



2010 ENVIRONMENTAL REPORT



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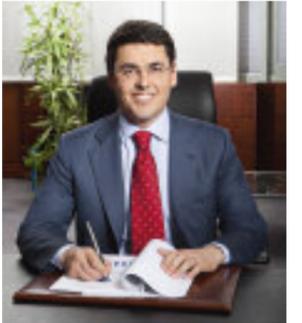
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LETTER TO STAKEHOLDERS

Worldwide efforts are being undertaken to reduce atmospheric gas emissions and counteract the effects of climate change worldwide. Led by the United Nations, the international community has adopted measures to face these phenomena and cap rising global temperatures at less than 2°C of pre-industrial levels.

A two-year recession has had a further impact on an already challenging environment for many leading companies in the industry. The economic crisis that has swept through the world economy makes it even more important to reinforce the company's leadership and lever on an effective organization and efficient management in order to manage the risks and difficulties of the cement business. I believe that the time has come to tackle the upcoming challenges with greater resolution. Our optimal response to tackling the global crisis, the effects of which continue to negatively impact the financial performance of companies across all industries, is, I have no doubt, the fact that we have taken a path towards change with the Cementir 3.0 project.



In Cementir, we are convinced that it is vital to generate synergies within our Group to achieve our goals. At all times, we must pursue best practices and be increasingly focused on the environment and the communities in which we operate.

This 4th edition of our Environmental Report is exactly moving in this direction. As a Group, we have operated in the cement and its derivatives business since 1947. In over half-century we have grown in terms of revenue and resources, becoming a Group present in four continents.

Our history as well as our future set off through research, innovation and the introduction of an organizational approach that places people and the environment at the core of everything we do.

Our "Zero Infortuni" project (No Injuries), launched in 2010, is part of this approach. This project has been conceived to progressively reduce workplace accident frequency and seriousness. Towards the end of 2010, we also began a huge revamping program in the Taranto plant, implementing the most advanced industry research into polluting emissions reduction. At the same time, we have begun processing and recycling urban and industrial waste in Turkey, not just to reduce costs for our business through the use of alternative fuels, but also to combine our desire for growth with the need to minimize energy resources required.

These are among three of the major projects in which the Cementir Group has invested in order to tackle the challenges that await us in the future. We are pursuing three objectives over the medium to long-term: extending environmental certification to our production plants, using clean energy and undertaking activities by using renewable resources.

We are well aware that in order to be profitable and sustainable in our business, we must deal with the fact that we live in a world with limited resources, where an ethically-sustainable approach is required. We are what we do and we have facts to prove it.

Francesco Caltagirone Jr.
The Chairman



MISSION VISION VALUES

MISSION

We aspire to be agents of integrated and sustainable growth in order to become leaders in the markets where we currently operate and to access new businesses/markets leveraging on our expertise, our Clients and environmental care.

VISION

To be a dynamic and accountable Company which creates value for Stockholders, Clients and Employees, increasing our role in the emerging markets as an integrated Company respectful of local peculiarities.

VALUES

Grow with passion for effectiveness

We have passion for our business and work to drive our Group, leveraging on continuous effective improvement, for a growth that is sustainable in the long term and able to guarantee profitable returns on invested capitals.

Integrated diversity

We are an integrated Group that leverages and increases the value of our local peculiarities where people constantly support their colleagues.

Act concrete simplicity

We want to simplify the “day by day” activities through the “operation excellence” approach based on facts, in order to avoid organizational constraints and to simplify the whole problem solving process.

Rigorous flexibility

We are able to use professional discipline and lead change management to face business challenges.

Accountability for the future

We feel to be part and contributor of a global project and have competence of decision making, delivery and accountability which are able to support individual and Group growth and the value generated for our Customers.



APPROACH TO SUSTAINABLE DEVELOPMENT

OUR VISION

The Cementir Group seeks to achieve sustainable development by continually improving its financial, environmental and social performance.

GUIDELINES

Cementir is committed to achieving financial, social and environmental development by:

- complying with applicable legislation and official regulatory standards;
- respecting human resources by ensuring a healthy, safe workplace;
- promoting and adopting clean technologies;
- reducing the environmental impact of individual products;
- developing eco-sustainable products;
- setting improvement targets ;
- involving and continually training employees to achieve targets;
- increasing transparency and promoting a dialogue with stakeholders, customers, employees, governmental bodies, suppliers, local communities and shareholders.

To achieve the goals stated in the above guidelines, Cementir is committed to:

- developing, constructing and maintaining an environmental management system in all the Group's manufacturing plants to achieve its goals;
- sharing its sustainable development policy, objectives and action plans by publishing an Environmental Sustainability Report;
- formulating and using environmental key performance indicators as guidelines for achieving targets set;
- improving the environmental performance of plants through:
 - controlling and reducing all types of emissions;
 - controlling energy consumption;
 - engaging in technological research focusing on the use of alternative fuels in manufacturing, thus reducing the consumption of fossil fuels;
 - controlling and reducing water use and waste;
 - controlling noise emissions;
 - preventing and responding to emergencies that have an environmental impact;
- preventing accidents and injuries through workplace studies and verification, health and safety surveys and action plans.

