EMS)

Holcim Lebanon follows the international standards of ISO certification and the environmental management system ISO14001. We implement the system through the “Plan, do, check and improve” approach. The environmental management plan (EMP), through which environmental investments are translated, is instrumental in preventing and reducing adverse impacts of our activities. As part of the environmental management system (EMS), an environmental training plan is set, under which, sessions are regularly carried out to personnel from all departments.

The successful implementation of the EMS enables us to be in full compliance with the legal requirements locally as well as international environmental standards, including internal targets set by the Group. The ISO 14001 certification obtained in 2004, was renewed in March 2011 following an external audit. This validates the quality of the system and reflects our commitment to the environment and towards our stakeholders.

Modernization of the main filter: a priority in action

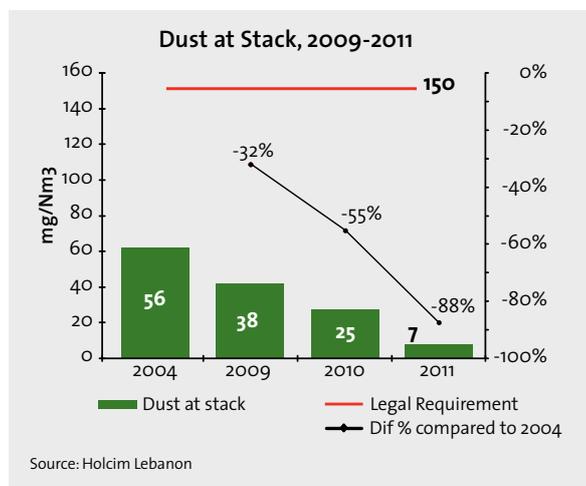
Committed to the goal of continuously reducing our atmospheric emissions, mainly dust at stack, we replaced the main filter at the kiln with a new bag filter in February 2010. The challenge was to balance between our commitment to reduce dust emissions and the reliability of the production process. The enhanced features of the new bag filter guarantee a better performance, i.e. emissions lower than 10 mg/Nm³ to be compliant with the internal target of 20 mg/Nm³. The filter consists of 9,100 bags with a length of 4.5 meters each, as opposed to 12,400 bags with a length of 3 meters each in the old filter. Hence increasing the surface area for dust retention. An improved alignment of bags allows for better retention of dust particles, thus a higher efficiency. Finally, the enhanced automation system optimizes response time for intervention in case of problem occurrence. The newly installed filter with an investment of 4 million USD, achieved 72% dust reduction during the first year (from 25 mg/Nm³ in 2010 to 7 mg/Nm³ in 2011).

88%
Reduced levels of dust at stack.

Controlling Atmospheric Emissions

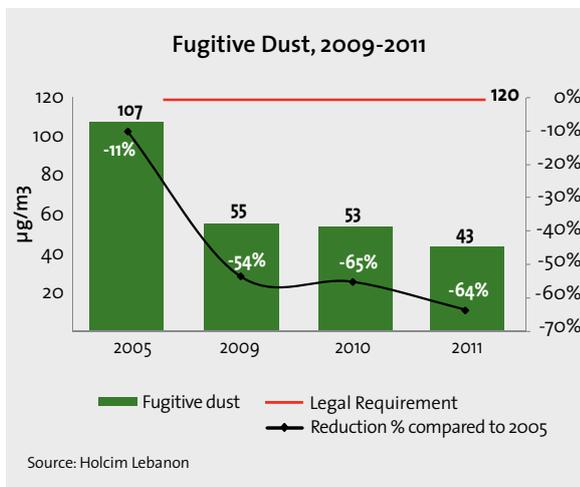
Dust at Stack

Levels of dust at stack are not only below the legal limits of 150 mg/Nm³, but have achieved remarkable results for Holcim Lebanon, attaining as low as 7 mg/Nm³ in 2011. This achievement is attributed to the modernization of the main filter in 2010.



Fugitive Dust

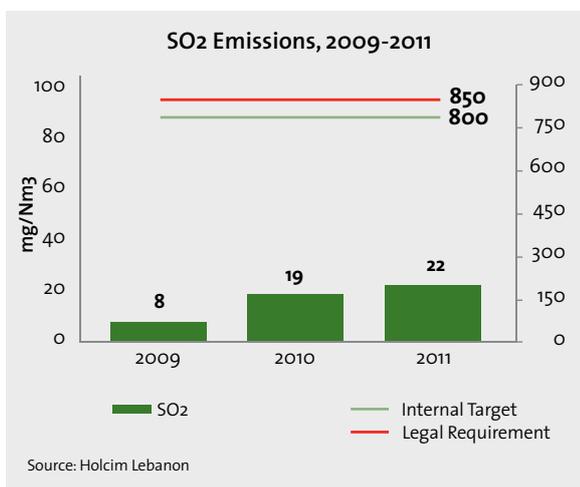
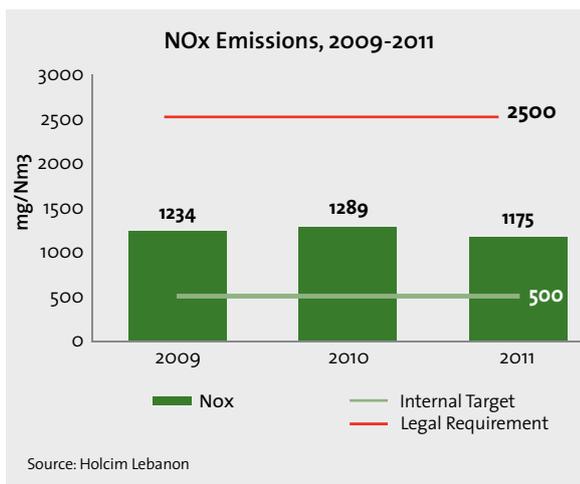
Holcim Lebanon is committed to continuously reduce levels of fugitive dust, as it is considered a priority concern to Holcim and local stakeholders. This commitment allows us to be compliant with the legal requirements locally and in line with the Group internal targets. Levels of fugitive dust continued to decrease over the years to reach 43 µg/m³ in 2011, while constantly being below the legal limit of 120 µg/m³.



64%
Reduced levels of fugitive dust.

Nitrogen Oxide (NOx) and Sulfur Dioxide (SO₂)

Emissions of NOx and SO₂ have constantly been below the legal limit values of 2500 mg/Nm³ and 850 mg/Nm³, respectively. In this regard, changes in the past three years have been insignificant. Yet, we are committed to take mitigation measures in our efforts to meet the internal target of below 500 mg/Nm³ for NOx.



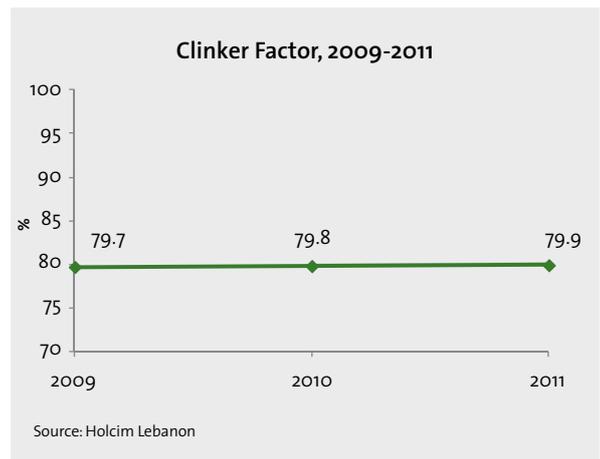
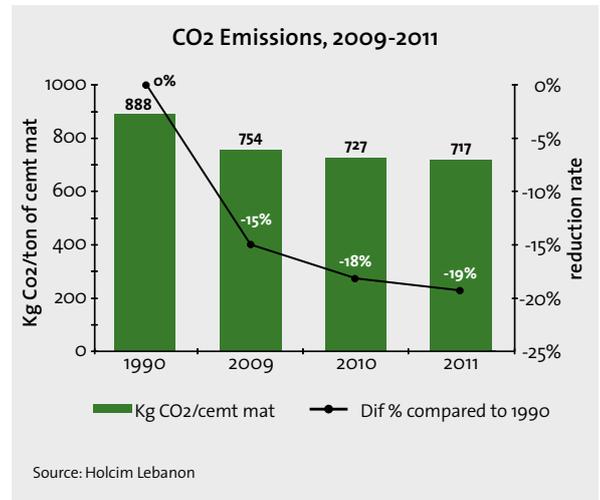
Carbon Dioxide (CO2)

Holcim Group has committed to reduce specific net CO2 per ton of cement produced by 25% by 2015, using 1990 as a reference. Holcim Lebanon achieved a 19% reduction rate in 2011 as compared to 1990, releasing 717 Kg of CO2 per ton of cementitious materials. Carbon reduction continues to be a challenge for Holcim Lebanon mainly due to the emissions released from the power plant. However, we are committed to achieve the goal set by the Group, through focusing on three main areas:

- 1- Reducing the clinker factor, i.e. reduce clinker content in cement by replacing it with other mineral components.
- 2-Improving thermal energy efficiency, by replacing fossil fuels with renewable and more sustainable alternatives.
- 3-Co-processing of alternative fuels.

