

CEMENT

Sustainability Ambitions 2012 Heracles Company





Our sustainability actions and commitments

The business and sustainability context

Our business is to produce great quality cement. Our products meet basic human need to construct homes and provide the basic infrastructure: the roads, the hospitals, the schools, the factories and offices that underpin our common life.

Yet, business as usual is not a sustainable option for us or for the world as a whole. Together we must find a way of delivering the benefits of economic growth while leaving a lighter trace on the earth.

Lafarge Group's action worldwide

The Lafarge Group, of which Heracles Company is a part, is acting positively to contribute to a sustainable future. The response of Lafarge has been formed as a result of its active dialogue with stakeholders. The Lafarge Group's Sustainability Ambitions 2012 are its program of improvement for the medium term. In each case Lafarge has measured the group's performance status and set future targets that, when achieved, will deliver major improvements. All across the world we are progressing well against these goals.

Lafarge recognises that only acting alone the Group cannot secure the desired changes. Through the Cement Sustain-

ability Initiative, of which it is a founding member, Lafarge has been and remains a keen proponent of co-operation in the cement industry to achieve sustainability goals. Representing a sectoral approach to the issues of sustainability, the Cement Sustainability Initiative contributes through its actionable program to the initiatives of World Business Council for Sustainable Development at a global level.

Heracles Company's local action

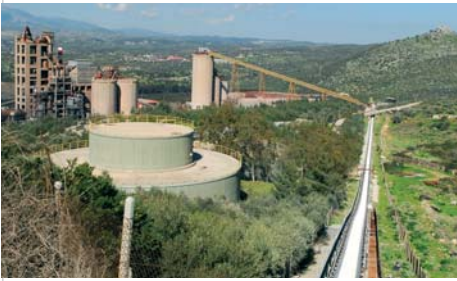
The achievement of our global sustainability goals highly derives from our local actions. In Heracles Company we are working hard to make sure that we deliver fully in Greece the Sustainability Ambitions 2012 of Lafarge. This brochure explains how.

In the following section we show what the Sustainability Ambitions 2012 are and what progress Heracles is making against them. Also we examine some of the key issues in more detail. We are committed to producing a full Sustainability Report for Heracles Company, which will provide a detailed account of our performance in the areas above, but also our actions as signatories to the UN Global Compact principles, so that Greek stakeholders will have access to a full account of our sustainability efforts and the benefits they are bringing.