CEMENTIR GROUP AT GLANCE

Cementir is an international group that produces grey cement, white cement, ready-mixed concrete, aggregates and concrete products. The Company is listed on the Italian Stock Exchange in the Star segment and is controlled by the Caltagirone Group.

The Cementir Group is a producer of cement and ready-mixed concrete with facilities in Italy, Turkey, Denmark, Norway, Sweden, Egypt, Malaysia, China and the United States, and cement distribution centres in Denmark, Italy, USA, Iceland, Poland and the Netherlands.

Italy

Grey cement production capacity: 4.3 million t
Cement plants: 4
Ready-mixed concrete plants: 19
Distribution centres: 3

Denmark

Grey cement production capacity: 2.1 million t
White cement production capacity: 0.85 million t
Cement plants: 1 (7 kilns)
Ready-mixed concrete plants: 42
Distribution centres: 9

Norway

Ready-mixed concrete plants: 31

Sweden

Ready-mixed concrete plants: 10

Turkey

Grey cement production capacity: 5.4 million t
Cement plants: 4
Ready-mixed concrete plants: 15

Egypt

White cement production capacity: 1.1 million t
Cement plants: 1

UK

Distribution centres: 1

Portugal

Cement products plant: 5
(in JV al 50% con Secil)

Iceland

Distribution centres: 1

Poland

Distribution centres: 1

Netherlands

Distribution centres: 1

Germany

Distribution centres: 1

China

White cement production capacity: 0.6 million t
Cement plants: 1

Malaysia

White cement production capacity: 0.2 million t
Cement plants: 1

USA

White cement production capacity: 0.26 million t
Cement plants: 2
(in JV al 24.5% con Heidelberg e Cemex)
Cement products plant: 1
Distribution centres: 1

HIGHLIGHTS

Cementir Group

	2010	2009	2008	Unit of measurement
Indicators				
Grey and white cement produced	10,013	9,641	10,461	metric tonnes/thousands
Ready-mix concrete sold	3,185	3,100	4,056	m ³ /thousands
Revenues	842	822	1,092	EUR/millions
Net profit	9	30	65	EUR/millions
Capital expenditure on property, plant and equipment and intangible assets	63	98	191	EUR/millions
Workforce	3,289	3,439	3,847	Number

Cement production facilities in Italy, Denmark, Turkey, Egypt, Malaysia and China

	2010	2009	2008	Unit of measurement
Environment				
CO ₂ emissions per metric tonne of Total Cement Equivalent (tTCE)	0.70	0.68	0.72	g/tTCE
Alternative raw materials	6.27	6.20	8.54	%
Electricity consumed	4,257	4,245	4,495	TJ
Direct energy consumed (fuels)	34,000	34,000	35,955	TJ
hereof from alternative sources	6.27	6.43	5.51	%
ISO 14001 certifications	6	6	6	Number

Ready-mixed concrete facilities in Italy, Denmark and Turkey

	2010	2009	2008	Unit of measurement
Environment				
Raw material	6.3	6.5	8.2	Tonnes/million
% Alternative raw materials	1.5	1.5	1.8	%
Water consumption	673,636	629,667	763,043	m ³
Liters of recycled water per metric tonne of RMC	10,6	21	22	Liters/m ³

Cementir Group

	2010	2009	2008	Unit of measurement
Health & Safety				
Frequency rate	18.9	19.8	22.3	
Severity rate	0.37	0.47	0.41	
Fatal accidents	0	0	1	Number
Hours of HSE training per employee	6.8	10.0	5.0	Hours/employee
HSE investment	12.6	8.2	7.6	EUR/millions
OHSAS 18001 certifications	4	4	4	Number



Embracing Our Change

4th Convention Monte-Carlo
14-15 October 2010

Organized by Cementir Italia

 cementirholding
Cementir Holding Group

INTRODUCTION

By publishing this Environmental Report, the Cementir Holding Group seeks to provide a clear, transparent and immediately usable overview of its activities and its performance in 2010. The document is addressed to its primary institutional counterparties and other stakeholders that directly or indirectly interact with the Group.

The report is divided into three parts:

- **Introduction to the Group:** contains a profile of the Group, and its institutional and organizational structure.
- **Environmental performance:** this section contains the assessment of the primary environmental impact of the activities carried out as well as the precise measurement of the main performance indicators for all the cement production facilities in Italy, Turkey, Denmark, Egypt, Malaysia and China and for all the ready-mixed concrete production facilities in Italy, Turkey, Denmark and Norway and the description of special initiatives in the environmental field by some of the group companies.
- **People environment and local communities:** details on health and safety activities and projects undertaken for environment.

Specific projects undertaken by the Cementir Holding Group in order to improve his environmental and health and safety performance are included in each of the three parts of the report.