Clinker Factor

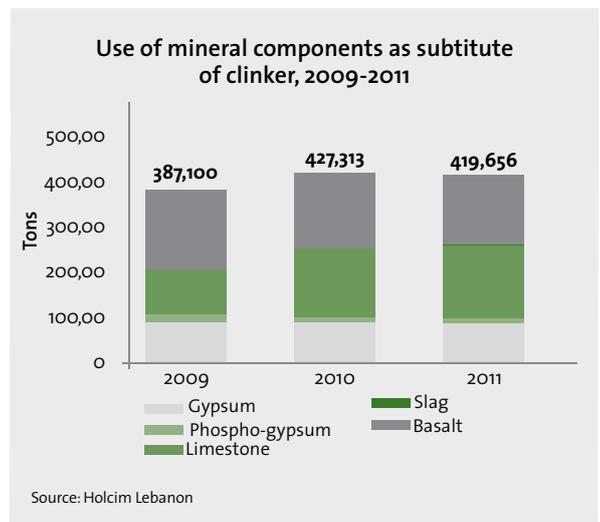
Over the past three years, clinker factor has been reduced and stabilized at around 80%. The clinker factor plays a significant role in the eco-efficiency of clinker production, hence directly related to less CO2 and lower dependence on raw materials.



1.2 M Tons
Total amount of mineral components used as substitutes of clinker.

Use of mineral components as substitutes of clinker

In three years, we used 1.2 M tons of mineral components including limestone, gypsum, basalt, phospho-gypsum and blast furnace slag.

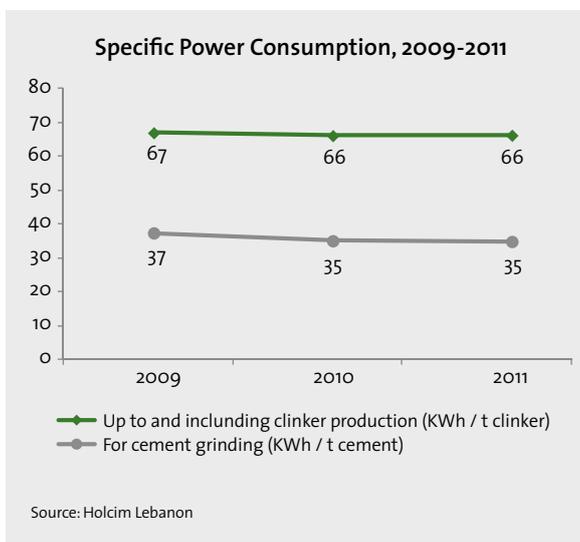


Power Consumption

The data reveals progressive improvement per year in power consumption for clinker production and cement grinding highlighting higher efficiency of equipments.

Energy Consumption and Efficiency

Concrete is a highly energy and CO₂ efficient building material. After water, it is globally the second most consumed commodity by volume and vital to a functioning infrastructure. However, production of cement is energy-intensive, with energy accounting for the highest proportion of the production cost. Lebanon suffers from a deficient electricity infrastructure, which is the main reason for the existence of Holcim Lebanon's power plant. On-site power generation depends on eight generators with a total capacity of 40 megawatt hour (MWh). Despite the installation of a new generator in 2006 and the associated improvements in terms of reduced emissions and energy consumption, we still face substantial challenges with respect to CO₂, dust emissions, and energy costs.



Improved Energy Efficiency Through Waste Heat Recovery (WHR)

With the increasing energy costs and concerns over energy and emission reductions, we launched in 2011 a waste heat recovery project for electricity generation in our endeavor to boost energy efficiency and reduce emissions. This project will save on the use of fuels, resulting in an improvement in environmental footprint and reduction in energy costs. WHR does not require any primary fuel to generate power. The principle behind the installation is the recovery of exhaust gas from three generators, whereby hot steam is used to turn turbines, hence generating electricity.

The project, with a total investment of 11 M. USD, is expected to be achieved in 2012. The purpose is to generate the same amount of electricity from the power plant, using three generators instead of four. Once completed, it will produce 3 MWh of electricity, reducing overall fuel consumption of the power plant from 225 g/ kWh to 198 g/kWh. Thereby, saving 5,000 tons of fuel annually.

Benefits of the WHR project:

- 14% less fuel consumption.
- Replacing 1 generator of 4 MWh capacity.
- 14% less CO₂ emissions generated from the power plant.
- 16% less emissions from the power plant including dust, NO_x and SO_x.
- Improving the overall usage rate of the newest generator from 80% to 89%.

5,000 Tons
Savings of fuels per year due to WHR project

10.9 M USD
Investment in waste heat recovery project.

Alternative Fuels and Raw Materials (AFR): The Business Case for Action

A potential to alleviate waste management problem in Lebanon

The lack of an integrated solid waste management system in Lebanon and the widespread and haphazard dumping of waste are one of the most pressing challenges in our society. According to the Ministry of Environment (MoE), Lebanon generates about 1.57 million tonnes of municipal solid waste (MSW) annually (1st Regional Forum on Integrated Solid Waste Management, 2011). About 80% of the collected MSW goes to landfills.

Co-processing represents part of the solution for the MSW burden in Lebanon. Co-processing, the recovery of energy from waste, is a common practice in resource-intensive industries, specifically in cement industry worldwide. The use of industrial by-products as fuel and/or raw materials in cement production is a positive forward-thinking example. Fossil fuels and raw materials have been successfully substituted by various types of wastes in cement kilns in Europe, Australia, Canada, Japan and USA since the beginning of the 1970s (Guidelines on Co-processing Waste Materials in Cement Production - The GTZ - Holcim Public Private Partnership). Holcim Group has actively been engaged in co-processing since 1980s. It currently produces approximately 12% of its thermal energy from waste derived fuel.

From 2009 to 2011, Holcim Lebanon has successfully managed 37,500 tons of synthetic gypsum, also known as phosphogypsum from the chemical plant in Selaata, and used it as alternative to natural gypsum in cement production.

Holcim Lebanon possesses the technical know-how, modern technology and international expertise to be engaged in co-processing of industrial by-products as alternative fuels and raw materials (AFR) for clinker production. However, the challenge remains significant with the absence of legal framework and lack of support and awareness from public authorities.

Co-processing: A Sustainable Development Initiative

The business value creation behind using AFR is measured by financial and non-financial terms. Benefits of co-processing are manifold and cover the environmental, economic and social aspects of sustainable development.

- It conserves natural resources by using by-products as raw materials.
- It reduces dependence on one fuel source, hence decreases resource depletion.
- It reduces overall environmental impacts by preventing waste disposal in landfills or open dumps and burning. Hence, reduces solid waste burden.
- It prevents health problems associated with unsound waste treatment practices in the absence of an adequate waste management infrastructure.
- It contributes to socio-economic development through generating employment opportunities.
- It reduces production costs through more efficient resource utilization and improves competitiveness. It positively impacts corporate image and license to operate.

Quarry Rehabilitation Pilot Project in Chekka

Collaboration with IUCN

Holcim Lebanon signed a memorandum of understanding with the International Union for Conservation of Nature (IUCN), Regional Office of Western Asia (ROWA) to restore an old quarry in Chekka. The agreement with IUCN ROWA comes under the umbrella of the global partnership between Holcim and IUCN.

With the growing and unplanned infrastructure development, a large number of abandoned quarries are scattered in Lebanon, leaving scars in scenery and deteriorating nature. Unregulated quarries pose critical environmental impacts on the Lebanese ecosystems and landscapes. According to the *“Alleviating Barriers to Quarries Rehabilitation in Lebanon”* project, over 1,278 quarry sites are distributed over forestland and grass land across the country. More than 1,000 quarry sites are abandoned without restoration, leaving behind negative impacts on the local ecosystems and livelihoods of the surrounding communities.

