

Suze Cement Group

sdReport

Sustainable Development Report 2010

VISION STRATEGY **ECONOMIC** DEVELOPMENT ENVIRONMENTAL PROTECTION **SOCIAL** RESPONSABILITY

sdReport

Sustainable Development Report 2010

RENEWED AMBITIONS FOR A SUSTAINABLE WORLD



In 2010, Suez Cement Group of Companies (SCGC) has continued to dedicate its resources and time towards sustainable development as well as community building fully in line with the UN Millennium Development Goals (MDGs).

We have enjoyed many successes in the areas of safety, environment and social responsibility. In order to become among the safest companies in the industry, SCGC has strived to improve its monitoring, reporting and technical and administrative support at the corporate level, in addition to increasing the number of safety orientations and training hours for employees and contractors.

One of the most successful initiatives was the celebration of “World Day for Safety and Health at Work” at the Kattameya plant in April. Almost 200 participants attended the event, which featured team building activities in addition to a safety exhibition and presentations to promote our safety culture and raise awareness.

A number of new actions and developments have also taken place on the environment front. As part of our long-term commitment towards a better and cleaner Egypt, we increased the area of green space around the five plants. This year has moreover witnessed the start of the execution phase of the Egyptian Pollution Abatement Program II (EPAP II), which is set to be completed in 2011 when we will also begin implementing the use of Alternative Fuel. Both projects are in collaboration with the Egyptian Environmental Affairs Agency (EEAA).

However, it is not just safety and the environment we care about. SCGC cares about the communities and people living close to its facilities. In order to address poverty in Tourah, Helwan and Minya districts, the Company is carrying on with its partnership with the National Council for Childhood and Motherhood (NCCM).

Since education is one of our core values, the corporate responsibility initiative also focused on building the capacity and confidence of our plant workers through literacy. A large number of workers is participating in the program to learn written Arabic. We hope this project will help them not only be safer and more environmentally conscious employees, but also allow them to give back to their own communities through leadership and education.

Awareness and directives centering around human and labour rights as well as a constant dialogue with internal and external stakeholders, along with the above initiatives, are some of our proudest achievements and we look forward to proving our renewed ambitions for a sustainable world.

Roberto Callieri
Managing Director

A handwritten signature in dark ink, appearing to read 'Roberto Callieri'.

SUEZ CEMENT GROUP AT A GLANCE

The idea of a sustainable development is the core element of Suez Cement Group's 2010 industrial plan. The Group's strategy is to combine and balance the consolidated economic approach with the creation of environmental and social value. Energy efficiency, integration with the territory and the improvement of work conditions are the primary objectives.

Mr. Omar Mohanna
Chairman

Mr. Roberto Callieri
Managing Director

Members

Mr. Giovanni Ferrario
Mr. Mohamed Chaibi
Mr. Matteo Rozzanigo
Mr. Fabrizio Donegà
Mr. Mohamed Iftekhar Khan
Mr. Raed Ibrahim Al Mudaiheem
Mr. Yves-René Nanot
Mr. Khaled Abu Bakr
Mr. Wadie Mashrak

SHAREHOLDING STRUCTURE AS OF 31ST DECEMBER 2010

*INCLUDING SHARES AGAINST G.D.R. (WHICH REPRESENTS 2.22%)

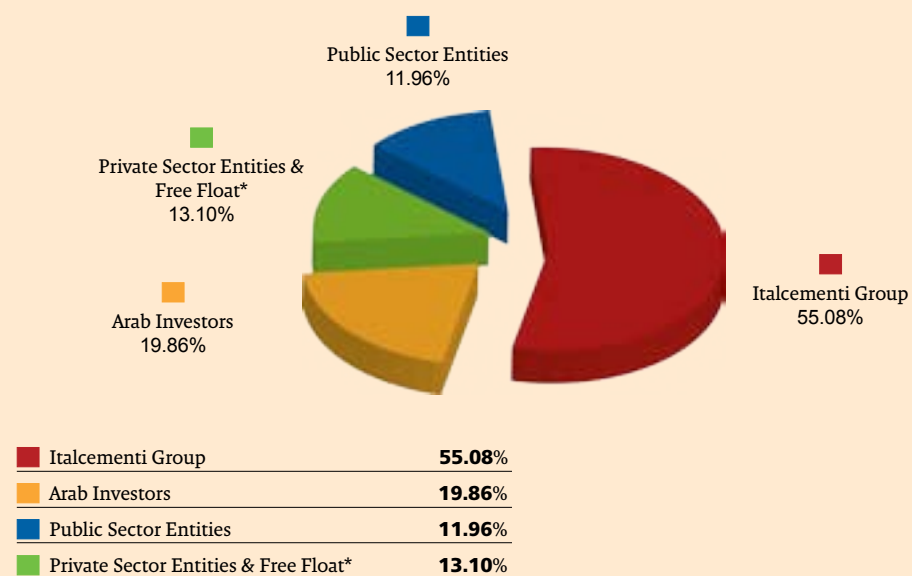


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OBJECTIVES AND IMPROVEMENT TARGETS


















Legend

	achieved		delayed		WBCSD/CSI issue
	on going		new		verified by Ernst & Young

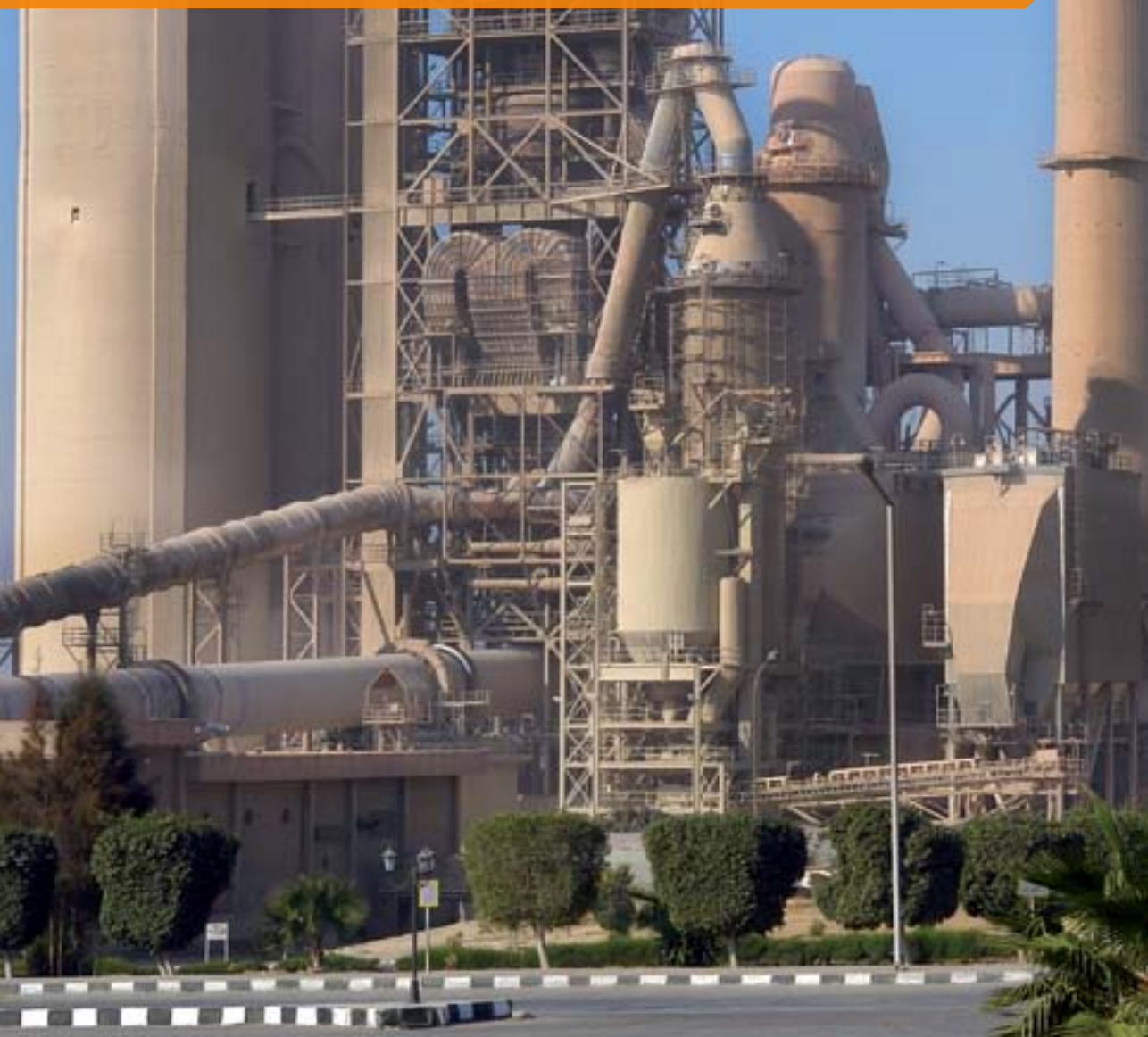
Management system	Objectives and targets	Deadline	2010 status	Comment
 Environmental management system	All clinker production facilities certified to ISO 14001	2010		
	100% of our cement plants environmentally audited at least once in 4 years	2011		The Audit was done for the five plants in 2006 by the SD department