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THE CEMENTIR GROUP

Cementir Holding manufactures and distributes grey and white cement, aggregates, ready-mixed concrete and concrete products all over the world. With operations in 15 countries and a workforce of over 3,200 employees, Cementir Holding is a world leader in white cement and the sole producer of cement in Denmark, the third-largest producer in Turkey and the fourth in Italy. It is the leading ready- mixed concrete producer in Scandinavia.

14



Cement plants

14.8



Cement production capacity (m/tons)

3.6



Aggregates sold (m/tons)

117



Ready-mixed concrete plants

2

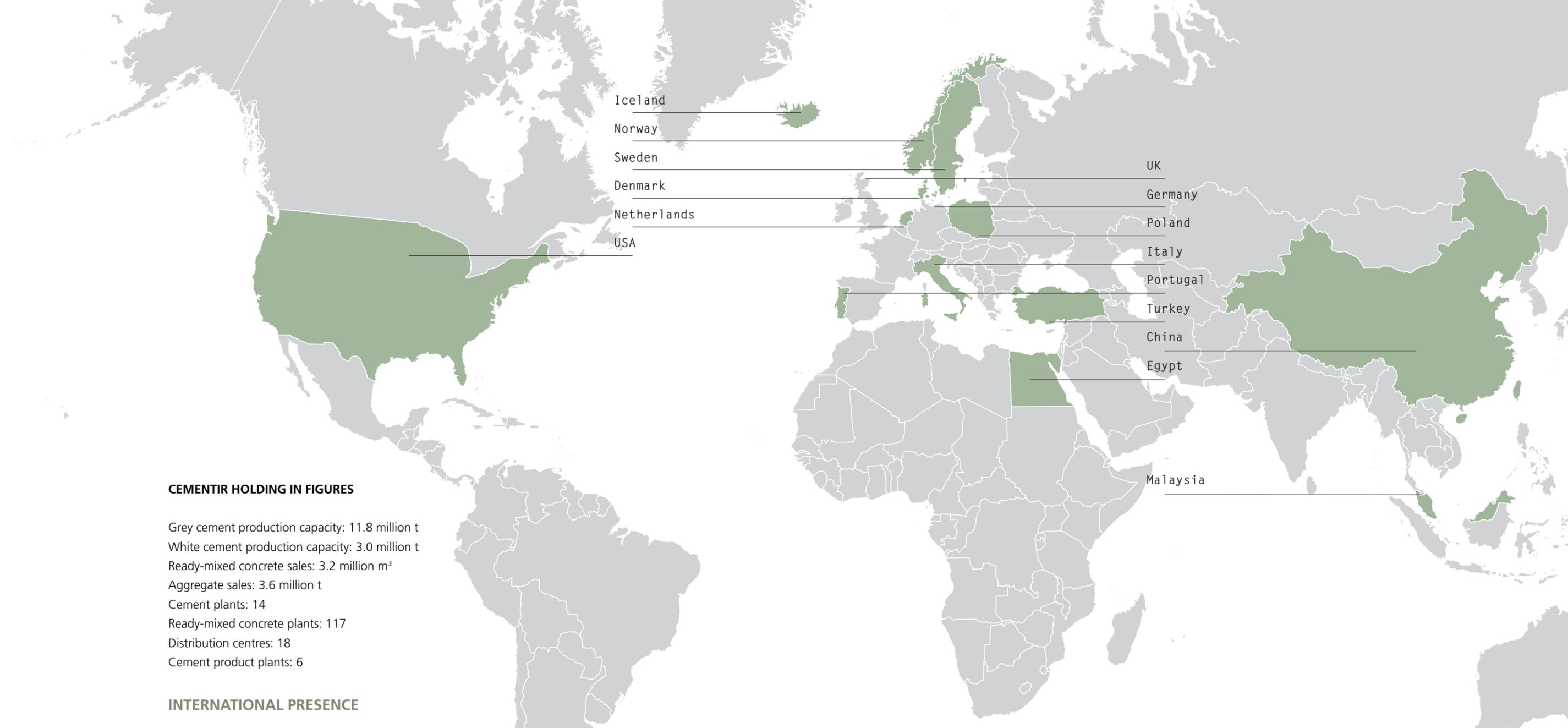


Research&Development centres

3,289



Workforce



CEMENTIR HOLDING IN FIGURES

Grey cement production capacity: 11.8 million t
 White cement production capacity: 3.0 million t
 Ready-mixed concrete sales: 3.2 million m³
 Aggregate sales: 3.6 million t
 Cement plants: 14
 Ready-mixed concrete plants: 117
 Distribution centres: 18
 Cement product plants: 6

INTERNATIONAL PRESENCE

ITALY

Grey cement production capacity: 4.3 million t
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EGYPT

White cement production capacity: 1.1 million t
 Cement plants: 1

PORTUGAL

Cement product plants: 5
 (In JV at 50% with Secil)

UK

Distribution centres: 1

ICELAND

Distribution centres: 1

POLAND

Distribution centres: 1

NETHERLANDS

Distribution centres: 1

GERMANY

Distribution centres: 1

CHINA

White cement production capacity: 0.6 million t
 Cement plants: 1

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White cement production capacity: 0.2 million t
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USA

White cement production capacity: 0.26 million t
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COMPANY BODIES

BOARD OF DIRECTORS

Chairman

Francesco Caltagirone Jr.