Holcim Lebanon is committed to rehabilitating its quarries in compliance with the Holcim Group guidelines. This project is divided into four phases: assessment, design, implementation, and post-rehabilitation monitoring. Completion of the rehabilitated model is expected in 2013/14.

Partnerships

The project involves credible local partners, with assigned roles and responsibilities according to their expertise. In addition to the valuable support of Holcim Group Support (HGRS) to ensure compliance with the rehabilitation directives.

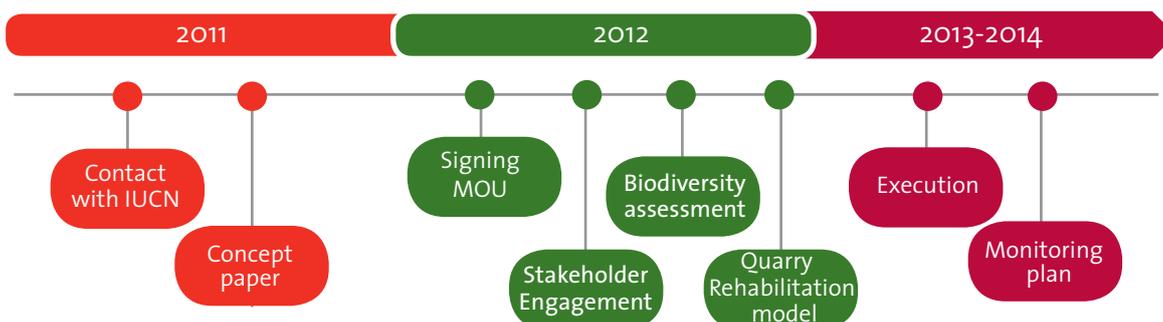
- A Holcim steering committee and IUCN ROWA manage the project and provide the support needed throughout the different phases. IUCN is also in charge of the hydrological and fauna related studies in the assessment phase. Moreover, its role is to ensure the sustainability of the initiative and to show it as a success story to be replicated in Lebanon and the region.
- The National Council for Scientific Research (NCSR) is leading the design phase.
- The Association for Forests, Development and Conservation (AFDC) is responsible for conducting the flora study during the assessment phase. Their role as members in the designing team is integrating the study results in the design.

Benefits

The quarry rehabilitation project substantiates our commitment and credibility towards the local communities while reflecting a sense of professionalism and seriousness in dealing with environmental challenges. The project is in line with Holcim Lebanon’s integrated strategy on sustainable development, hence will strengthen our position as pioneers in the sustainability commitment in the industrial sector in Lebanon.

This project presents a significant learning process, not just for Holcim Lebanon but also for the local partners to better understand the challenges behind quarry rehabilitation. It will also show us a real life model of what a rehabilitated quarry would look like in order to be replicated elsewhere in the region. As such, giving us the technical know-how for the future rehabilitation of the main quarry.

Timeline for quarry rehabilitation project, 2011 – 2014



Case Study - Excessive release of dust at the kiln

On the night of December 12, 2010, a technical malfunction in the kiln led to the blockage of one of the cyclones in the plant. The kiln was stopped immediately. During inspection and cleaning, excessive dust was accidentally released from the doors leading to the cyclone, lasting for a period of 120 minutes.

On the morning of December 13, following the kiln restart, another technical malfunction occurred, leading to the blockage of 2 cyclones. As cleaning proceeded, excessive dust was released again, for approximately 45 minutes.

Causes

Intensive investigation revealed the reasons behind the incidents to be the following: On the morning of December 12, the kiln was stopped for technical reasons, which caused a sudden drop in the temperature of the cyclones resulting in the condensation of the material inside one of the cyclones. Hence, the first incident. On the other hand, the second incident was the result of material clogging two cyclones due to the cleaning actions the previous day.

Immediate Remedial Actions

- A response team was mobilized to carry out maintenance work.
- All stakeholders were directly informed of the incident. Formal letters were sent to the ministry of environment as well as the local municipalities, explaining the reasons behind the incident and the corrective actions.

Preventive Actions

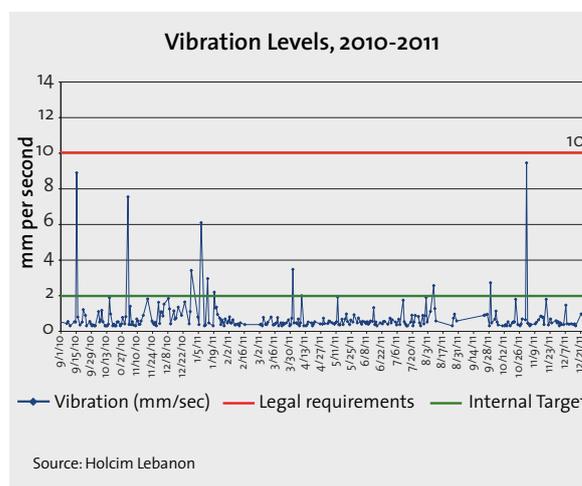
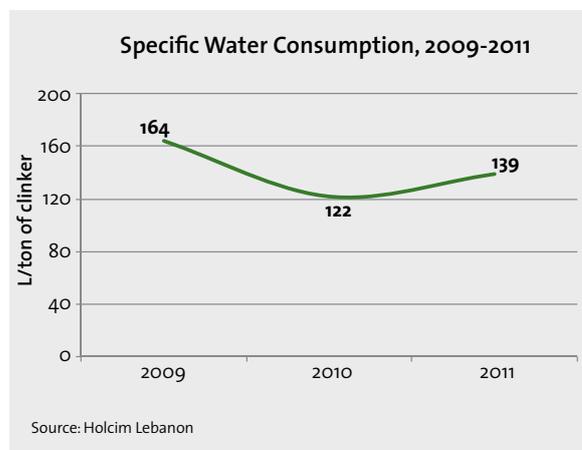
- Enhanced monitoring of the functioning of the kiln in order to detect blockage at early stage.
- Installing additional hatches to clear out blockage and prevent the situation from aggravating.
- Installing an alarm system to detect level of blockage on all cyclones.

Commitment to Water Management

Holcim Lebanon recognizes water as a precious resource and a sustainability challenge for today and in the future. We implement the Holcim Water Directive which facilitates better monitoring of water consumption levels. A key to sound water management is a reliable water measurement protocol. The latter sets out what, where and how to measure water in order to improve our performance in managing water resources. The output of the protocol will enable us to understand our operational water footprint, i.e volumes of water withdrawn, consumed, discharged and recycled or reused. The protocol has been developed by Holcim Group to comply with GRI sustainable indicators.

Reducing Vibration Levels

Reducing levels of vibrations during quarrying, is an ongoing challenge. Although levels have constantly been below the internal limit of 2 mm per second (legal requirement is 10 mm/ sec), we still witness few fluctuations in the vibration results, which we aim to control through optimizing the blasting techniques.



Dialogue with Local Stakeholders: a reliable tool for successful problem solving

One of the challenges of Holcim Lebanon pertained to the circulation of trucks in 2009. Transportation of cement and delivery of raw materials were done through heavy vehicles passing through the town of Chekka. Hence, posing significant environmental and nuisance effects to residents. The problem was tackled through intensive discussions between top management and local stakeholders, namely the municipal councils. Both parties came to a joint agreement whereby a separate direct access was created to the highway, leading to the main road of Chekka to avoid the circulation of trucks in the nearby residential areas. This challenge demonstrated our ability to manage complex issues through effective consultations with local stakeholders and respond to their needs. It also exemplifies how challenges can be used as improvement opportunities that maintain mutual trust and respect with the local communities.

Corporate Social Responsibility

Our strategic approach to CSR plays a pivotal role in maintaining our license to operate. We follow a holistic approach aiming to work as partners with our stakeholders, building and maintaining relationships of mutual respect and trust. We contribute to effectively improving the quality of life of the members of our workforce, their families and the communities around our operations in our efforts to provide foundations for Lebanon's future.