Economic development	Objectives and targets	Deadline	2010 status	Comment
Customers	Define a standard for customer satisfaction assessment 2007 Implement the Group standard at subsidiary level	2007 2010		
Suppliers	20% of "Corporate suppliers" portfolio qualified through the selection tools	2009	 10%	
Subcontractors	Apply equal standards for subcontractor workforces in all subsidiaries	2007		New deadline 2009, to address extensively sustainable labour practices, health and safety aspects
Innovation	Increase the Innovation rate to 3.5 - 5	Long term	 4.8%	Increasing from 3.2% in 2009
Support to communities	At least 1% of group EBIT earn marked as support to communities	2012	 new 0.63%	

Environmental protection	Objectives and targets	Deadline	Status 2010	Comment
 Climate protection	Reduce the gross emission factor to 737 Kg CO ₂ per ton of cementitious product	2012	 758 kg/t 	Improving from 770 kg/t in 2009. Coherent with the decrease of absolute CO ₂ emissions and the stable production of cementitious products
 Responsible use of resources	Apply the fuels and raw materials guidelines developed by the Cement Sustainability Initiative	2007-2008	 AFS  ARM	Group's guidelines defined in 2008. The implementation is on-going
 Air emissions	100% of kilns equipped with Continuous Emission Monitoring for dust, SO ₂ and NO _x	2007	 0%	Three CEMs devices were delivered by mid of Dec 2010 to be installed and equipped 33% of our dry kilns.
	Reduce dust emission factor to 94 g/t of clinker, SO ₂ emission factor to 169 g/t and NO _x emission factor to 1010 g/ton of clinker	2014	 Dust 461 g/t  SO ₂ 222 g/t  NO _x 1471 g/t	An environmental action plan (2011–2013) was defined and approved by top management to convert all Kilns EPs of the five plants to bag house. To achieve 10 mg/Nm ³ for dust emissions and comply with group standard. Concerning SO ₂ & NO _x still the records spot and we will build our plan after obtaining a real and continuous data after complete the installation of CEMs according to group standard.

Social responsibility	Objectives and targets	Deadline	Status 2010	Comment
 Health and Safety	"Zero Accidents" in the workplace	Long term	 2.5	Frequency rate decrease from 2.7 in 2009 to 2.5 in 2010
	Decrease by 5%-on-year the frequency rate of accidents	2010	 Decrease by 7%	After +30 %in 2009. New actions already taken to restart the improvement
	Carry out an external audit on Safety management system	2010		External Audit carried out on safety (5 cement plants) by Group SD department
	Extend Safety policy to plants under construction	2011		
	Newly appointed operational managers to dedicate part of their time to Safety training before taking up new position	2008		In accordance with the group safety training program (MS, GS, VS)
	Develop a tool aimed at assuring the Safety best practices communication for all subsidiaries	2010		
	Extend, at Group level, local best practices on industrial hygiene and workers' health	2008		
	70% of employees potentially exposed to dust, silica, noise and vibration covered by workplace assessment	2012	 25%	
 Human Resources management	Implement main action coming from the first employee opinion survey results	2010		
	Carry out a second Employee opinion survey	2010		
	Implement a rational and fair remuneration scheme	2010		We are working with the Group to match our jobs with the job catalogue as a step to create a salary structure in line with the global standards. (70%)
	Widen the scope of ITC performance appraisal to cover all Managers	2011		
	Perform management training for all Managers	2011		
	Increase visibility of local mobility (internal job posting)	2011		
	Salary Harmonization	2011		
	Management Meeting	2011		
	Using HR website	2011		
	Develop and use websites for internal communications	2011		
Integrate and standardise subsidiaries' human resources guidelines and management systems across the entire Group	2009 / 2010 / 2011		In the framework of the Corporate Governance, we are in the process of standardizing the HR processes and management systems	
 Stakeholder engagement	Analyse relations with stakeholders at subsidiary level	2006		
	Analyse relations with stakeholders at plant level and implement related action plan	2007		

VISION, STRATEGY AND CORPORATE GOVERNANCE





Since its acquisition, Suez Cement Group of Companies (here after also referred to as SCGC, the Group or the Company) has been driven by the continuous search for business excellence and best practice. Sustainable development is an integral part of the group's strategy and working culture, balancing economic growth, environ-

mental protection and social responsibility. It contributes to value creation, long-term

VISION AND STRATEGY

approach, durability and competitive advantage and it helps to anticipate and manage business risks.

SCGC's strategy is focused on the renewal and expansion of its existing industrial network, acquisition and partnerships in emerging and growing markets, vertical integration with ready-mixed concrete and aggregates, development of innovative building products, application and services, and initiative in the renewable energy sector. SCGC's major steps towards sustainability are recorded on the corporate website under the sustainable development section.

Responsibility as long-term commitment to sustainability; integrity as ethical behavior at the heart of the business; efficiency as operational excellence through continuous improvement; innovation in products application and management; diversity of local identities: these are the Group's core sources of value that continuously drive all the Group's activities.

CORPORATE GOVERNANCE

The Charter of Values states the fundamental values in which the Company and



its affiliated companies, Helwan Cement Company and Tourah Portland Cement Company, firmly believe and underline all the adopted corporate governance codes, summarising and strengthening the general principles therein. The Managing Director is responsible for ensuring compliance with the Group's principles of corporate governance and for proposing amendments to the Board of Directors. The Internal Control Committee, reporting directly to the Board of Directors, has the task of identifying and managing all the main corporate risks.

The Group's corporate governance principles are translated into a continuously monitored and updated operational business structure, providing a clear global picture in terms of shareholding, organisational structures, authorities, powers, processes and procedures.

Furthermore, in 2008 SCGC launched a three-year risk and compliance program, ensuring better risk management analysis combined with auditing systems linked to the managers' long-term incentive scheme.

Sustainability

The Sustainable Development Steering Committee (SDSC) acts as the founda-

tion of the sustainability management structure within the Suez Cement group of Companies. Under the chairmanship of the Managing Director, the SDSC has the power to translate the Company's vision into specific actions, to support and monitor the Group's sustainable development strategy and its implementation, and to define and implement communication programs.

The Sustainable Development Department (SDD) supports the Company through dedicated workshops, targeted communication, audits, site visits, assistance, training, sharing of best practices and on-site activities. SDD also took part in the latest Strategic Planning discussions. The Company chose to give priority to those activities. Consequently the following topics were selected: management systems, economic development, environmental protection and social responsibility.