Vice Chairman

Carlo Carlevaris

Directors

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo

Mario Ciliberto

Massimo Confortini

Fabio Corsico

Mario Delfini

Alfio Marchini

Walter Montevercchi

Riccardo Nicolini

Enrico Vitali

BOARD OF AUDITORS

Chairman

Claudio Bianchi

Standing Members

Federico Malorni

Giampiero Tasco

INTERNAL CONTROL COMMITTEE

Massimo Confortini

Flavio Cattaneo

Enrico Vitali

MANAGER RESPONSIBLE FOR FINANCIAL REPORT

Oprandino Arrivabene

SUPERVISORY BODY (D.Lgs 231/2001)

Mario Venezia

Francesco Paolucci

GOVERNANCE

The corporate governance structure adopted by the Company is based on the recommendations and standards indicated in the document "Codice di Autodisciplina della Borsa Italiana delle Società Quotate" which the Company has complied with. Corporate Governance model consists of Shareholder's Meeting, Board of Directors and Board of Statutory Auditors. This model is based on the Board of Directors (as the highest body responsible for managing the Company in the interests of the shareholders) playing an essential role, and on transparency in the Company's decision-making process and an effective Internal Control System.

THE BOARD OF DIRECTORS

The Board of Directors of Cementir Holding SpA has been appointed by the shareholders on 21.04.2009 for a term of three years (2009-2011), which shall expire on the date of the Shareholders' Meeting called to approve the financial statements as of 31.12.2011

The Board of Directors is currently composed by fifteen members, of which the majority is non executive, four are independent directors according to "Codice di Autodisciplina della Borsa Italiana delle Società Quotate". The Chairman of the Board is vested with all powers of ordinary and extraordinary administration, with the exception of those that, by law or the Company's bylaws, are reserved for the shareholders and for the Board of Directors; in the event of Chairman absence or other impediment the Vice Chairman exercises such powers.

THE BOARD OF AUDITORS

The Board of Auditors monitors compliance with the law and the Company's bylaws, as well as compliance with the principles of sound administration in carrying out the Company's business and verifies the adequacy of the Company's organization, its internal controls system, and its system of administration and accounting.

The Board of Auditors consists of three standing auditors and three alternate auditors elected on the basis of slates submitted by shareholders all with prescribed requisite for independence and honourability and with high and specific professional skill.

OTHER BOARDS OF COMMITTEES

Other Boards of Committees are: the Executive Committee, the Internal Control Committee and the Remuneration Committee. The Executive Committee, composed of Chairman and two executive directors, has all powers exercised by the Board of Directors, except those exclusively attributed to the Board itself by law or the Company bylaws.

The Internal Control Committee is composed by three independent Directors.

The Remuneration Committee composed by a majority of independent Directors makes proposal to the Board of Directors for the remuneration of the executive directors and/or those covering specific



Meeting room - Head office (Rome, Italy)

roles including through the use of instruments for incentives related to the economic results of the company and/or the reaching of specific objectives which may include stock option plans. They also make proposals, on the indications of the executive directors, for the determination of the criteria for the remuneration of the senior management of the company, while maintaining responsibility for the definition and remuneration of senior management.

Cementir Holding governance model provides for the Manager responsible for the Company's financial reports appointed by the Board. The Board granted to the Manager responsible for the Company's financial reports the powers necessary to perform his duties pursuant to points 2 and 3 of Article 154-bis of the Consolidated Law.

Cementir Holding governance model provides also for a Lead Independent Director who is the reference point for the coordination of the requests and contributions of the non executive and independent directors.

INTERNAL CONTROL SYSTEM

The Company's internal control system is the collection of rules, procedures and organizational structures established to ensure the sound management of the Company in a manner consistent with its objectives by way of the appropriate identification, measurement and management of major risks. The Board of Directors has ultimate responsibility for the Internal Control System and has defined on 11/02/2010, with the assistance of the Internal Control Committee, the guidelines for the internal control system. This document specifies roles and responsibilities of the main control bodies such as the Internal Control Committee, the Head of Internal Control (Chief Internal Audit Officer) and the Supervisory Body (pursuant to Legislative Decree 231/2001).

In 2010, after Legislative Decree no. 39 of 27.01.2010 came into force, ratifying into Italian law Community Directive 2006/43/EC on accounts auditing, the responsibilities of the Internal Control Committee were redefined, and a portion of its responsibilities were re-assigned to the Board of Statutory Auditors. This was undertaken to ensure that the Company's Corporate Governance and internal controls become more efficient, and to minimize the risk of repercussions on operations in terms of the potential duplication of requests from bodies previously responsible for internal controls. After this change, the Internal Control Committee is responsible for:

- assisting the Board of Directors in establishing guidelines for the internal control system;
- reporting on activities undertaken by the Board Of Directors;
- at the Board's request, expressing opinions on specific topics pertaining to identification of the main risks facing the Company, and to internal control system planning, implementation and management;
- as required pursuant to procedures, providing opinions to the Board of Directors regarding the approval of certain transactions with related parties executed by the Company.