Pierre Deleplanque
Managing Director

OUR PRESENCE



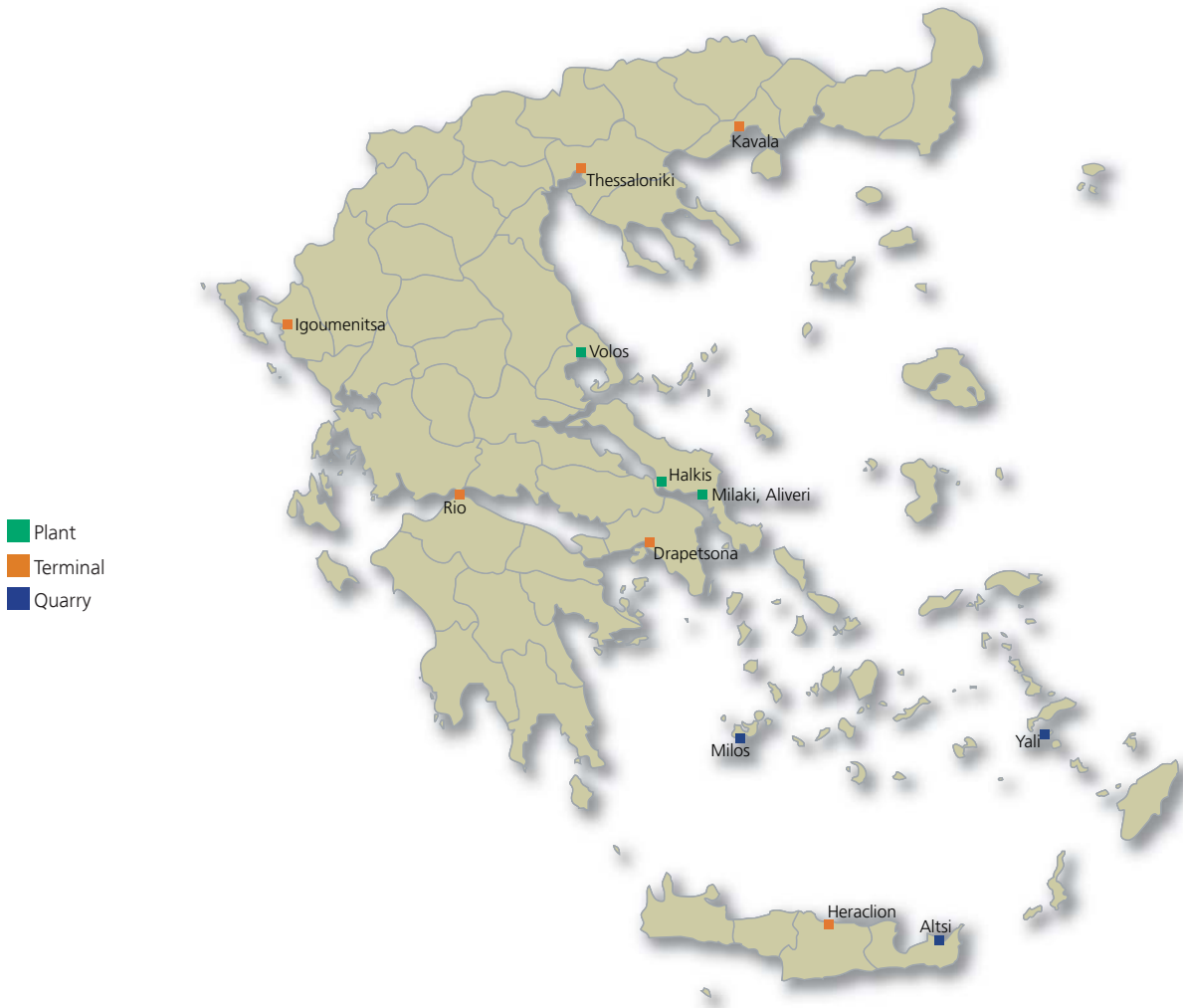
We operate three cement plants, in Volos, Halkis and Milaki in Evoia, with a total production capacity of 9.6 million tons of cement per year.



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



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



The logistics organization of the company for transporting raw materials to the production sites and product to customers reflects the complexity of the challenges presented by the geography in Greece. For transportation, the company manages through partners a complex network of:

- 9 Pneumatic ships to terminals and islands
- 2 Bulk vessels for bagged cement
- 313 Silo trucks
- 50 Trucks transporting bagged cement
- 5 Vessels transporting raw materials
- 220 Contractors personnel in Sea transports
- 550 Contractors personnel in Road transports

All about Heracles Company

Heracles was founded in 1911 as the Industrial and Commercial Company Ltd "General Cement Company", so it has been serving Greece for almost a century. It is now a part of the Lafarge Group. As of 31 December 2008 Lafarge Group owned 88.99% of the shares in Heracles Company.

Heracles and the Sustainability Ambitions 2012

Heracles and the global Lafarge Sustainability Ambitions 2012 are set out below, categorized under the headings Management, Social and Environment. They constitute specific targets, which we are committed to reach at the set deadline. The target of Heracles Company appears first, followed by the Lafarge Group global target. Due to the global character of Lafarge Group Sustainability Ambitions 2012, there exist targets that are not directly relevant to Heracles context and operations, i.e. HIV/AIDS and malaria in developing countries. These are included and appear with the mention Not Applicable (NA).

The column "Heracles Company Action and Achievements", comments briefly on our action plans and progress in meeting the ambition in Greece. Detailed performance data for each ambition are to be given in Heracles Sustainability Report.