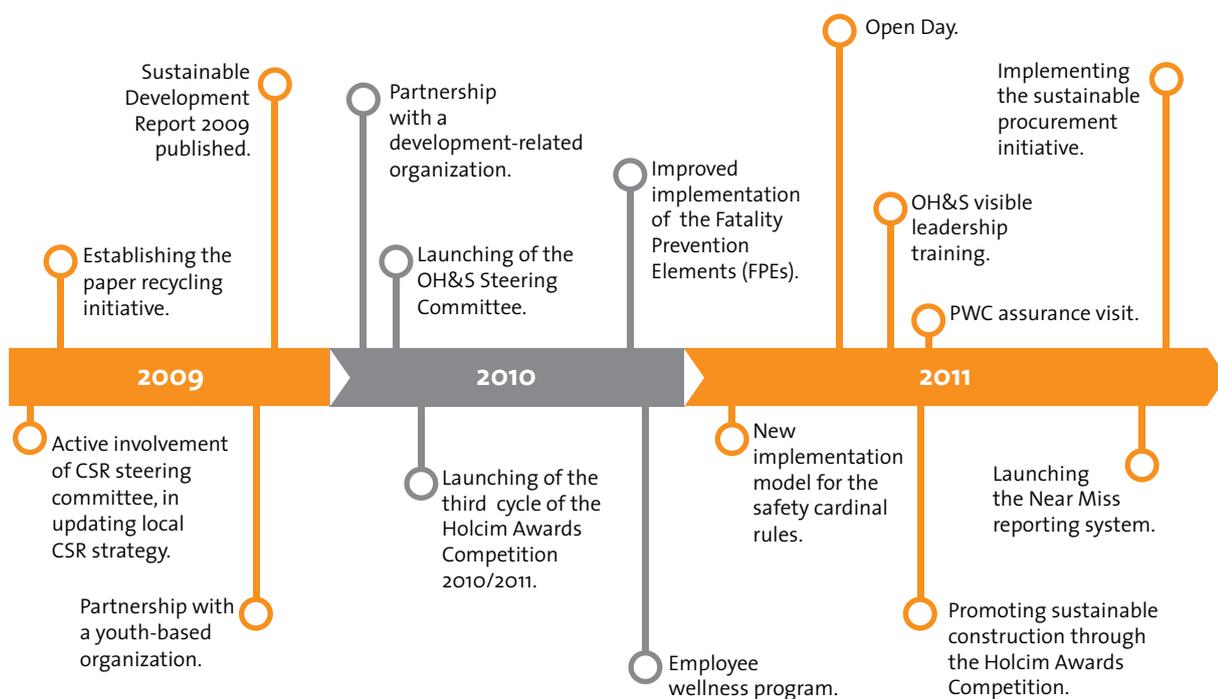
In Brief

Our CSR engagement is strategically embedded in our business. An adapted CSR strategy covering the years from 2010 to 2014, with action plans and assigned responsibilities is developed. To ensure focused and effective CSR engagement, the strategy is reviewed and supported by a multi-disciplinary team. We confirm our commitment to sustainable development and CSR through abiding by our code of conduct which is our guideline for fair business practices. On the occupational health and safety level, we aim to achieve zero accidents to our employees, sub-contractors and visitors through the continual improvement of the safety programs (the green pyramid and the fatality prevention elements). We also address employees wellbeing through a preventive health program and

activities. As per our CSR policy, we respect diversity and equal opportunities in recruitment, employment, development and retention. We contribute to talent attraction and a diversified workforce in terms of gender balance. Performance appraisal and training programs have increased in the last three years for all employees. Community engagement activities revolve around CSR projects endorsed by NGOs on one hand, and transparent and continuous dialogue with the local communities on the other. Furthermore, as we recognize our opportunity to have a positive impact on our sphere of influence, we aim to engage with suppliers and sub-contractors who adhere to the principles of UN Global Compact and the Universal Declaration of Human Rights.



Our CSR milestones, 2009 – 2011



A CSR strategy embedded in our business

Our CSR approach is about our commitment towards stakeholders within our sphere of influence.

The World Business Council for Sustainable Development (WBCSD) defines CSR as “ the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

Our CSR engagement is in line with WBCSD’s definition and strategically embedded in our business. In 2009, a comprehensive CSR strategy was updated with an action plan and assigned responsibilities.

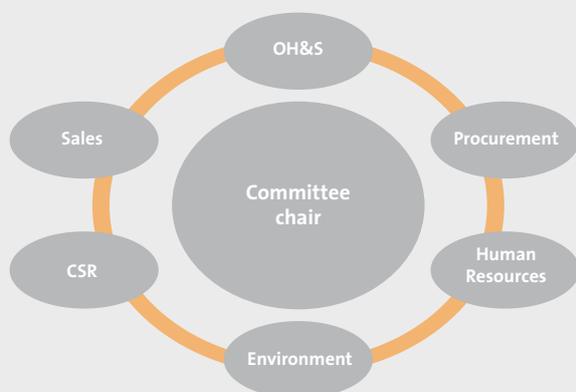
The document presents long term objectives on how CSR supports the company’s vision, mission and strategy. As such, it addresses a detailed action plan according to the six pillars of our CSR policy and a clear set of performance indicators. The updated strategy covers the period from 2010 till 2014.

Managing our CSR strategy

Our CSR strategy is managed by the CSR steering committee, an inter-disciplinary team comprising of representatives from different divisions. The CSR committee plays a central role in contributing to the local strategy and has the responsibility for its implementation.

Its mission is to facilitate responsible business practices and support the implementation of various cross-divisional CSR projects and activities.

The presence of the committee is instrumental in promoting our CSR program as a comprehensive program, not focused solely on philanthropy but incorporates activities that are associated with how we produce our products, provide services, interact with our staff, our clients, sub-contractors and the surrounding communities.



Organizational structure of the CSR steering committee



Holcim Code of Conduct

High business ethics and personal integrity ensure our company's reputation and image.

We strongly believe that high business ethics and operating with integrity safeguard our reputation and image. As such, we follow the Holcim code of conduct which provides us with the direction on our daily decisions. The code of conduct covers a wide range of aspects including our commitment to CSR, sustainable environmental performance and compliance to fair competition rules, anti-bribery and corruption principles as well as accepting or soliciting gifts and donations. It is the responsibility of each employee, from all managerial and non-managerial levels to adhere to the principles and ensure compliance within their sphere of influence. Therefore, violations are not tolerated and non-compliance is subject to disciplinary sanctions including termination of employment. In this regard, the code has become an integral part of the employment contract. Awareness sessions on issues of anti-bribery and corruption, equal opportunities, child labor were conducted within all functions of the organization. During 2011, internal refresher and trainings were carried out to relevant employees on fair competition following the Fair Competition Directive, originally issued by the Holcim Group in 2003.

Occupational Health & Safety (OH&S)

OH&S remains our top priority and is reflected in the commitment of top management through OH&S management and structure in Holcim Lebanon.

Our OH&S mission is achieving zero harm to people through putting the right structures in place and through developing a culture where no compromise on health and safety is tolerated. Through the implementation of the OH&S management system, we strive to continuously monitor and improve our OH&S performance to achieve our goal of "Zero harm to people".

Four main principles form the groundwork of our strategy (shown in the graphic):

- Set the culture of zero harm to people
- Drive accountability from top to bottom
- Mobilize people through trainings and awareness to enabling them to take appropriate safety decisions.
- Manage performance to make sure that all safety programs and efforts are translated into concrete actions.



Holcim Lebanon OH&S Strategy

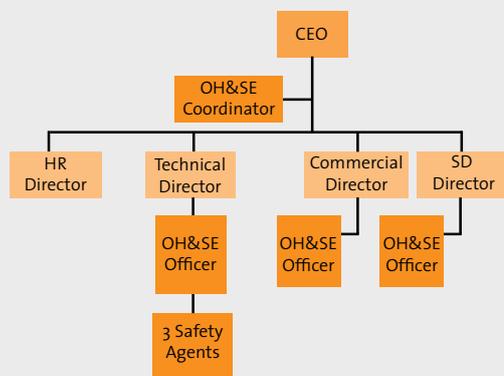


The safety structure (shown in the graphic) was reinforced in 2010 through establishing the OH&S Steering Committee, chaired by the CEO and consisting of top managers and safety professionals. The committee's objective is to conduct regular management reviews for safety performance through:

- Setting the direction for the implementation of the directives according to Holcim Standard.
- Enhancing the deployment of OH&S policy.
- Following up on the implementation of safety programs and measures.
- Reviewing incidents, accidents and safety events to make sure appropriate actions are taken.