The Internal Audit function is responsible for verifying that the system of internal control is always appropriate, fully operational and functional. The Head of Internal Control reports to the Chairman, and as such is not responsible for any operational areas or the subordinate of any head of an operational area. On a quarterly basis, the head of internal control presents a report to the Internal Control Committee and the Board of Auditors on risk management and compliance with plans to contain risks, and an evaluation of the suitability of the internal control system.

ORGANIZATION AND CONTROL MODEL EX D.LGS 231/2001

The Company has adopted in 2008 an Organization and Control Model ex Legislative Decree No. 231 of June 8th 2001

The organization model, analysis of the risks attaching to Cementir Holding Company was formulated in line with the principles set forth in decree law 231/01, with Italian best practice and with Confindustria recommendations and is capable of preventing the offences contemplated in decree law 231/01.

Such Model is a further strengthening of rigour, transparency and a sense of responsibility in internal and external relationships and at the same time it offers shareholders adequate guarantees of efficient and correct management. The Model contains a list of procedures designed to cover risks attaching to activities susceptible to or instrumental in the perpetration of the offences covered by the aforementioned decree law. An integral part of the Model is formed by the Code of Ethics which contains guidelines on modes of conduct that may be illicit for the intents and purposes of decree law 231/01 and constitutes a basis on which to construct a system of prevention and control.

The Code, amongst various principles of ethics and conduct, specifically provides for, protection of health, safety and the environment.

The Code has been handed over to company personnel and it is available on the company web site www.cementirholding.it

The Board of Directors who approved the organization model appointed a Supervisory Body formed by an external independent member and by an internal member (Chief Internal Audit Officer).

The Supervisory Body is responsible for:

- a) updating the Compliance Model;
- b) assessing the actual ability of the Model to prevent the commission of the offences envisaged under Legislative Decree 231/01;
- c) conducting periodic checks on the effective implementation of the Model;
- d) monitoring the adequacy of the Model;
- e) periodically reporting to the Board of Directors and the Board of Auditors on its activities, alerts received, measures taken to correct and improve the Model and their state of implementation.

The Supervisory Body has free access to all activities of the company and to the relevant documentation.

ORGANIZATION – CEMENTIR 3.0

Cementir Holding SpA is a holding company that owns 100% of three operating companies: Cementir Italy (production activities in Italy), Aalborg Portland (production activities in Denmark) and Cimentas (production activities in Turkey).

Cementir 3.0 is the wide organizational improvement project that is introducing a new organizational structure in our Group

creating integration in our business. Cementir 3.0 means a change started on December 2009 with the commitment of all the top managers and that is now focused on all the workforce of the Group, our people.

When the new organizational project made its first steps, it was founded on a solid ground, based on the diagnostic assessment of the companies status and the identification of future opportunities. Functional processes had been redesigned and the ownerships allocated in order to develop a common path of work to lead the structure from a "light center" organization to a more integrated and aligned Group running all the business as unique.

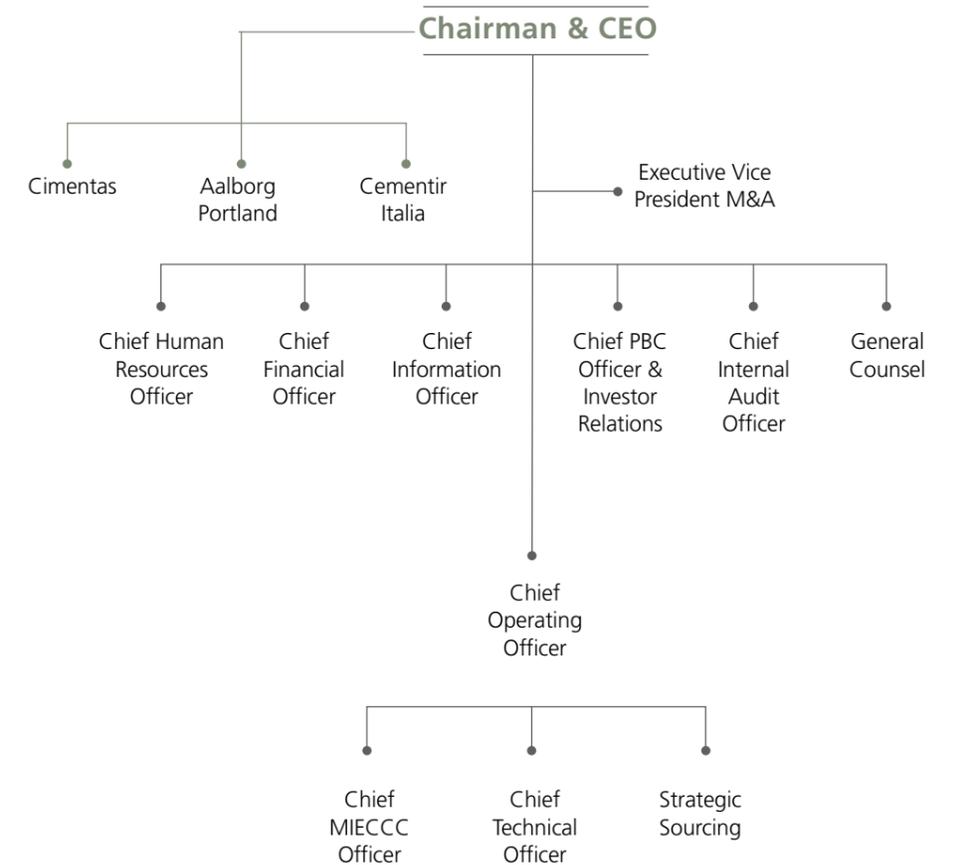
The identified 3.0 model, based on a matrix organization, allows an higher central control on strategic levers while maintaining a strong local operations autonomy. The matrix organization forces people to manage a network of interfaces, where they are obliged to pursue shared objectives using shared resources with defined set of roles, rules and tools.