SCGC policies

All the Group's policies find their referential in the Charter of Values, which draws inspiration from fundamental international references such as the Universal Declaration of Human Rights, the International Labour Organisation and the SA8000 standards.

The Safety Policy aims at achieving Zero Accidents at all sites and eliminating activity related to injuries in workplaces. Key principles are: prevention, adoption of the best safety standards, focused and systematic training of workers at all levels and proven competence before assuming a responsibility. The policy leverages on the culture of risk prevention and adoption of responsible behaviours by each employee, contractor and third party working or having relations with the Group. The policy is accompanied by suitable auditing activities.

The Quality and Environment Policy aims at securing effective and enduring protection of the environment, improving working conditions and thus people's health. Key principles are: reduction and prevention of potential environmental impacts, responsible use of natural resources, promotion and adoption of standards beyond local regulations and disclosure of performance to all stakeholders. The policy is applied and monitored at all subsidiaries, supported by appropriate management practices and dedicated training.

The Subcontracting Policy requires contractors and subcontractors to observe the same employment laws and ethical principles as apply to the Group's



direct employees. The aim is to guarantee adequate health and safety conditions, limit particularly unpleasant or highly demanding situations and tasks, and implement all the necessary actions for developing and increasing awareness and professional skills. Subcontractors' performance is constantly monitored by the Group.

MANAGEMENT SYSTEM

Safety management

SCGC considers the safety of employees, contractors, customers, suppliers, visitors and any other stakeholder potentially involved in the Group's activities as one of its most important corporate values. The Group's safety management system is based on strong commitment, clear accountability and safety-focused leadership.

The Group's safety policy, formalised in 2000, includes the guidelines and the principles to achieve the "Zero Accidents" target. All efforts aim at creating a common safety culture across different subsidiaries, geographical areas and business sectors. This approach is applicable to all activities and all those directly or indirectly involved in the Group's operations. The safety management model is established at country, business and plant levels, starting from the principles of the International Labour Organisation (ILO) on safety management. It is centred on safety coordinators at the country level and safety animators at the site level.

Safety management committees meet regularly (at least monthly) to ensure the correct implementation of local safety action plans. Focused training programmes and auditing activities, internal or performed by third parties, are fundamental to achieving the target of prevention.

Training activities cover employees, contractors and third parties. All the safety operational indicators are reported and updated monthly in the SCGC's safety database.

Environmental management

The Company's target is to have 100% of its cement plants audited at least once in 4 years, starting from 2008. The first deadline will be the end of 2011.

Monitoring of performance, with a special focus on emissions to atmosphere, is a key tool for environmental management. Following the best practices, The Group is strongly committed to implementing Continuous Emission Monitoring systems (CEMs).

CEMs are automatic devices that measure real-time emissions 24 hours a day; these measurements are stored in the emission performance database. All the 16 operating kilns were only equipped with CEMs covering dust. Our target is to equip 100% of group kilns with CEMs for gaseous emissions. By the end of March, 2011, 33% of our dry kilns will be equipped with three CEMs: two CEMs in Helwan and one in Kattameya Plant. Moreover, by the end of 2011, 100% of our dry kilns will be completely equipped with CEMs.

Carbon risk management

The cement industry is highly exposed to carbon risk, particularly in regions where CO₂ emissions trading systems or carbon taxation are in place. The level of risk is directly related to the carbon footprint of individual companies but it is also significantly affected by external factors such as the international Kyoto and post-Kyoto scenarios, local regulations and the carbon price on international markets. Experience has shown that the European Emission Trading Scheme (EU-ETS), even

under free allocation, highly impacts production margins, due to the cost of making up for shortages in emission allowances and the costs passed down in the price of electricity by the power sector.

While reducing the carbon footprint of products and processes, the Group is also managing carbon risk through the use of advanced financial instruments. A financial risk analysis based on accurate emissions tracking and forecasting systems at the Group level is carried out to support the choice of the most appropriate market instrument. The Group participates in public-private Carbon Funds and uses derivatives transactions as tools to cover the shortfall at minimum cost and to manage price risk. The Group's development strategy through the diversification of countries and operations reduces its exposure risk in Europe. In addition, it offers opportunities for developing carbon reduction projects eligible as Clean Development Mechanisms under the Kyoto Protocol.

Customer relationship management

In 2010, the Company conducted a customer survey with AC Nielsen. The survey targeted the bags and bulk customers aiming to measure the level of SCGC's customer satisfaction. A new customer survey is planned in the second half of 2011.

Suppliers management

With the aim of building lasting partnerships with suppliers who share SCGC's commitment to sustainable development, and working closely with the Group Purchasing Department in Italy, the Company start working on a local Supplier Qualification office locally to be certain that our suppliers are using safe

practices, are environmentally responsible and conduct their work with integrity.

In addition to our company concern for employee safety inside and outside the plants, the procurement department added a strong clause in the employee transportation contracts ensuring that proper safety precautions are taken. Meanwhile it also emphasized the same concern for subcontractor laborers inside and outside the plants by modifying their contracts to reflect this concept as well.

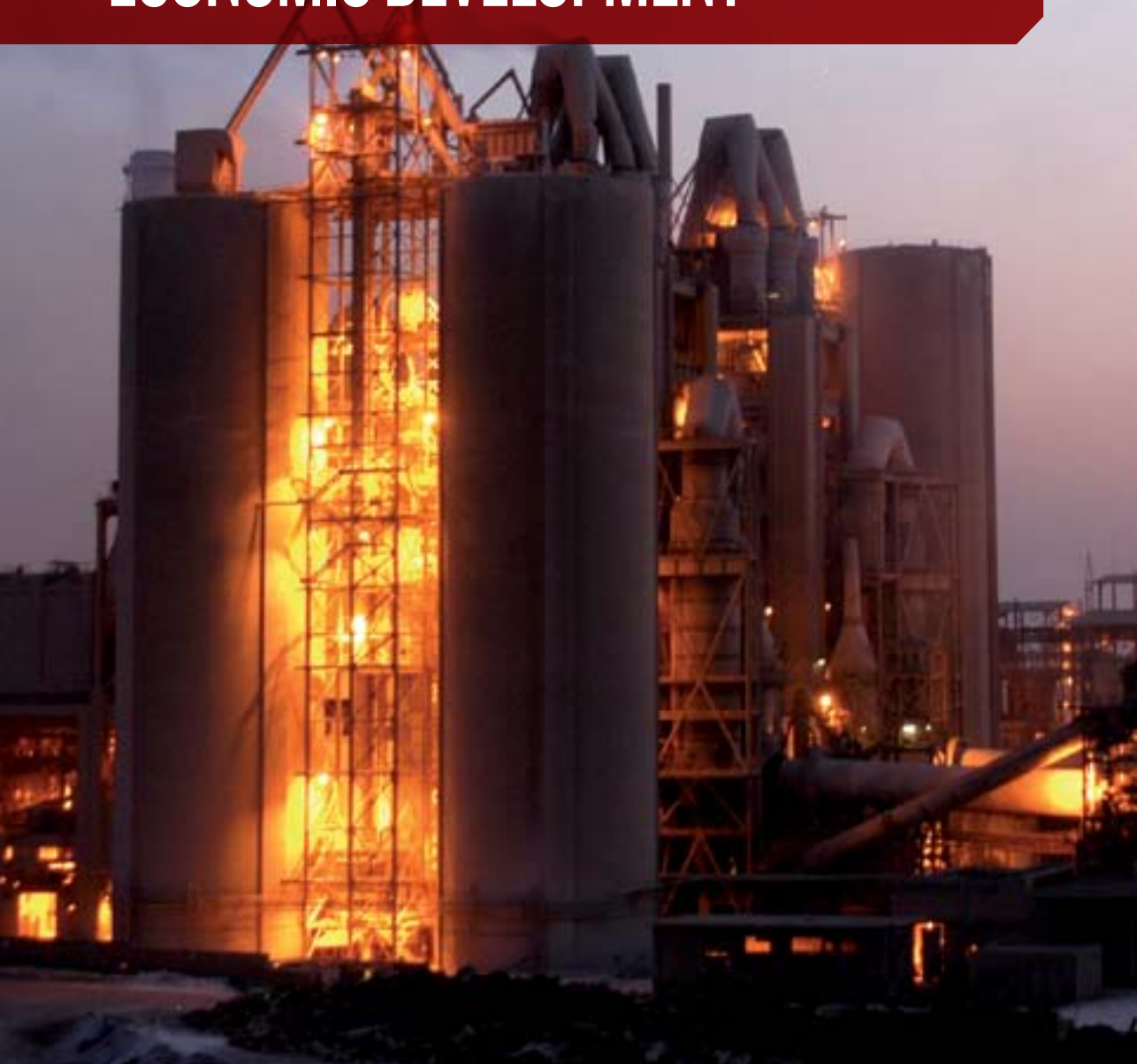
The Procurement Team has also started the sourcing process for Alternative Fuel (AF) together with the Environment Department to utilize biomass and other AFs to reduce the CO₂ emissions and reduce the cost of fuel as well as avoid expected shortages and cost increases in coming years.