Over the past three years, our efforts focused on improving good safety behaviors at all levels through trainings and programs such as visible leadership and safety observation tours. We improved the incentive program through linking the bonus system of operations managers and supervisors to increase

rates of observations of dangerous acts, participation in trainings and implementation of the "Job Safety Analysis" (JSA). The penalty system associated with the application and infraction of the cardinal rules was reviewed, integrating severity, repetitiveness and learning outcomes. Training programs addressed visible leadership skills for line managers, involvement of staff at all levels in identifying risks and solutions in addition to the monthly awareness sessions. Our aim is to focus more on pro-active interventions and reduce frequency of accidents. So, some safety programs were reinforced in 2010, such as the safety observation tours and the implementation of safety tools, in particular the JSA. Others were newly introduced such as the "Near Miss Reporting System" and "Fatality Prevention Elements" (FPEs).

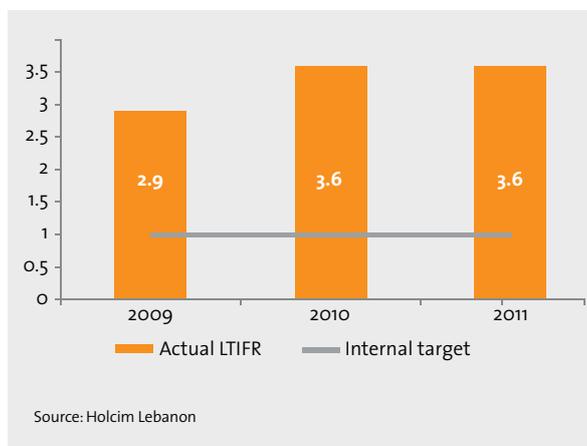


Organizational structure of the OH&S steering committee



Lost Time Injury Frequency Rate (LTIFR)

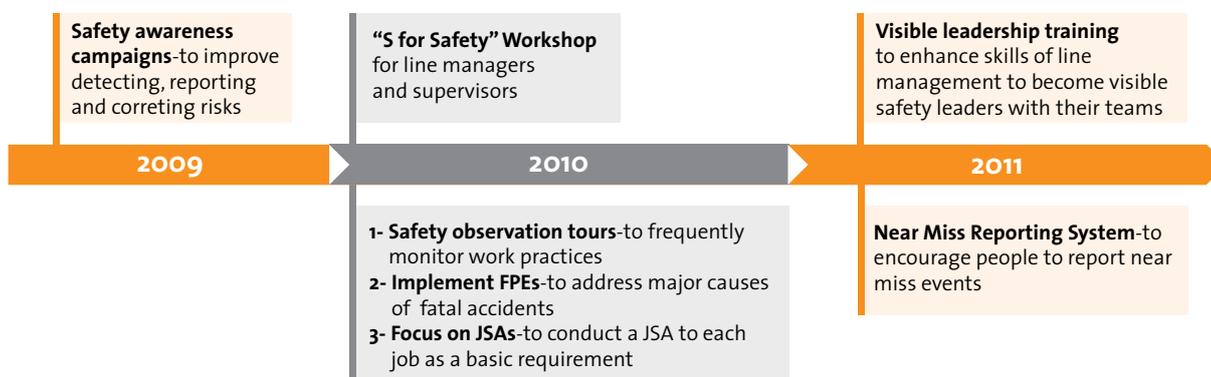
In 2009, Holcim set a target for lost time injury frequency rate (LTIFR) of less than 2. Despite the improvements in our safety management system and initiatives, we suffered from a number of injuries in the past three years. Although the rates have reduced compared to previous years, however we are still unable to reach the target of less than 2. This remains a challenge for Holcim Lebanon and we will continually strive to improve our safety performance to reach our goal of zero harm to people.



LTIFR is calculated as:

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

Holcim Lebanon OH&S Journey, 2009 - 2011



Addressing the “H” in OH&S

Taking care of the wellbeing of our personnel is in line with our CSR policy and key in improving the quality of life of our employees and their families. We believe that a healthier work environment and healthier employees are the cornerstone of a productive workforce. Addressing health topics is crucial for continued wellbeing and reduced health-related absences. As such, a holistic wellness program was developed in 2010, targeting our employees and their families. The goal of the program is to encourage everyone to make healthier lifestyle decisions and take steps to prevent the onset or worsening of a health condition. This is done through health awareness activities, providing a supportive environment for employees and supported by an internal quarterly health newsletter. The program addresses health-related topics based on needs assessment and prioritization of local needs. Accordingly, it addresses physical and mental health topics such as healthy eating habits, importance of physical activity, no-smoking and stress management.

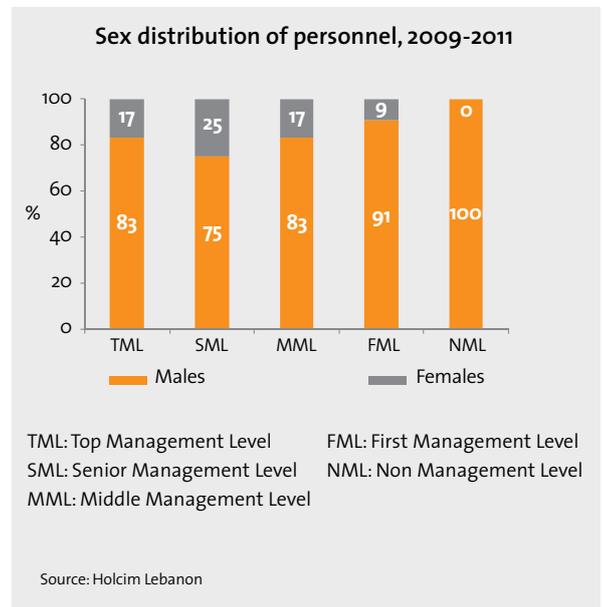
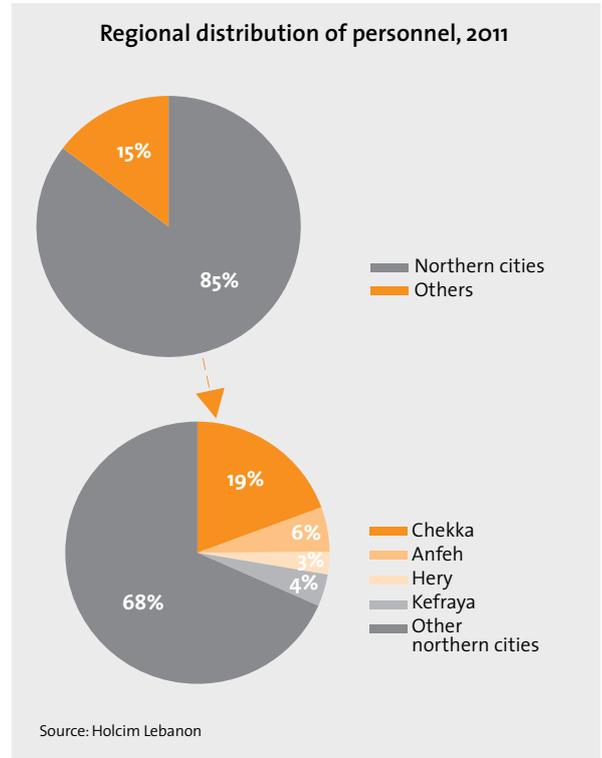
Employment Practices

Fostering Respect and Equity

As the Holcim strategy house clearly demonstrates (see strategy house diagram on page 8) that people represent the foundation of everything we do. A committed and capable workforce is key to achieving business objectives. Our employment practices are manifested in our CSR policy whereby “we value diversity and promote equal opportunities in recruitment, employment, development and retention.” The workplace environment is characterized by a culture of respect for human rights, freedom of association and non-discrimination to gender, religion or any personal belief in addition to fair treatment in employment and development. We also foster a culture of respect to unions whereby 80% of our employees are represented in an independent trade union.

We aim to attract the best employees while encouraging local recruitment from the surrounding communities. Most of our staff (85%) are residents of the local communities and nearby northern cities. Our workforce is diversified in terms of gender balance as we are able to attract highly qualified female professionals. Women constitute 25% of senior management and 17% of top and middle management.