The newly created structure is made of strategic departments and more operative areas working with a common language and processes thus creating synergies.

Cementir 3.0 implies a cultural change in terms of behaviors and way of work, an extraordinary effort required to all of us in terms of changing our mindset: it is about to start thinking and acting as part of a Group.



THE GROUP STRUCTURE AS OF 31 DECEMBER 2010



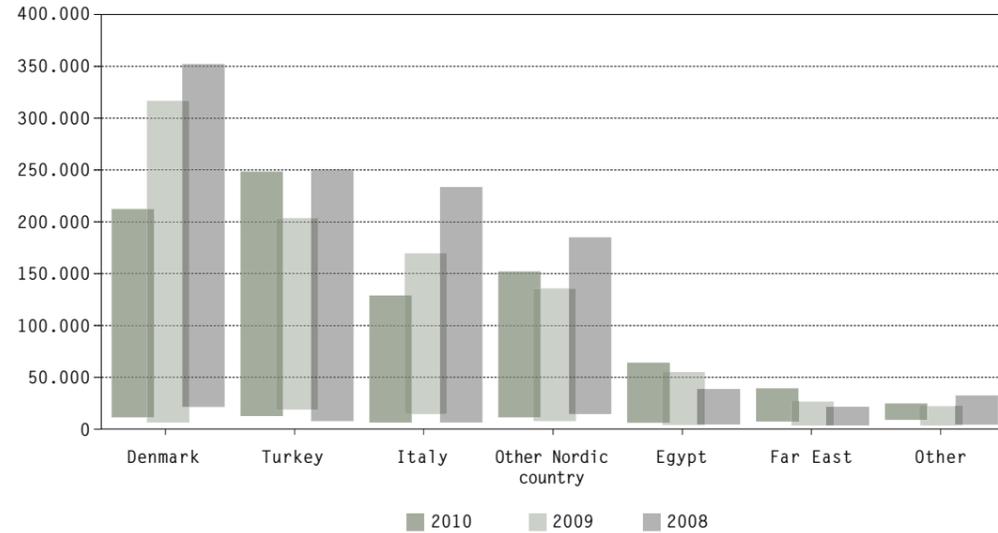
ACTIVITIES IN 2010

Cementir Holding closed FY 2010 with Group net income of eur 9.3 million, compared with eur 29.8 million for FY 2009 (down 68.7%).

The company has recommended an unchanged dividend compared with 2009, corresponding to a total eur 9.5 million payout.

Revenues by geographical production area

[EUR '000]	2010	2009	2008
Denmark	213,651	233,910	356,867
Turkey	245,698	203,961	248,945
Italy	131,479	170,800	233,944
Other Nordic country	148,919	131,950	187,086
Egypt	62,648	51,519	34,913
Far East	38,152	24,986	23,628
Other	24,964	20,017	31,604
Total	865,511	837,143	1,116,987



Despite lower net income in 2010 than in 2009, the Group undertook investments of eur 9.4 million to reduce the environmental impact generated by its production activities (up 54% on the figure of eur 6.1 million for 2009). Investments corresponding to eur 3.1 million (up 61% compared with the same item in 2009) were spent on ensuring workplace safety and worker health.

Over the four-year period 2007/2010, the Group invested a total of EUR 37 million in the environment and in workplace safety

In 2010, the Cementir Group spent around eur 2.5 million on research and development. This was more or less in line with the figure for 2009.

RESEARCH, DEVELOPMENT AND INNOVATION

Cementir Holding strengthens R&D

Cementir Holding has consolidated its R&D activities in a new unit: *R&D, Quality and Technical Sales Support*. The unit comprise the R&D and Quality centres in Aalborg and Spoleto as well as staff in Turkey.

The purpose is to strengthen the R&D capability of Cementir Holding as well as enhance knowledge sharing and technology transfer across the Group by combining its expertise and facilities into one organisation.