SCGC is working to eliminate occupational injuries and accidents for its employee and contractors. Each individual is responsible for adopting safe behavior during daily activities and making safety a way of living. Each contractor appoints a safety coordinator and supervisors to oversee the workers. All the contractors must comply with the safety standards of the Group.

The Company supports human rights as inalienable rights of all individuals and it provides each contractor with drinking water, sanitary and washing facilities and a guesthouse whenever necessary.

The Procurement department arranges public auctions to sell fixed assets, obsolete equipment and scraps (metal, paper, wood, etc). Its actions have a strong impact on our plants for both environmental and safety aspects of the operations business. A methodology was established to satisfy the above aspects in a sustainable way.

ECONOMIC DEVELOPMENT



Major challenges emerged in 2010, including the flood that hit Upper Egypt and Sinai. Egypt, however, managed to weather the economic crisis reasonably well and showed a growth of 3% in the domestic cement market. SCGC's goal to stay a strong and active market leader in Egypt was clear. With the continued export ban that prevented SCGC and other cement

CUSTOMERS companies from exporting grey cement and clinker (except Oil Well cement), SCGC dedicated production to fulfilling domestic market needs. SCGC's achievements in the dispatch of domestic cement sales in 2010 recorded 11 Mt of grey cement and 155 Kt of white cement. Dispatch of export cement sales amounted to 6.5 Kt of Oil Well cement, 184 Kt of white cement, 5 Kt of white clinker.

The Company has henceforth the largest product portfolio with 11 types of cement, giving customers the opportunity to use tailor-made binders for specific applications. The added value for end users is not only the enhanced productivity, but also the achievement of higher quality with better profitability.

The focus on cement deliveries recorded 2.5 million tons of CPT (carriage paid to) sales. Furthermore, relevant key performance indicators were established to monitor and help achieve our ultimate goal of being in a position to deliver cement at the right place and right time. One of the main factors of customer satisfaction is to avoid stock shortfall through



optimization of deliveries. Finally, new channels of freight were opened, such as barges in order to overcome the volatility of the shipping costs.

In conclusion, SCGC's vision is to place the customer in the center of its core business and to shift activities from pure to service-oriented industry. Customer satisfaction is a key strategic element in the building material industry. New methods mainly based on IT and means of communications will be deployed and reinforced, including:

- ▶ Customer satisfaction survey
- ▶ Tailor-made services
- ▶ Best practices sharing
- ▶ Customer call center
- ▶ Awareness sessions about cement quality
- ▶ Easing end user life through a proximity service of technical assistance
- ▶ Reinforcing partnerships with major cement consultants

Suppliers

In 2010 SCGC spent 484,999 EGP on raw materials, 1,385,475 EGP on power and

to meet the expectations of its stakeholders.

In 2010, the Group earmarked more than EGP 6 million in support of local business development, capacity building and education programs, donations, charities, Open Door events and sponsorship of cultural, environmental and sports events. Further information on the Group's initiatives is available on the corporate website.

INVESTMENTS

Following our belief that investment is considered one of the key areas of continuous improvement and an important tool to maintain our sustainable development program, an intensive investment program was implemented in 2010 that included many major and minor projects across SCGC's plants related to environment, safety, human rights as well as technical performance, strategy and increasing capacity. Using AF (Alternative Fuel) was also initiated and will be expanded in coming years.

The EPAP II project (Environmental Pollution Abatement Program) executing phase began during 2010 and will be completed by the end of 2011. The cement industry is a strongly capital-intensive industry.

Over the last four years, SCGC started to implement an investment program involving the modernization of all production facilities. The process covers the revamping and modification of the production lines to improve their efficiency and to comply with the latest environmental and safety standards, as well as growing market demand.

Several major projects were completed in 2010 and were worth a combined EGP 341 million. They were in the areas of:

- ▶ Environment and safety (LE 95 million)

261,973 EGP on operating materials and consumables. While on transportation the Company paid 89,198 EGP, 417,324 EGP on Sub-Contractors and Maintenance and 185,052 EGP on general services.

Personnel

At the end of 2010 the Group personnel reached 4782 people compared to 4559 at the end of 2009. Personnel cost increased by 18% up to EGP 414,640 million compared to EGP 350,316 million in 2009.

Shareholders

At the end of 2010, the share capital of SCGC was 909,282,535 EGP divided into 181,856,507 ordinary shares, with a par value of 5 EGP per share. The Group net shareholder equity was 6610 Million EGP (6325 million in 2009).

Communities

The Group attaches great importance to the development of initiatives to support local communities. Each plant must develop an Action Plan in line with Group guidelines and local conditions in order

- ▶ Performance improvement and capitalized maintenance (LE 214 million)
- ▶ Strategy and the completion of three new packing lines at Suez and Helwan Plants, in addition to launching new projects to install 2 new packing lines in Helwan and Tourah Plants (LE 10 million)
- ▶ Quality, IT and other domains (LE 23 million)

As part of the Group strategic plan, several major projects were completed and successfully implemented in the area of pollution abatement and emission control. In full compliance with its environmental policy, and in cooperation with the Egyptian Environmental Affairs Agency (EEAA) and the World Bank, the EPAP II Project aims to minimize dust emissions from the main stacks through the conversion of three electrostatic precipitators and the replacement of the gravel bed filters in Line 8 at the Tourah plant with bag houses to be carried out at a total cost of approximately EGP 132 million. It is now in the final stages to be completed in the second half of 2011.

To broaden the use of less carbon intensive fuels and reduce carbon dioxide emissions: The Helwan Plant 2 kilns 1 and 2 were converted from fuel oil to natural gas burning with a total project cost of approximately EGP 18 million. The gas utilization started effectively in Jan 2010. Meanwhile, SCGC carried out a similar project with an approximate cost of EGP 9 million at Tourah Plant to convert kiln 7 to natural gas. Gas utilization started effectively at end of Jan 2010.

As part of its commitment to the research and development of the AF applications, SCGC also started the pilot project for the use of biomass as AF in Kattameya Plant with a total estimated cost of ap-



Al Salam bridge

proximately EGP 14 million in two phases. The first phase involves the installation of AF-feeding equipment to the production line and will be completed and tested in May 2011. The second phase will target the completion of the main AF storage and mechanical feeding system.