85%
Residents from local communities



Employee turnover and recruitment

	2009	2010	2011
Employee turnover ‡ (%)	1.44	1.03	0
Newly recruited	11	18	14

Source: Holcim Lebanon

‡ Employee turnover
 < 3: ideal situation 3 – 5: normal > 5: critical

Empowering Employees for Improved Performance

We strive to provide our workforce with advancement opportunities for personal and professional growth. Our high level development and training programs target all departments and people from managerial and non-managerial levels. In the last three years, training spends and hours increased at all levels, in particular for employees at non-managerial levels, indicating a stronger emphasis on employee development. The average training spend per employee increased by 33% from 2009 to 2011. The total number of training hours amounted to 8,268, out of which non-managerial level employees received 47%. Trainings mostly addressed technical (27%), management and leadership (22%), as well as marketing and sales competencies (22%), with an investment of approximately 550,000 USD.

Performance evaluation is done through a formal "Dialogue" tool and other appraisal systems in place. Assessing the performance of our workforce helps effectively manage employees' work and productivity through recognizing high performers and identifying development needs for possible advancement. Hundred percent of our employees at top, senior and middle management have yearly performance appraisals. The share of employees at non-managerial levels receiving a formal performance appraisal increased steadily from 30% in 2009 to 50% in 2010 to 60% in 2011.

Engaging with Employees

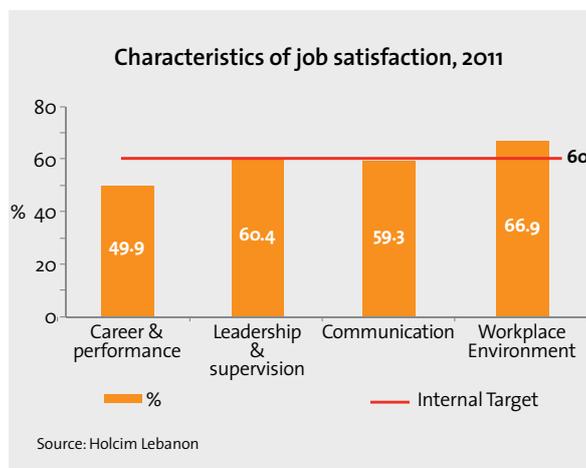
In 2011, we carried out an employee engagement survey as a means to follow up on employee satisfaction and to capture their interests. The survey covered several aspects of the job: career and performance; leadership and supervision; communication; and workplace environment. Results revealed a response rate of 85% and overall satisfaction rate of 60.4%, in line with the internal target (60%). An action plan was developed to address improvement areas such as communication and career development.



121
Number of training programs in 3 years.



8,268
Total number of training hours in 3 years



Spending a day out to energize our staff

Team building days were organized for our employees in November 2010 and October 2011. It is in our belief that a high performing team not only achieves success, but has dynamism and energy that nurture high team performance and a high degree of job satisfaction. Team building activities were designed to build communication and teamwork between all departments, in a natural environment. Our aim is to enhance team dynamism around shared values, reinforce inter-departmental relationships and boost employee motivation through fun and challenging activities.



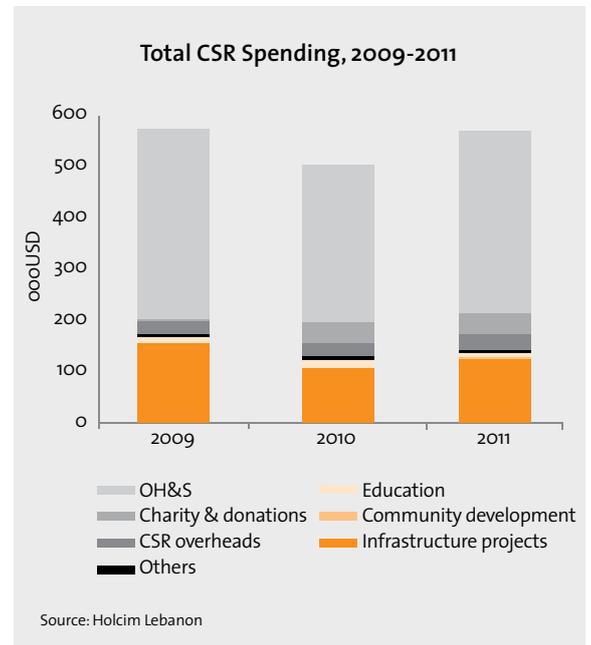
Stakeholder Engagement

Community Projects with Endorsement of NGOs

Our social engagement projects are strategic, not philanthropic and fall under the focus areas of education, infrastructure and community development. CSR budget is assessed using an internal tool; the social engagement scorecard, which helps evaluate the effectiveness of our engagement activities, before, during and after implementation. Between 2009 and 2011, 63% to 83% of our budget was strategically invested in CSR focus areas.

83%
CSR budget
strategically
invested in
2009

Our collaboration with NGOs results from recognizing our opportunity to be acknowledged as a valued and trusted partner in order to make meaningful contribution towards sustainable development. Our partnership with local and international NGOs such as Aie Serve and “Institut Européen de Coopération et de Développement” (IECD), respectively, lead to establishing two memorandum of understanding (MOU) over a period of three years.



Strategic Partnerships

Partnership with Institut Européen de Coopération et de Développement (IECD)

Under our CSR policy which aims to build the capacity of local communities, we established a partnership with IECD in 2010 on a three year program titled “Lebanon Enterprise Development Program of Support to Micro and Small Businesses”. With its international experience in vocational training and support to micro and small enterprises (MSEs), mainly in developing countries, IECD is supporting MSEs in North Lebanon. The project is implemented in coordination with local municipalities and NGOs. The objectives are to reinforce existing MSEs through training local business owners and personalized accompaniment. The goal is to ensure economic growth and increased employment in the region of North Lebanon.

As such, the activities consist of a one-month training workshop to beneficiaries followed by personalized visits over six months to follow up with participants and support their progress. The workshops address basic business management such as marketing, accounting, management and human resources.

The first year of the program resulted in training 122 small business owners, out of which 21 residents from nearby communities such as Chekka, Hery and Anfeh. In its coming phases, the program will address challenges related to reinforcing the capacities of the trainers, launching customized training sessions for startups and further developing the training center.

Partnership with Aie Serve, a youth-based organization

As part of our commitment to stakeholder engagement and maintaining active dialogue with local communities and NGOs, we partnered in 2009 with Aie Serve to mutually support each other’s work. The scope of the partnership is local capacity building, spreading awareness on responsible citizenship and activism and environmental and health issues among students in local public schools. The aim is to strengthen the role of youths to become active citizens in their communities. Projects, in line with our

CSR strategy, fall under the focus area of sustainable community development. Under this partnership, Aie Serve was actively involved in extra-curricular activities where students had the opportunity to build and develop skills on project management, and team work.

The partnership resulted in achieving the following:

- An environment week in Hery.
- A paper recycling program at the public school.
- Training workshops and establishment of a school club.
- Participation in environmental and social activities.



Partnership with Beeatoona on electronic waste and battery recycling

In 2010, Holcim Lebanon collaborated with Beeatoona, an environmental NGO, whose primary aim is “the promotion of good environmental practices among the Lebanese and Arab communities for a sustainable development”. The project addressed responsible practices in relation to e-waste and battery disposal in local schools. It helped in building the capacity of students through active discussions, creative writing as well as communication and artwork activities. On the other hand, Beeatoona conducted an internal awareness session to Holcim employees on the hazardous effects and health risks associated with disposal of batteries and e-waste and the importance of recycling them.

Our approach to stakeholder engagement reinforces good relations and builds a reservoir of trust

Acknowledging the considerable role of local stakeholders, we developed in 2011, a local community engagement plan (CEP), an initiative aligned with our approach to stakeholder engagement. The CEP structures local engagement activities, which are planned according to the results of a local analysis of the surrounding environment. It is in our belief that continuous community engagement provides an opportunity to establish and nurture relationships with the community and other stakeholders within our sphere of influence. Our engagement activities include focus groups, stakeholder dialogues, open house, partnerships, employee volunteering, etc...

We seek open and honest dialogue between the plant management and the local stakeholders mainly through local municipal councils. Our meetings are key opportunities to build and maintain mutual trust and respect, as they provide a forum for discussing local needs and potentially controversial issues such as usage of alternative fuels. In the last three years, we were able to regularly hold formal and structured meetings with several municipal councils where honest discussions on critical topics took place. The sessions provide a platform to illustrate our sustainability strategy and commitment while transparently sharing our challenges with the local communities, mainly those pertaining to environmental performance. They are also an opportunity for the local authorities to regularly share their environmental and social concerns, with the aim to bring the group to a consensus and find solutions.