Sustainability Ambition 2012	Dead-line	Heracles Company action and achievements
Management		
<p>On safety, halve the 2005 occupational Lost Time Injury Frequency Rate (LTIFR) for Lafarge employees to FR:1.30.</p> <p>Lafarge Group Sustainability Ambition target: On safety halve the 2005 occupational LTI frequency rate (FR 3.09¹) for Lafarge employees by 2008 to FR:1.55 (revised to 1.39 in 2007). New target for 2009: 1.35.</p>	2010	<p>Heracles has a wide ranging program to help change behavior and make us operate more safely. The program includes implementation of Lafarge group-wide Safety Standards, but also training and programs to embed safety behaviors.</p> <p>We are making continuous progress in improving safety. Both the number and the frequency of lost time injury (LTIs) decreased by 38% from 2006 until today.</p>
<p>100% compliance to the Lafarge Group Competition policy.</p> <p>Lafarge Group Sustainability Ambition target: Continue to check the implementation of our Competition policy in our Business Units. To support the implementation of our Competition policy, 100% of all significant Business Units will be checked for compliance with our Competition policy by 2010.</p>	2010	<p>Heracles Company has been active in managing and improving its governance and compliance processes. Heracles Company is one of the 50% of Business Units in Lafarge Group that has been checked for and confirmed to be in compliance with Lafarge Group's Competition Policy.</p>
<p>Training of all Heracles plant management teams in the Lafarge Group stakeholder relationship management process.</p> <p>Lafarge Group Sustainability Ambition target: Design a training package on local stakeholders' relationship management adapted to the respective divisional organization by 2008.</p>	2010	<p>Lafarge Group already has and operates its own divisional program. As part of the program, Heracles Company is engaged in adapting and improving its processes of engaging with local stakeholders.</p> <p>Management teams are trained to implement a stakeholder relationship management approach that ensures stakeholder identification, complaints management system and community proactive consultation process.</p>
<p>On customers, carry out an annual customer satisfaction survey on both bagged and bulk cement business.</p> <p>Implement OTIFIC (On Time, In Full, Invoiced Correctly) index in operations</p> <p>Lafarge Group Sustainability Ambition target: On customers, by 2008, 100% of significant business units will carry out an annual customer satisfaction survey.</p> <p>By 2008, 100% of significant business units will have implemented OTIFIC in their operations.</p> <p>By 2008, the Group will achieve € 1 bn annual sales in new products.</p>	2010	<p>Heracles Company recognizes that it is our customers that drive our business. This means that we constantly seek to increase customer satisfaction and innovate to meet customer needs. We have already implemented OTIFIC (On Time, In Full, Invoiced Correctly) in the bulk business and since 2005 we carry out annually customer satisfaction surveys.</p> <p>As of 2008, as part of our product innovation program, we have launched BASIS™ cement, for reinforced concrete applications and in 2009 ATHLOS™ masonry cement.</p>
<p>Double the percentage of female senior managers between 2003 and 2008. Target is 20% of women is senior executive management (Lafarge Hay Grade 18+) by 2012.</p> <p>Same as the Lafarge Group Sustainability Ambition target</p>	2012	<p>Heracles Company has been successful in engaging and using the talents of senior women managers. Heracles Company's performance in this area exceeds the Lafarge Group average, as the percentage of female senior managers in Heracles was 18,75% in 2007 and the respective percentage for 2008 is 23,33%.</p>
Social		
<p>By 2010, establish a comprehensive group-wide occupational health program including, at a minimum, regular medical examination.</p> <p>Same as the Lafarge Group Sustainability Ambition target</p>	2010	<p>An occupational health program which includes regular medical examination is already in place for Heracles Company. In 2009 this program will be covering 100% of the different sites of the company.</p>
<p>Lafarge Group Sustainability Ambition target: For HIV/AIDS and malaria, by 2010, Lafarge will have extended to major developing countries where it operates, its best practice currently implemented in Africa.</p>	2010	Not Applicable.

¹The 2005 LTIFR figure of 3.09 excludes employee fatalities while the 2008 target includes employee fatalities.