RESEARCH AND INNOVATION

Innovation is a key issue for the Company. The ratio of revenue generated by innovative projects to total sales recorded at 4.8% in 2010, while the medium to long-term goal is to reach 3.5-5% by adding new innovative products.

SCGC has henceforth the largest product portfolio with 11 types of cement, giving the opportunity to customers to use tailor made binders for each specific application. The added value for the end user is not only the productivity enhancement but also the achievement of a higher quality result with a better profitability. While Super and Oasis brands were being consolidated, two premium cements (SRC & OPC) were launched in 2009 in order to specifically meet the

needs of contractors; 2010 witnessed the birth of Bravo Build retail shops chain for the first time in Egypt located in the main commercial and industrial areas in Cairo, New Cairo, Tourah and Abou Rawash targeting direct sales to end users.

ENVIRONMENTAL PROTECTION





SCGC's proactive approach is focused on prevention and mitigation of any potential environmental impact and preservation of natural resources in the development and management of its production facilities. The Group has defined four specific priorities in line with its sustainability strategy:

- ▶ climate protection through proper control and management of CO₂ emissions
- ▶ responsible use of resources, such as fuels and raw materials, electrical power and water
- ▶ control and reduction of air emissions, by ensuring the accurate monitoring of all kilns and the adoption of best available techniques for emissions reduction
- ▶ minimization of landscape and visual impacts, including quarry rehabilitation.

The Group is committed to applying guidelines and protocols developed by the Cement Sustainability Initiative (CSI) on climate protection, use of fuels and raw materials, measurement, emissions monitoring and reporting and, for new projects and major upgrades, environmental and social impact assessments. Its primary environmental focus is controlling and mitigating the consumption of raw materials, fuels, electricity and water.

Climate protection

The cement industry is aware of its responsibilities in the global fight against climate change. While its production is both energy and carbon intensive, cement plays a key role in the adaptation to climate change, by building dams and water storage facilities and developing basic public and private in-

frastructures. At global level the cement industry, through initiatives such as WBCSD/CSI, is actively working for the implementation of cost effective emission reduction measures. SCGC is committed to respect the relevant action plans.

All the plants regularly monitor and report their emissions, using a data reporting system, in line with the WBCSD/CSI protocol for CO₂ inventory in the cement industry. These data are used to track performance, against key performance indicators and to set internal reduction targets.

The Company is committed to voluntarily reduce its specific carbon emissions down to 737 kg CO₂ per ton of cementitious materials by 2012.

The Company is committed to reaching these targets by:

- ▶ improving thermal efficiency of processes
- ▶ extending use of alternative fuels and biomass
- ▶ increasing the use of alternative raw materials and cement blended
- ▶ launching new products like the MC5 at Kattameya plant

- ▶ extending the use of grinding aids in cement mills and reducing consumption of electricity.

In the field of energy efficiency, waste heat recovery is being explored as a promising option for electricity production or district heating. In the field of the development of renewable energy, the Company is looking at alternative fuels and the use of carbon-neutral biomass is also being promoted in Egypt, where the availability of agricultural waste is high.

Therefore, the Company is investigating promising opportunities and has already performed industrial tests. Moreover the Company concentrated its efforts on reducing the clinker content in cement and progressively raising the percentage of mineral components in cement using limestone and slag.

RESPONSIBLE USE OF RESOURCES

Fuels and raw materials

The total clinker production for 2010 was 9,984 kilotons (-1% compared to 2009). The total fuel consumption for cement op-

erations was 10,380,072 expressed in Gcal (-1.4% compared to 2009). The fuel mix shows significant changes with an increase of gas consumption versus oil, especially in the Helwan plant and Tourah kiln 7. SCGC consumed 18,277 kttons of raw materials in cement production (-1% compared to 2009) with a specific consumption of 1.57 tons per ton of cement produced. Natural limestone, clay, iron ore and gypsum account for more than 98% of the total materials used for cement production.

Recycling strategy and by-products

SCGC is striving to replace non renewable fuels and raw materials with alternative resources.

This will lead to an integrated industrial cycle, in which by-products or waste from one industry become valuable inputs for another.

The Group's strategy remains to consolidate and raise the use of the alternative materials and, if possible, to start the use of Refuse Derived Fuels (RDFs) and biomass fuels. It also focused primarily on developing local biomass fuel opportunities.

Quarries and landscape

The Company aims to preserve biodiversity and protect ecosystems using quarry rehabilitation as a starting point. Going beyond compliance requirements, the Group is committed to implementing rehabilitation plans for sensitive active quarries, focusing on gradual rehabilitation of land at operational sites as well as full restoration once the quarry is closed. In parallel, the Group is mitigating other environmental effects, such as noise, dust and traffic. Since all SCGC quarries are located in the desert, a special consultation was conducted with local stakeholders to



identify their expectations and discuss ongoing environmental programmes, which must be in harmony with the surrounding landscape and mitigate negative visual impacts through sustainable planning.

In 2007, SCGC began rehabilitating its clay quarry in Tourah plant, which is the oldest quarry in the country (1920s). Last year, the rate of rehabilitation target was achieved. At the end of 2010, out of 12 quarry locations, one quarry (8% of the total) had a rehabilitation plan in place. Moreover, two rehabilitation projects were studied and scheduled for the next year. In 2010, the Company extended its commitment to all quarries by re-defining requirements for rehabilitation plans, whether already written or in planning stages.

Water management

- Cement production requires water for:
- ▶ production of “slurry” in wet process kilns
 - ▶ cooling off-gases
 - ▶ improving the efficiency of process filters
 - ▶ controlling fugitive dust
 - ▶ cooling mechanical equipment
- SCGC is striving to improve water management practices and efficient water use.

Waste management

Production waste is collected, sorted and stored in dedicated areas according to the dispositions set in Environmental Managements Systems implemented on sites and to local regulations. Collected waste is sold for further use or recovery or disposed of by local registered companies.

TRANSPORT AND LOGISTICS

Starting from 2010, the Technical and Procurement Teams have worked together to improve the safety conditions inside

Group quarries, by applying new conditions in the quarry operation contracts to use new equipment and trucks (not older than 5 years), obliging the contractor to use his own equipment and contracted staff, provide them with training and build a well-maintained accommodation area for workers with all necessary facilities.

AIR EMISSIONS

The Company believes in being environmentally conscious and protecting its surroundings. It has continuously invested towards a better Egypt and a cleaner environment and has made a long-time commitment towards being environmentally responsible. All plants respect and continuously monitor compliance with the environmental laws of Egypt, and work in close cooperation with the Ministry of Environmental Affairs to ensure that the environmental standards of each plant are on target. Furthermore, all five plants are ISO 14001 and ISO 9001 certified, in compliance with the requirements of the Environment Management System EMS-ISO 14001/2004. As part of the Company’s ongoing efforts to reduce adverse environmental impacts, regular consultations and information ses-

sions are held with local stakeholders.

Following the successful completion of the Egyptian Pollution Abatement Project (EPAP I), which consisted of the installation of three new electrostatic precipitators at the Suez and Kattameya plants, the Company started the implementation of an action plan for the extension of EPAP I to Line 8 at the Tourah plant. The second

phase of EPAP I, called EPAP II, aims to minimize dust emissions from the main stacks through the conversion of three electrostatic precipitators and the replacement of gravel bed filters with bag houses.

The production of cement clinker is an energy and carbon-emissions intensive process. To track its carbon emissions, the Company has been monitoring and reporting carbon dioxide emissions from its production processes since 2006, following the WBCSD CSI CO₂ protocol for the cement industry. To assure the quality of the inventory, Ernst & Young carried out a fourth external audit in March 2010 for the consolidation of carbon dioxide emissions for the Company, covering the five plants of Kattameya, Tourah, Helwan, El Minya and Suez.