Stakeholder Engagement as Part of our Monitoring Process

Our social policy promotes not only stakeholder engagement and partnership in community involvement projects, but also encourages stakeholder feedback as part of the ongoing monitoring and evaluation process.

In 2009, we developed a monitoring and evaluation plan, with the objective to evaluate the extent to which projects meet their objectives and accomplish desired outputs, hence strengthen performance. The plan necessitates the ongoing dialogues with project stakeholders, information gathering for decision making and use of feedback for continuous improvement.

In 2011, we also conducted an impact evaluation study with the support of experts in the field. The study covered the different dimensions of sustainable development, with respect to environment, social, health and economic situations. Results revealed an increase in satisfaction level among local communities compared to previous years. Respondents are aware of Holcim Lebanon's achievements on the environmental and CSR levels, while pinpointing areas for improvement in this respect.





Towards the Right Direction

Open house, one of our community engagement activities, showcases our commitment to transparency and sustainable development while engaging our key stakeholders. This event is an opportunity to explain to our employees, families, the surrounding communities and other stakeholders the nature of our operations and the measures in place to monitor and mitigate the environmental impact. On Saturday October 1, 2011, Holcim opened its doors to the community to welcome around 400 visitors to the Open House, a unique event in the industrial sector in Lebanon. Under the title, "Towards the Right Direction", participants discovered the different divisions of the plant, visited the production line starting with extraction of the raw materials until the packaging of cement. In a joyful and relaxed atmosphere, the day started with a warm welcome by our friendly staff. Guided tours were organized to share with our guests the process of cement production and Holcim's achievements in environmental performance and safety. Our partner during this day, the Association for Forests, Development and Conservation (AFDC) shared with the visitors practical tips on reducing their environmental footprints at home.

Engaging in green office practices

Recycling paper represents a minimum environmental commitment for a company and is a vital component in creating a responsible staff. The paper recycling initiative was created in 2009 with the purpose to instill environmentally friendly practices through the adoption of the 3Rs (Reduce, Reuse, Recycle) among employees. The program was extended to the local surrounding communities, specifically to the public school of Hery, where students enthusiastically promote recycling locally. Since its establishment, the program contributed to recycling a total of 6.62 tons of paper and cardboard. The success and sustainability of the program are attributed to the constant efforts and commitment of all stakeholders.

Sustainable relationships with our suppliers

We aim to engage in sustainable relationships with our suppliers and sub-contractors who adhere to international human rights and labor standards. We are aware of the human rights challenges in Lebanon and the risks of child labor in the neighboring communities and more specifically in the northern regions. We also recognize our opportunity to have a positive impact on our sphere of influence from the surrounding communities and improve our relations with all our stakeholders. As such, we organized a dialogue and awareness session to our local sub-contractors on the topic of human rights and in particular on child labor. This activity took place in Chekka, on December 21st, 2010. The session addressed the local situation of child labor in Lebanon, the adverse physical, mental and social effects of employing children, the local and international legislations and the role of small business owners in

preventing child abuse.

On the other hand, we perform yearly supplier assessment against environmental standards, social accountability and labor standards through self-assessment questionnaires, based on a checklist integrating the SA-8000 requirements.

The self-assessment is followed by an audit to collect evidence of compliance. This process ensures the compliance of our local contractors and suppliers to criteria other than performance, quality and price such as occupational health and safety and other international social accountability standards.

In 2011, a new Sustainable Procurement Initiative was used to promote sustainable and responsible business practices with our suppliers. Our commitment to high legal and ethical standards is based on the values of our procurement operations: honesty, respect, integrity, confidentiality, fairness, correctness and transparency.



Together for Communities: Volunteering in the name of Holcim

In 2012, Holcim is celebrating its 100th anniversary. Over the course of the year, many activities are planned both on the corporate and operating company level on the occasion of the centennial. A key initiative under the title "Together for Communities" aims to engage all 80,000 employees to work one day for the community, volunteering for a good cause in the name of Holcim. Holcim Lebanon is actively engaged in this initiative, hence committed to a series of volunteering activities in the local communities. Activities are planned in partnership with NGOs and address social, environmental and development causes. They range from beach and river cleanups to spending a day with elderly and organizing an excursion with SOS children, and conducting capacity building workshops to youths. This is a unique opportunity to enhance employee engagement in the communities in which they work and live. We believe that empowering and mobilizing employees through a corporate volunteering program is a powerful way to leverage their skills and resources for the benefit of society.

Holcim Lebanon is committed to keep the momentum for volunteering beyond the centennial year to be an integral part of sustainable development activities.

Promoting Sustainable Construction

The role of the built environment in achieving sustainability has significantly increased. Sustainable buildings have become vital cornerstones for securing long-term environmental, economic and social viability. The significant increase in urbanization makes it clear that there is a need to optimize the sustainable performance of the buildings that we live and work in. Therefore, architects, engineers, planners, developers and contractors are urged to adopt sustainable approaches within their building projects. Sustainable construction involves issues such as the design and management of buildings, materials performance

and energy and resource consumption – all within the larger scope of urban development and management. Holcim Lebanon promotes sustainable construction, through the Holcim Awards, under the umbrella of the Holcim Foundation for Sustainable Construction, established in 2003 in Switzerland. The Holcim Awards seeks projects that balance environmental, social and economic performance of buildings while exemplifying architectural excellence and enhanced quality of life. The global competition was locally promoted by Holcim Lebanon during its second and third cycles of 2008/2009 and 2010/2011 respectively, resulting in a total of 12 Lebanese submissions.

Data Credibility

A Sustainable Development Assurance Visit by PWC

Data assurance is critical in verifying the quality of data and information published in sustainability reports. As part of the process of compiling the Holcim Group Corporate Sustainable Development Report (CSDR), certain key data were to be assured by a credible third party assurance provider (Price Waterhouse Coopers). As such, PWC visited Holcim Lebanon plant in Chekka, in 2011. The process added to the credibility of the report, and was also in line with the Group's commitments to the Cement Sustainability Initiative (CSI). The scope of the assurance included:

- Data collection processes and systems for certain environmental indicators (CO₂, NO_x, SO_x and dust) and OH&S.
- Readiness assessment for indicators on water, biodiversity, waste and transport.
- Data collection processes and systems for the CSR questionnaire.
- Stakeholder engagement based on AA1000 Assurance Standard.

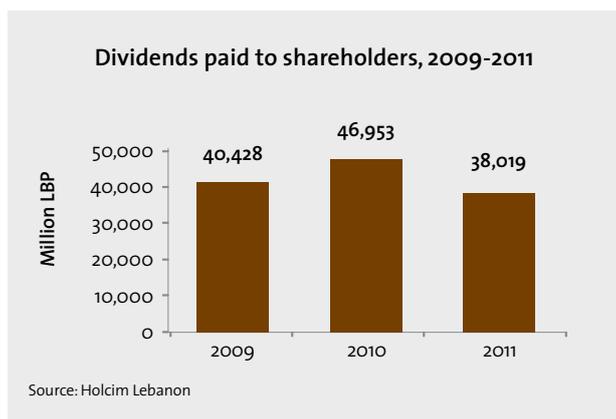
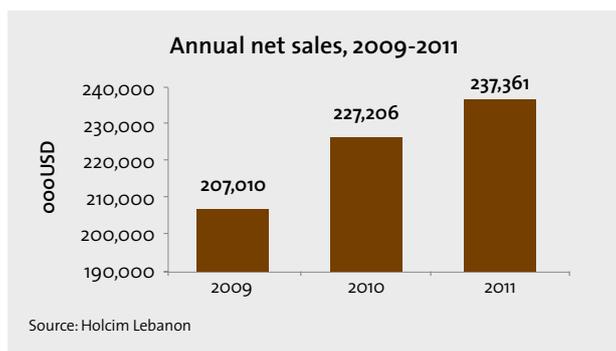
The report concluded that a mature sustainability reporting process is in place at Holcim Lebanon with some minor areas for improvement. Documented procedures, readily available information and well established review processes are in place within the different functions, in addition to a commitment to community involvement and stakeholder engagement on the CSR level.

Economic Performance

We are committed to have positive economic impact along the value chain. Our activities and services provide benefits to local suppliers, sub-contractors, employees, shareholders and government authorities.