Sustainability Ambition 2012	Dead-line	Heracles Company action and achievements
Environment		
Have 100% of our sites audited environmentally within the last four years. Same as the Lafarge group Sustainability Ambition target	Perma- nent	Our target is to have 100% of our sites audited environmentally by skilled/expert teams, within the last four years. The relevant program for environmental audit of our plants (including limestone quarries & the port facilities) started in 2004. We will include the distribution terminals in the audit program.
By 2010 have 100% of quarries with a rehabilitation plan complying with Lafarge standards. Lafarge group Sustainability Ambition target: By 2010 reach a rate of 85% of quarries with a rehabilitation plan complying with Lafarge standards.	2010	Beyond the quarry's rehabilitation plan followed as part of the permit process, Heracles applies the methodology developed by Lafarge in rehabilitating the quarry area.
By 2010, all our quarries will have been screened according to criteria validated by WWF International, and those with realizable potential will have developed a biodiversity enhancement plan by 2012. Same as the Lafarge group Sustainability Ambition target	2010 2012	Biodiversity has been on the Lafarge agenda for some time, and even more since the partnership with WWF, which started in 2000. For Heracles this target started to be implemented in 2007 as the rehabilitated limestone quarry of Volos plant was screened for biodiversity plan development.
Cut our net CO ₂ emissions per ton of cement by 11% over the period 1990-2010. Lafarge group Sustainability Ambition target: By 2010: <ul style="list-style-type: none"> • cut our worldwide net CO₂ emissions per ton of cement by 20% as compared to 1990 • cut our absolute gross emissions in the cement business in industrialized countries by 10% as compared to 1990. • cut our absolute net emissions in the cement business in industrialized countries by 15% as compared to 1990. 	2010	The increased concentration of CO ₂ and other greenhouse gases in the atmosphere is driving climate change. It is the biggest environmental challenge of our time. To reduce the contribution of our activity to this global problem, we have been implementing actions in three different directions: first through the optimization of the production process, in order to minimise the energy consumption per ton of product; then through the substitution of fossil fuels (coal and petcoke) by alternative fuels such as biomass that is carbon-neutral; and finally, through the optimization of the cement recipes, maximising the use of cementitious materials that are low in CO ₂ emissions. Through the combination of these initiatives, we are on track to meet our target by 2010.
Cut our dust emissions in our cement plants by 40% over the period 2005 - 2012. Lafarge group Sustainability Ambition target: Cut our dust emissions in our cement plants by 30% over the period 2005 - 2012.	2012	Cement activities may generate dust. We have voluntarily undertaken a project to reduce our dust emissions by 40% by 2012 compared to 2005, over and above the limits set by regulation. Achieving this aim necessarily involves capital investment. We made big progress in 2006 and in 2007, after the installation of hybrid filters in Halkis and Milaki plants. The next step is the completion of hybrid filters installation in Volos plant, as part of a big investment program to upgrade the plant's production facilities and environmental performance.
Cut our NO _x emissions in our cement plants by 12% over the period 2005 - 2012. Lafarge group Sustainability Ambition target: Cut our NO _x emissions in our cement plants by 20% over the period 2005 - 2012.	2012	Any combustion releases NO _x into the atmosphere. Beyond local regulations we are voluntarily committing to a 12% reduction of NO _x over the period 2005-2012. This will require capital investment and operating expenses. The relevant capital investment program started in 2007.
Cut our SO ₂ emissions in our cement plants by 20% over the period 2005 - 2012. Same as the Lafarge group Sustainability Ambition target	2012	SO ₂ results from kiln processes. The sulphur comes mainly from the local raw materials that are used. Consequently, the levels of SO ₂ emitted by plants can vary considerably. Beyond local regulations, we are voluntarily committing to 20% reduction of SO ₂ over the period 2005-2012.
By 2010 have a baseline for persistent pollutants in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions. Same as the Lafarge group Sustainability Ambition target	2010	Persistent pollutants may be found in some raw materials of fuels and as a result at the kiln stack. In line with the Lafarge methodology, we are voluntarily undertaking: <ul style="list-style-type: none"> • Complete measurements of persistent pollutants for all kilns. Measurement twice per year started in 2005 • KPIs for report on progress • Implementation of Best Manufacturing practices to reduce emissions Integration into standard management practices the lessons learnt that contribute to limit emissions of persistent pollutants.

Priorities and Achievements for Heracles Company

In 2009 we will be publishing a Sustainability Report covering all Heracles Company's main sustainability issues and commitments. Below we comment on some of the significant progress we are making on major sustainability topics.



Safety

The first of the Sustainability Ambitions 2012, Safety is a core value for Lafarge and a top priority in all our activities. The ambition is to reach a Lost Time Injury Frequency Rate (LTIFR) of 1.30, which is more than halving the LTIFR of 2005.

Lafarge Group Health and Safety policy was launched in Heracles in 2006 with all employees signing it to show personal and collective commitment to making the change. Lafarge group-wide Safety Standards and Advisories, such as standards on mandatory Personal Protective Equipment and on Work at Height have been implemented across all Heracles sites. Particular attention has been given to safety training, as well as behavioral programs to establish a safety culture within the organization. These programs are addressed not only to employees, but also business partners, such as customers and subcontractors.