2010 SCGC CO₂ EMISSIONS FROM CEMENT PRODUCTION*

Absolute gross (ton/year)	8,672,666
Specific gross (kg/ton clinker)	869
Specific gross (kg/ton cem.**)	769

* these calculation are based on the WBCSD-CSI CO₂ protocol, June 2005 vers 2 and Italcementi Group guidelines
 ** cem. is a cementations product that includes both clinker and cement substitutes used for grinding

A group of young girls, likely students, are shown in a social setting. They are wearing blue and white caps. One girl in the foreground is smiling and holding a book. The book cover features the Helwan University logo and the text 'مكتبة حلوان Helwan'. The background is a blurred crowd of people, suggesting a large gathering or event.

SOCIAL RESPONSIBILITY



مكتبة حلوان
Helwan

Safety in the work place
 Since the launch of the Zero Accidents project in 2005 which aims to reduce the number of occupational accidents by developing a substantive corporate safety culture and raising employee awareness and concern for safety conduct, the project aimed to implement a safer and healthier working environment at all sites

and facilities by adopting adequate steps to prevent accidents and injury in addition to developing communication initiatives to promote a preventative safety and health culture.

HEALTH AND SAFETY

SCGC's Lost Time Injury (LTI) frequency rate in 2010 was 2.5. (LTI is a function of the number of accident with lost time in a year per million hours worked, including temporary workers). Additionally, the severity rate was 0.17. In 2009, a new version of the Group's Safety Management Handbook was issued based on the key points tracked through the progress review and will target all those directly or indirectly involved in the Group's operations.

In 2009 SCGC launched two new safety communication tools: the Safety Alert, launched after any accident or incident and the Best Practice Bulletin, highlighting positive initiatives to be replicated across the plants. Training and targeted internal communication are both necessary to establish consistent knowledge of safety management at all the subsidiaries. Training is adapted in view of specific significant risks linked with performed tasks.

In 2010, the number of days lost with-



out commuting were 1,259 for direct employees and temporary workers. Contractor's LTI frequency rate is not available because of the impossibility to monitor third party working hours.

The Total Recordable Injury Rate (TRIR) were 6.8 including fatalities, Lost Time Injuries, Restricted Work Duty and Medical Treatment for all the sites.

In 2010 SCGC started to implement the PPE Standard and the Working at Height (WAH) Standard to be comply with the Group standards. Also, the Group started to implement the instructions on truck helpers, Quarry management, 5S Projects and information about the group safety golden rules.

Another good occasion to raise awareness on Safety was the celebration of the World Day for Safety and Health at work on April 28th, 2010.

Industrial Hygiene and Workers' Health

Health management, including industrial hygiene (dust, noise and whole body vibration hazards) is one of our major concerns. The recent implementation of the workplace health hazard assessment has added to the significance of the issue for the group, given the importance of the

- men and women
- dressing facilities, separated for men and women
- accommodation for taking meals and for shelter
- canteens, colonies, guesthouses and civil settlements connected to the sites
- ▶ Supply of potable water for employees and contractors

In 2010 SCGC started to implement the Human Rights suggestion boxes as another way of communication.

Labor practices

In December 2009, the Group and the Buildings and Wood Workers' International union federation (BWI) signed an agreement to guarantee compliance with all fundamental labor rights. The agreement applies directly to all Group employees and will apply in future to all contractors, subcontractors and suppliers. The full text of the agreement is published under the Group's corporate website.

The Group traditionally considers the virtues of stable and transparent labor relations, and always aims to conduct any restructuring required in the most responsible way, even in difficult business conditions. Accurate evaluations of all the scenarios, including local capacity-building through close co-operation with local communities. Other more conventional measures can be put in place to support internal moves, outplacements and public grant aid. If redundancies are unavoidable, the minimum legal notice is respected, the selection process is fair and decisions aim to be consistent. The Group strives towards mutually acceptable voluntary agreements if layoffs are absolutely necessary. For grievances or

assessment where such hazards are of long-term effect. In this context, SCGC operations have had a positive impact by providing information and medical care to our employees and to the local communities.

HUMAN RESOURCES MANAGEMENT

Human Rights

As stated in the Charter of Values, human diversity is viewed as a source of value as far as in line with the Universal Declaration of Human Rights. Within its sphere of influence, the Group upholds human rights as universal and fundamental.

In 2009 SCGC implemented awareness sessions for human rights which covered 49% from the company employees.

In 2010 SCGC has started the implementation of :

- ▶ Preventing children or families from accompanying customers or suppliers within site boundaries
- ▶ Preventing employees or contractors from entering the site or working without adequate PPE (helmet, shoes, gloves and masks at least)
- ▶ Adequate conditions of:
 - first aid facilities
 - sanitary facilities, separated for

complaints, employees may refer to the Human Resources department or email the CEO directly via the intranet site. Confidentiality is strongly protected.

The Group does not distinguish temporary or part-time employment when providing benefits to employees. In order to improve the safety of business travel, in 2008 the Group signed a worldwide contract granting assistance and advice from doctors, security experts and other sources of help, 24 hours a day, seven days a week in case of emergency.

Training

The consolidation of the Development and Training functions by the end of 2009 has proven success in the sense of identifying 33 key positions and profiling its managerial and technical competencies that will work as a selection criteria in selecting the Company's future organization leaders to assume key positions and allow the best high potentials to grow.

The Training function invested in the Group's human capital almost EGP 2M in improving their performance in a variety of organizational disciplines and helped SCGC achieved effectiveness through diverse methods and programs that enhanced the quality of training (90% of the overall quality measurement criteria in 2010 vs. 85% in 2009). These included:

- ▶ **Train the Trainers:** to capitalize on internal human resources, the training department succeeded in developing the skills needed for technical trainers to conduct Simulator training.
- ▶ **Egypt New Graduates Training "ENG":** building on last years' success, we continued the ten-week program aimed at raising the awareness of newly hired engineers and

chemists; providing them with basic knowledge and practices by rotation in safety, environment, process and maintenance functions in our plants.

- ▶ **Drives, Motors, switchgears and control systems training programs:** automation and electrical maintenance engineering to enhance the troubleshooting of operational problems capabilities the engineers might encounter covering different kinds of ABB devices in all plants
- ▶ **Welding:** 10 welders have been certified enabling them to obtain the advanced welding techniques
- ▶ **Safety Training:** the training department, in cooperation with the safety department, continued to execute the "Managing Safety", the "Safety for Group Supervisors" and the "Living Safety for Group Workers" for managers, supervisors and workers of the Group. Also, Accident Incident Analysis and Root Cause Analysis courses were executed to top Managers and Group Staff.
- ▶ **First Aid:** 308 first aiders were trained in 2010. This 2-day training created a ratio of around 1 first aider for each 10 employees
- ▶ **Corporate Governance:** in cooperation with the Corporate Governance department, the training function has conducted an awareness session for 23 First-Line Managers from various group's departments.
- ▶ **International training:** 40 of SCGC's prominent staff have been awarded with international training to France, Denmark, Bulgaria, Austria and Italy. Topics covered ranged from cement process, maintenance, refractory material to Sales and



Marketing by renowned training providers such as FLSmidth, Caldeyrs & RHI for refractory material in addition to Italcementi

- ▶ **Ernst & Young** have provided two training courses for SCGC's staff this year, namely: International Financial Reporting Standards "IFRS" for the financial department in addition to "finance for non financial managers" around 37 deputy, plant and first-line managers
- ▶ 48 Procurement employees have enjoyed the **Huthwaite's Negotiation Skills**; one of the best courses worldwide giving trainees the needed skills to become a truly effective real-world negotiator.