Economic Impact

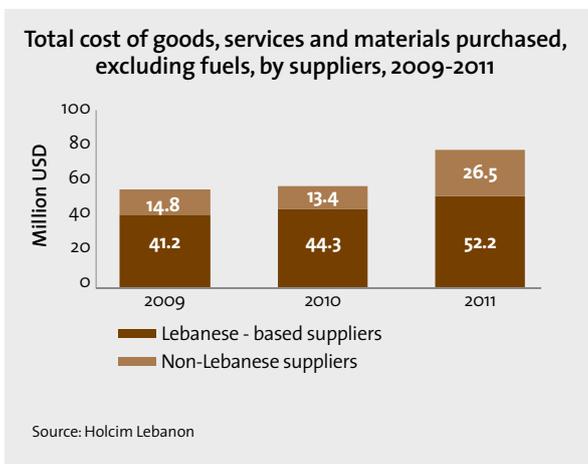
The impacts of our activities are spread along the value chain. Our contribution to the local economy is significant on the surrounding communities as well as the national level. As we encourage local employment, the majority of our employees are inhabitants of the neighboring communities. They benefit from wages and advantages such as retirement funds, pension schemes, health/accident insurance, school allowance and others. On the other hand, almost half of the Lebanese suppliers and sub-contractors we do business with, reside in local neighborhoods, generating a high level of economic activity. Taxes and fees represent our contribution to the government and local authorities.



Total cost of goods, services and materials purchased, excluding fuels.

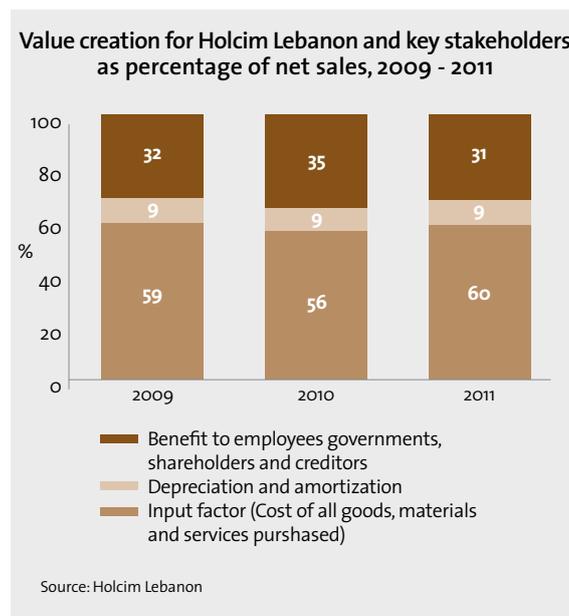
The total cost of goods and services, excluding fuels ranges between \$56 M. in 2009 and \$78.7 M. in 2011. Lebanese-based suppliers accounted for 41.2%, 44.3% and 52.2% of the total cost of goods purchased in 2009, 2010 and 2011 respectively.

Out of the expenses paid to the Lebanese-based suppliers, those from neighboring communities represented around 44%.



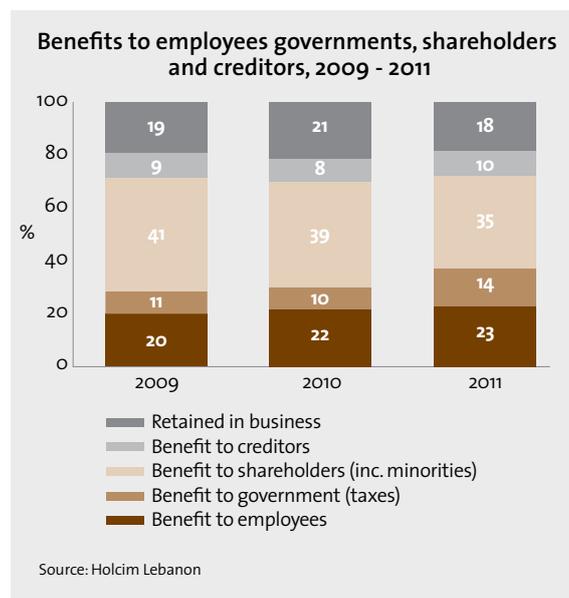
Value creation for Holcim Lebanon and key stakeholders as percentage of net sales.

In the past 3 years, 32%, 35% and 31% of our net sales represented benefits to our employees, governments, shareholders and creditors.



Benefits distribution

Benefits to employees consist 20% to 23% of the total benefits and is represented through wages, retirement funds, pension schemes, health/accident insurance, school allowance and maternity leave.



Acronyms

AFR	Alternative Fuels and Raw Materials
AFDC	Association for Forests, Development and Conservation
BEM	Bogaz Endustri ve Madencilik
BRM	Business Risk Management
CO ₂	Carbon Dioxide
CEP	Community Engagement Plan
CSI	Cement Sustainability Initiative
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EMP	Environmental Management Plan
EMS	Environmental Management System
FPE	Fatality Prevention Elements
GRI	Global Reporting Initiative
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HGRS	Holcim Group Support
IECD	Institut Européen de Coopération et de Développement
ISO	International Standard Organization
IUCN	International Union for Conservation of Nature
JSA	Job Safety Analysis
KPIs	Key Performance Indicators
kWh	Kilowatt hour
LTIFR	Lost-Time Injury Frequency Rate
MSEs	Micro and small enterprises
MoE	Ministry of Environment
MSW	Municipal Solid Waste
MWh	Megawatt hour
NCSR	National Council for Scientific Research
NO _x	Nitrogen Oxide
OH&S	Occupational Health and Safety
PEP	Plant Environmental Profile
ROWA	Regional Office of Western Asia
SA-8000	Social Accountability International Standard
SLCB	Société Libanaise des Ciments Blancs
SO ₂	Sulfur Dioxide
SD	Sustainable Development
WHR	Waste Heat Recovery
WBCSD	World Business Council for Sustainable Development

Global Reporting Initiative (GRI) Performance Indicators

Standard Disclosure	References	Indicators	Page
Strategy & Analysis	1.1	Statement from the most senior decision maker of the organization	7
	1.2	Key impacts, risks and opportunities	7
	2.1	Name of the organization.	6
	2.2	Primary brands, products, and/or services	6
	2.3	Operational structure of the organization	6
Organizational Profile	2.4	Location of organization's headquarters	6
	2.5	Number of countries where the organization operates, and names of countries with either major operations	6
	2.7	Markets served	6
	2.8	Scale of the reporting organization	6
	Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.
3.2		Date of most recent previous report	3
3.3		Reporting cycle	3
3.4		Contact point for questions regarding the report or its contents.	3
3.5		Process for defining report content	3
3.12		Table identifying the location of the Standard Disclosures in the report.	39-40
Governance, Commitments, and Engagement	4.1	Governance structure of the organization, including responsibility for sustainability	9
	4.8	Mission statement, code of conduct, and principles relevant to economic, environmental, and social performance.	8-11
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	8, 12, 22
	4.14	List of stakeholder groups engaged by the organization.	8, 22, 30 - 31, 36
	4.15	Basis for identification and selection of stakeholders with whom to engage	22, 30 - 34
	4.16	Approaches to stakeholder engagement	29 - 34
Economic Performance Indicators	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	10, 21, 29
	EC1	Direct economic value generated and distributed	36
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	37
	EC7	Procedures for local hiring from the local community at locations of significant operation.	28, 36
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	36 - 37
Environmental Performance Indicators	EN1	Materials used by weight or volume	16
	EN3	Direct energy consumption by primary energy source.	17
	EN5	Energy saved due to conservation and efficiency improvements.	17
	EN6	Initiatives to provide energy - efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	17
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	19
	EN16	Total direct and indirect greenhouse gas emissions by weight.	15 - 16
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	15 - 17
	EN20	NOx, SOx, and other significant air emissions by type and weight.	14 - 16
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	14, 16 - 21

Labor Practices and Decent Work Performance Indicators	LA1	Total workforce by employment type, employment contract, and region.	28	
	LA2	Total number and rate of employee turnover by age group, gender, and region.	28	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	36	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	27	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	27	
	LA10	Average hours of training per year per employee by employee category.	29	
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	29	
	LA12	Percentage of employees receiving regular performance and career development reviews.	29	
	LA13	Composition of governance bodies and breakdown of employees per category, according to gender, age group, minority group membership, and other indicators of diversity.	28	
	Society Performance Indicators	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	30 - 32, 34



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