Main focus of the research activities of the new organisation will be to develop new climate friendly and value-added products. The whole value chain of construction will be included, from manufacturing



El Hosna plant (Egypt)

of cement, over concrete production to use of concrete in durable and sustainable structures. Special emphasis will be to ensure that the results of our research are implemented to produce fit-for-purpose products in our business units world-wide.

Research enables significant CO₂ reduction in Cementir Holding.

Sustainable economic development in all parts of the world is necessary to ensure a better life for all in the 21st century. Made out of inexpensive, naturally abundant raw materials to build strong and durable structures, cement and concrete are crucial for this development. However, it must be ensured that increasing the cement production will not result in a similar rise in global CO₂ emissions.

This challenge has been recognised by Cementir Holding and is an important driver for our product development.

Cementir Holding participates in the Nanocem research network, comprising 23 academic partners and 14 industrial partners from all over Europe. Access to basic research carried out at the top universities and institutes participating in Nanocem lay the foundation for our product development and enable us to develop our visions in cooperation with some of the foremost experts in cement science.

In 2007-2010, Cementir Holding's Danish enterprise, Aalborg Portland, participated in the FUTURECEM project. The aim of the project was to develop new cement types which could be produced with up to 30% lower CO₂ emission compared to Portland cement (CEM I) with the same strength. Partners were the Interdisciplinary Nanoscience Center (iNANO) at Aarhus and Aalborg Universities and the Geological Survey of Denmark and Greenland. The Danish Advanced Technology Foundation supported the project with a grant of 1.3 million EUR.

The project successfully developed new clinker with enhanced reactivity together with activated materials manufactured from naturally occurring raw materials. Both glass compositions and compositions based on clays were investigated. As culmination, 14,000 tonnes of trial clinker were produced and tested in pilot scale cement production with good results.

As an example of knowledge sharing across the Group, results of the project are being utilised to develop improved cement products in Italy and Turkey.

The results of FUTURECEM will be elaborated further in the project SCM (Supplementary Cementitious Materials) which has received a grant of 2 million EUR from the Danish Advanced Technology Foundation. The purpose of the project is to develop process technology for producing high-quality environmentally friendly cement.

The project is being carried out in cooperation between FLSmidth, the world's leading provider of process plants for the global cement industry, Aalborg Portland who as cement producer will test the new cement types, the Interdisciplinary Nanoscience Center at Aarhus University (iNANO) which has expertise in thermal dynamics and nano-scale studies of cement, and the Department of Energy Technology at Aalborg University which has expertise in model descriptions of process plants.

By performing research initiatives in cooperation with our customers and the main stakeholders in construction, Cementir Holding takes an active role in society's endeavours to find solution for the climate change challenge.

2010 OBJECTIVES

HSE performance objectives	Status	Comment
To reduce specific emissions	😊	NOx emissions for tTCE decreased by 10% since last year
	😊	SO ₂ emissions for tTCE decreased by 29% since last year
	😞	CO ₂ emissions for tTCE increased by 2% since last year
To contain energy consumption	😊	Electric energy for tTCE decreased by 1% since last year
	😊	Thermal energy consumption for tTCE decreased by 0,06%
To increase the use of alternative fuels in manufacturing	😊	Using recycling raw materials is increased by 1% compared to 2009
	😞	Alternative Thermal Energy for tTCE decreased by 19% since last year
To reduce water use and discharge	😊	Water consumption in liters per metric ton of cement produced declined by 9% compared to 2009
To improve accident ratios, especially frequency ratios	😊	Frequency ratio improved (-6%) since last year
	😊	Severity ratio improved by 23% since last year
Maintaining and enhancing environmental certifications ISO 14001 e OHSAS 18001	😊	Maintained ISO 14001 e OHSAS 18001 certifications; increase in 2011

2011 OBJECTIVES

- To reduce specific emissions;
- to contain energy consumption;
- to increase the use of alternative fuels and recycled raw materials by specific projects in Italy, Denmark and Turkey;
- to maintain and increase environmental and safety certifications ISO 14001 and OHSAS 18001, ISO 14001 certification is expected to Ipoh plant and Arquata plant;
- to improve accident ratios.



ENVIRONMENTAL PERFORMANCE

- 29 The cement production cycle and environmental impact
- 42 The ready-mixed concrete production cycle and environmental impact

THE CEMENT PRODUCTION CYCLE AND ENVIRONMENTAL IMPACT

Cement is made from natural raw materials (limestone, chalk and clay) extracted from natural quarries. The raw materials, precisely measured and mixed with other materials, are ground prior to heating. The grinding process yields a raw meal. The raw meal is heated in a special kiln generally fed with fossil fuels to produce clinker, a primary component of cement. Once cooled, the clinker is ground and mixed with gypsum and other additives (e.g. slag, fly ash) that differ based on the type of cement. The activities performed during the various stages have a significant environmental impact, largely concerning the following aspects:

Natural resources

The raw materials used in the production cycle, such as limestone, chalk and clay, are essentially natural and non-renewable quarried materials. Within this context, attention has been given to all the environmental aspects related to containing the impact on the ecosystem, restoring and recovering areas involved and using non-natural raw materials.