STAKEHOLDER ENGAGEMENT

SCGC encourages clear and open engagement with global stakeholders and local communities. It helps the efforts to promote and support initiatives that show respect for people's rights, diversity, proximity and culture in an effective and valid way. An inalienable goal is to help improve the quality of life of stakeholders within the sphere of influence or control. In 2010, SCGC actively continued its clear engagement policy through multiple activities at both internal, external and community levels.

Internally, SCGC addressed its efforts towards all involved stakeholders by promoting active partnerships with employees, trade unions and customers. Internal activities in 2010 included a customer satisfaction survey, enormous training opportunities both technical and managerial, with safety being a basic element.

Locally, SCGC took every possible opportunity to stand as a responsible citizen whether in good times, e.g. sponsoring of Helwan National Day marathon, or in hard times, e.g. standing by the victims of flashfloods in Upper Egypt. Illiteracy training, supply of clean drinking water and supporting local NGOs were other examples of partnering with the local community.

Externally, SCGC through its commitment to openness and transparency managed to maintain strong ties with local media by timely responding to their enquiries and proactively approaching them for clarification of our positions regarding different issues in the media. Our relationships also with the local Authorities remained a good asset which reflected on different technical, environmental, and labor-related issues.

Support to communities

In line with the UN Millennium Development Goals (MDGs), SCGC is strongly committed to improving the quality of

life and social well-being of the communities where it operates. The social initiatives promoted by SCGC are based on the local needs of the people living in these communities. In 2010, our social initiatives continued to give priority to education, sustainable livelihood, health, and awareness of social issues.

Sustainable Livelihoods, Education and Social Awareness

Since 2007, SCGC, in collaboration with NCCM (National Council for Childhood and Motherhood), implemented a development project in the field of poverty alleviation targeting the local communities of Kafr El Elw and Maasara, two districts of Helwan governorate, where two of SCGC's five plants are located. The key objective of this development project, which is titled "For the Smile of Our Children", is to contribute to the poverty eradication efforts and address community needs and priorities through providing access to quality basic infrastructure and services, especially in the field of education.

In December 2009, SCGC and NCCM signed an extension of the agreement, whereby it provides EGP 3,500,000 to create new job opportunities in Helwan and El Minya governorates. With this agreement, the Company and the Ministry of Family and Population meant also to target the poorest and most vulnerable groups of Samalut (El Minya Governorate) and increase the capacity to deliver more effective and efficient social services.

The project has implemented awareness-raising initiatives in the areas of environment, health, education and children's rights. The project adopts a participatory approach by involving the



entire community, including community leaders, youth centers, local non-governmental organizations (NGOs) and women's groups. A Steering Committee has been established comprising representatives of SCGC, NCCM, Helwan Governorate, the Ministry of State for Environmental Affairs, the Ministries of Education, Health, Electricity, Industry, and Interior, Cairo Holding Company for Water and Sanitary Drainage, and local NGOs.

Building on its firm belief that there is no duty more important than ensuring that children rights are respected, their welfare is protected and their lives are free from fear and want, SCGC carried out through NCCM a project aiming to prevent children dropout from school and enhance the importance of education.

The school feeding program in Maasara and Kafr El Elw schools started on October 24, 2010 targeting primary stage and lasted only 37 days due to the mid-year exams with a total distribution of 392,952 snacks at Maasara and 213,467 at Kafr El Elw. Poor nutrition of school children partially contributes to the inefficiency of the educational system and accordingly results in irregular school attendance, repeated grades

and dropouts. The program experience shows that improving children nutrition and health can lead to better performance, less repeated classes and preventing dropouts. Additionally, school fees amounting in total to EGP 100,000 were paid for students unable to pay to motivate parents to enroll their children and 3,000 school bags were given out to encourage children to go to school.

To further raise awareness about education, training programs for 21 teachers in El Minya governorate were carried out to enhance skills of communicating with slow-learners and high density classes. Weekly intensive classes were given to students with repetitive bad school results in Maasara, Kafr El Elw and Bani Khaled village to encourage the local communities to keep their children at school and eliminate private lessons. Literacy classes for beneficiaries in targeted areas were given 5 days a week. At the end of the series of classes, learners went through evaluation tests and were given certificates. Forty-four literacy certificates were issued, in collaboration with the General Authority for Literacy and Adult Education.

As part of SCGC's focus on education, the Company has also supported since

2006 the Don Bosco Institute which provides professional education for youth. In 1970, an agreement was signed between the Italian and Egyptian Government for the implementation of an Industrial Technical Institute and a Professional Institute for the Industry and Crafts.

The Group fosters the development of new programs and upgrade of the infrastructure and facilities to increase the number of enrolled students. Graduates of Don Bosco Institute, which was founded in 1926, are well known and in demand throughout the industrial sector for their excellent training and professional skills. SCGC also provides summer internship opportunities for Don Bosco students and offers opportunities for employment.

Health and Environment

Fully convinced that healthy children mean a healthy and promising society, SCGC exerts every possible effort to promote better health care for children. Medical caravans were organized at Bani Khaled village for 975 patients in the following medical specialties: pediatrics - dermatology - internal medicine - urology - ophthalmology - gynecology - bones - ear, nose and throat. Moreover, prescribed medications were distributed for free to all the patients. Also a series of medical caravans were arranged covering 6 schools at Maasara for total beneficiaries of 7,892 students in collaboration Kasr Al Ainy School of Medicine.

An urgent implant surgery was carried out for a girl from Maasara suffering semi-deafness. This surgery will improve her quality of life and will turn her from a handicapped to a normal person. In addition, 171 medical insurance cards were issued for children under 5 years old.

In the environment field, 1,000 water

filters were installed to purify piped water at Bani Khaled houses and filter cartridges were also given along with the filters. Six water purification stations were installed at Bani Khaled schools and 14 stations at Maasara schools.

As part of the “10,000 trees initiative” to improve school environment and raise environmental awareness, “Green Corner Campaign” was organized for students in targeted schools with activities including camps and trips as well as sessions about the importance of increasing the green area and protecting the environment; 7,000 trees were planted and awards were given to the winning schools (Kafr el Elw School and Abou Bakr Al Seddiq School).

Sponsorship of Cultural, Environmental, Leisure and Sports Facilities and Events

In April 2010, SCGC, for the fourth consecutive year, sponsored and participated in the Helwan Governorate Marathon to boost awareness on environment and safety at work. The event was also an occasion for SCGC to start the celebration together with its employees, the local community of Helwan and the local Authorities of the World Day for Safety and Health at Work that takes place every year on the 28th of April.

SCGC also provided considerable donations to both the flash floods that hit Upper Egypt and Sinai (\$ 150,000) and the massive flooding that struck Haiti (Euro 30,000).

Social Initiatives

On the occasion of the Muslim holy month of Ramadan and in the spirit of Zakat (alms-giving in Islam), and as part of our continuous commitment to the ongoing corporate social responsibility programs, SCGC distributed in coopera-



tion with NCCM 2000 Ramadan bags containing rice and pasta for the most needy families in Helwan, Tourah and El Minya districts, in addition to monthly food bags for 1,048 of Bani Khaled children and families.

SCGC also covered the cost of housing, treatment, and rehabilitation for disabled children at “Haraz” Center for Disability Care and provided it with necessary equipment including audiology and speech systems, sport and physical therapy equipment. In view of a reintegration plan, 13 social cards were issued to gain social rights. A social card is a card issued by the Ministry of Solidarity which provides discounts to disabled persons in transportation, medical services, entertainment places. It is also a card which allows them to have financial support and pension from different benefactors.

In order to address unemployment challenges facing marginalized youth, as part of SCGC-NCCM agreement, handicraft production has been considered as an important instrument for eliminating poverty and improving the quality of life. The program pioneered several income-generating activities to preserve and revive the manufacture of traditional handmade products such as embroidery and blowing glass. A training program on loan

management and how to prepare a feasibility study was held for 39 participants in Maasara and Kafr El Elw before granting loans to them in order to guarantee the success of the micro-credit program.