The ongoing "Παίρω Θέση" (I get engaged) program aims to increase risk awareness and reduce risk tolerance. It aims to change individual behavior in order to increase safety performance.

Also, through the Health and Safety Month, a safety awareness campaign taking place every June, we aim to engage with our employees, their families and other stakeholders; Health and Safety Month is an opportunity for every site to highlight our progress in implementing safety standards and give a further impetus to integrating these in everyday practice and behavior.

Governance and compliance

Heracles recognizes that standards of ethical business practice are becoming ever more rigorous and is responding strongly. We are one of the 50% of Lafarge significant business units that had been successfully tested for compliance with competition policy by the end of 2008. In 2008, more than 200 employees received training on the application

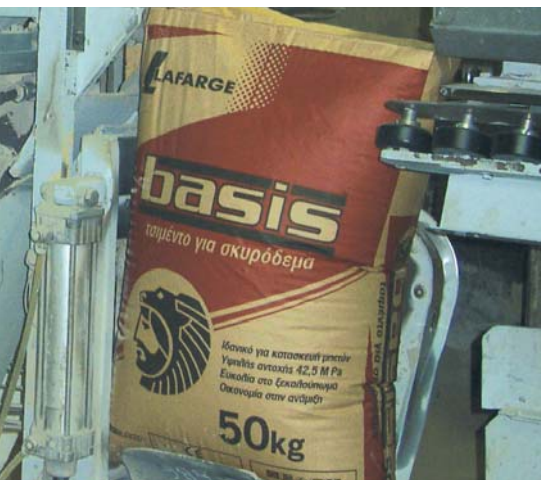
of the company's Code of Business Conduct, a program that is on-going.

In 2007 Heracles Company updated its policies and procedures and issued new and rigorous guidance on the detection and reporting of fraud, corruption and conflicts of interest. Heracles also issued policy, procedures and rules on the use of intermediaries and agents, which is audited annually.

Heracles underlines its commitment to anti-corruption through its membership of the UN Global Compact.

Developing people

Heracles recognizes that a skilled workforce is a precondition of business success. That is why we are committed to providing appropriate training for our entire workforce. Heracles provided over 90,000 hours of training in 2007. On average managers received 78 hours of training and non-managerial staff 40.5 hours.



Two new cement products were launched: BASIS™, a cement bagged product for reinforced concrete applications and ATHLOS™, a bagged masonry cement

Customer focus and innovation

Heracles Company knows that having satisfied customers today and tomorrow is necessary to achieve sustainability. Heracles Company is making a significant contribution to customer sustainability through the implementation of OTIFIC (on time, in full, invoiced correctly), through measuring customer satisfaction and through product innovation. Heracles has innovated in cement, bringing to market new, differentiated bagged cement products, developed to respond better to our customers and end-users special needs: BASIS™, a cement bagged product for reinforced concrete applications, and ATHLOS™, a bagged masonry cement.



VOLOS PLANT
Installation of hybrid filter

Dust reduction

Cement kilns generate stack dust. Heracles has set itself the target of reducing the dust emissions of cement plants by 40% over the period 2005-2012. Achieving this goal requires significant investment. Heracles Company has made significant capital investment, a total of 11 million Euros to new hybrid technology filters to reduce dust emissions at all three of its plants. The results have been extremely positive.

Climate change

The increased concentration of CO₂ and other greenhouse gases in the atmosphere is driving climate change. The production of clinker, a key component of cement, is an energy intensive process. The energy intensity of cement can be reduced by substituting clinker by other cementitious materials in cement production, or by substituting conventional, fossil fuels with carbon neutral, alternative fuels, such as biomass, which we use already in our Volos plant where we also use natural gas in our fuel mix. Following this course of action has allowed us to reduce Heracles' Group absolute gross emissions of CO₂ by 5.6% over 1990 levels. This leaves us on course to make our contribution towards the overall Lafarge Group target of reduction by 2010.



Front cover

Milaki plant & Rehabilitation
of Milaki schist quarry

Back cover

Rehabilitation of Milaki
schist quarry

Photos

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