In 2010, more than 200 young men and women passed through this program and were trained to produce handicraft and blowing glass products that met local and international market needs. Thanks to the strong cooperation with Japan External Trade Organization (JETRO), a group of blowing glass producers has started to make products for the Japanese market and a number of them were invited by JETRO to exhibit their products at “Interior Lifestyle Tokyo”, a leading design trade fair for the high end interior design market. The fair will take place from 1-3 June, 2011.

In addition to this program, many other activities were initiated including the opening of a sewing and embroidery workshop in Maasara, and the launch of a daily training program in April 2010 for 26 women. These and other initiatives serve to empower lower-income and marginalized families to help them improve the quality of their life by developing their own sustainable businesses.

Safety in the workplace

Frequency rate	2006	2007	2008	2009	2010
Cement	5.6	2.7	1.9	3.1	2.7
Aggregates	-	-	-	-	-
Concrete	-	-	-	-	-
Group	5.2	2.6	1.9	2.7	2.5

Severity rate	2006	2007	2008	2009	2010
Cement	0.4	0.4	0.1	0.2	0.18
Aggregates	-	-	-	-	-
Concrete	-	-	-	-	-
Group	0.4	0.4	0.1	0.2	0.17

TRIR	2006	2007	2008	2009	2010
Cement	-	-	7.1	7.8	7.2
Aggregates	-	-	-	-	-
Concrete	-	-	-	-	-
Group	-	-	6.7	7.1	6.8

Fatalities	2006	2007	2008	2009	2010
Employees	0	1	0	0	1
Contractors	2	3	1	2	4
Third parties	0	0	0	0	0

ERNST & YOUNG INDEPENDENT ASSURANCE REPORT ON CO₂ EMISSIONS



Italcementi - Financial year ended December 31, 2010.
Independent assurance report on a selection of environmental, safety and innovation indicators

Further to the request made by Italcementi, we performed a review on the Group's environmental, safety and innovation indicators for the financial year 2010 identified by the ✓ symbol in the sustainable development report on p. 4-5 (the "Indicators") to obtain limited assurance that the indicators were prepared in accordance with the reporting criteria applicable in 2010 (the "Reporting Criteria"), consisting in external standards elaborated by the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI) available on the WBCSD web site¹ completed with Group specific procedures, a summary of which is provided on p. 65 under the heading "Reporting methodology". It is the responsibility of Italcementi Group's Sustainable Development Department to prepare these indicators and to provide information on the Criteria.

It is our responsibility to express a conclusion on these indicators on the basis of our review. Our review was conducted in accordance with the ISAE 3000² international standard from IFAC. Our independence is defined by legal and regulatory texts as well as by our professional code of ethics.

A higher level of assurance would have required more extensive work.

Nature and scope of our review

We performed the following review to be able to express a conclusion:

- We have assessed the Reporting Criteria with respect to their relevance, their completeness, their neutrality, and their reliability.
- At the Group level, we have conducted interviews with the persons responsible for reporting in order to assess the application of the Reporting Criteria. We also have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the data.
- At the Cement Branch level, we have checked the consistency of CO₂ emissions with figures declared to authorities and verified in the framework of the 2007/589/CE European Directive on "allowances".
- We have selected a sample of four cement sites and five business units³ on the basis of their contribution to the Group's consolidated data and the results of the review performed during previous financial year. At the level of the selected sites and entities, we have verified the understanding and application of the Reporting Criteria, and verified,

on a test basis, calculations and reconciliation with supporting documents.

- We have reviewed the presentation of the indicators in the sustainable development report and the associated notes on methodology. On average, our tests covered 37% of environmental indicators⁴, 38% of hours worked used in the lost time injury frequency rate indicator, 46% of the population considered in industrial hygiene indicator and 64% of the turnover used in the innovation rate.

Information about the Reporting Criteria

- **Relevance.** The Group publishes the key performance indicators defined for cement activities by the working groups of the WBCSD-CSI. Methodologies selected by the Group are consistent with the latest versions of the WBCSD-CSI standards and guidelines (2005). The Group's amendments are specified in the notes on methodology p. 65. The indicator on "innovation rate" has been clarified in 2010 and is presented on p. 65. It is still complex though and is primarily an economic indicator which does not fully address sustainable construction issues.
- **Completeness.** The reporting perimeters for environment and safety data are specified in the "Reporting Methodology" section on p. 65. They aim to cover the worldwide activities of the Cement Branch for environmental indicators, Cement and Aggregates Branches for indicators on quarry rehabilitation, and the whole Group for safety and innovation indicators. Perimeters actually covered by the indicators have been indicated where applicable, notably for air emissions p. 39.
- **Neutrality.** The Group provides detailed information on methodologies used to establish the indicators in the notes on methodology on p. 65 and in the comments next to the published data.
- **Reliability.** For the indicator on "innovation rate", the documentation and internal controls could still be strengthened.

Conclusion

- For the indicator on "Industrial Hygiene", we detected that a significant number of entities did not meet the completeness and documentation criteria of the Group procedure.

Based on our review, and except for the above qualification, nothing has come to our attention that causes us to believe that the Indicators were not established, in all material respects, in accordance with the Reporting Criteria.

Paris-La Défense, April 12, 2011

ERNST & YOUNG Audit

Pierre-Henri Pagnon

ERNST & YOUNG
Sustainability Assurance
and Advisory Services

Eric Davaud

¹ <http://www.wbcsd.org/Projects/Cement>

² ISAE 3000 "Assurance Engagement other than review of historical data", International Federation of Accountants, International Audit and Assurance Board, December 2003.

³ Four cement plants: Faping (China), Caluso (Italy), Roccaro (Italy), Suze (Egypt); four Cement business units: Egypt, Italy, France and China; and one Aggregates business unit: France.

⁴ 61% for CO₂ emissions, 39% on average of SO_x, NO_x and dust emissions, 32% for raw materials consumption and 19% for fuel consumption, and 19% of quarries.

REPORTING METHODOLOGY

Scope of reporting

Unless otherwise specified, the Group's sdReport covers all the business activities under the operational control of the Group at the end of 2009

Data collection and consolidation

Economic performance data:

data included represent consolidated figures from the companies covering all the Group's operations and business segments and are consistent with those reported in the 2009 Suez Cement's Annual Report.

GLOSSARY

Acronyms and abbreviations

AFs	Alternative Fuels
ARMs	Alternative Raw materials
AFRs	Alternative Fuels and Raw Materials
BWI	Building and Wood Workers' International
CAE	Comitato Aziendale Europeo
CDM	Clean Development Mechanism
CEMBUREAU	The European Cement Association
CEMs	Continuous Emissions Monitoring system
CSI	Cement Sustainability Initiative
DJSI	Dow Jones Sustainability Index
ETS	Emission Trading Scheme
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
IAS	International Accounting Standards
ILO	International Labour Organisation
ISO 14001	The International Standards Organisation model for management and external certification of environmental performance
KPIs	Key Performance Indicators
LTI	Lost Time Injuries
WBCSD	World Business Council for Sustainable Development

Chemicals

CO₂	Carbon dioxide
SO₂	Sulphur dioxide
NO_x	Nitrogen oxides
CO	carbon monoxide
VOC	volatile organics

Units

ng	nanogram (0.000000001 g)
mg	milligram (0.001 g)
g	gram
kg	kilogram (1000 g)
t	ton (1000 kg)
kt	kiloton (1000 tons)
toe	tons of oil equivalent
ktoe	kilotons (1000 tons) of oil equivalent
tpd	tons per day
m³	cubic metre
MJ	mega joule (1 million joules)
MW	mega watt (1 million watts)
kWh	kilowatt-hour (1000 watt-hours)
GWh	gigawatt-hour (1 billion watt-hours)