Energy resources

Considerable energy is required to manufacture cement due to the high temperatures to which kilns must be heated (1500 °C), the electricity needed to grind the product and the quantity of material used.

Air emissions

These are linked primarily to the gases tied to the combustion process and the decarbonisation of the raw materials such as carbon dioxide, sulfur dioxide, and nitrogen oxides. The burning and grinding process also generates dust emission.

Waste

The cement manufacturing process does not create waste as such. The only waste products are generated by ancillary activities, such as maintenance, storage and office activities.

Noise emissions

Noise emissions are associated with certain manufacturing stages such as grinding.

Water supply and waste water

The production process requires limited quantities of water, essentially connected with controlling the temperature of the gases from the kilns and cooling machinery.

Transport

The methods used to transport raw materials and finished products are another point to consider in assessing the associated environmental impact.

REPORTING DATA

The Cementir Group considers respect for the environment to be a key value in its operations. Thus, complying with environmental protection laws in all the countries in which it operates, it determines its strategic choices with a view to satisfying the principles of sustainable development and promoting awareness of environmental protection among its managers, employees and other associates.

The 2010 Environmental Report is the result of a multi-step process carried out by Cementir Holding through a Steering Committee and a Corporate working group coordinated by the Holding Internal Audit department without the help of external consultants.

The Steering Committee, representing the main components of the Group, identified significant environmental concerns for the sector and for the company, the informational structure to be used and the scope of reporting. The working group collected data from each plant.

Environmental data is reported by sending a reporting package to the plants included within the scope of reporting. These data are consolidated in SAP Business Warehouse.

KEY PERFORMANCE INDICATORS

In order to enable a composite, uniform and comparable assessment of the Group’s environmental performance in terms of emissions and consumption, key performance indicators relating to production have been used.

Production is reported in metric tonnes of Total Cement Equivalent (tTCE) which is a standard unit for production output, obtained by calculating the equivalent cement tonnage if all the clinker have been processed into cement.

This indicator was selected in consideration of the fact that the production of clinker, the primary component of cements, is the one with the greatest environmental impact. The following charts show the consolidated data for 2010, 2009 and 2008.

Additional information on acronyms utilized and indicators calculation method is included in the annex in the final portion of the report.

SCOPE OF REFERENCE

The data used to calculate environmental performance refers to all the cement manufacturing plants in:

- **Italy:** Maddaloni, Arquata, Spoleto, Taranto;
- **Denmark:** Aalborg (7 kilns);
- **Turkey:** Elazig, Izmir, Kars, Edirne;
- **Egypt:** Sinai (Al Arish);
- **Malaysia:** Ipoh;
- **China:** Anqing.

The output of these plants represents about 97% of the total Group cement output for 2010.

NATURAL RESOURCES

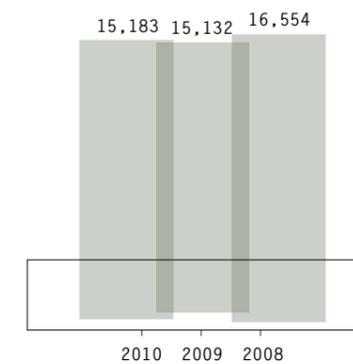
The cement manufacturing process starts with the extraction of raw materials from the quarries. These are mainly natural raw materials such as limestone, chalk, marl and clay which, once extracted, are used in the production process. They are primarily used in two stages. They are initially mixed to create the meal or slurry (first stage) for producing the clinker. Once the clinker is made, the raw materials are added to the clinker in the cement mills (second stage) to produce the different types of cement. In 2010, the Cementir Group’s plants used a total of about 15 million metric tons of raw materials to manufacture cement, following the trend of the last year.

In order to contain or reduce the consumption of non-renewable raw materials, the Cementir Group promotes the use of alternative raw materials (thus called since they are not extracted from quarries but rather derive from other production processes), for example foundry sand and blast furnace slag. In 2010, Cementir Group plants have used approximately 950 thousands metric tons of alternative raw materials replacing more than 6% of the natural raw materials. In particular, alternative raw materials made up more than 25% of the total raw materials used at the Taranto and Arquata plants.

Another strategy implemented by the Cementir Group to reduce the use of non-renewable raw materials is the internal recycling of materials, such as, for example, the dust captured by filters, which are reused in the production process as raw materials. In 2010, the Group’s plants reused more than 1.000.000 metric tons of internally recovered materials through internal recycling.

+0.33%

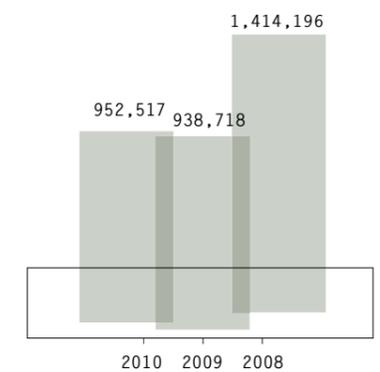
% of non-renewable raw materials consumption (2010vs2009)



Raw materials (ton)

+1.47%

% of alternative raw materials/raw materials (2010)



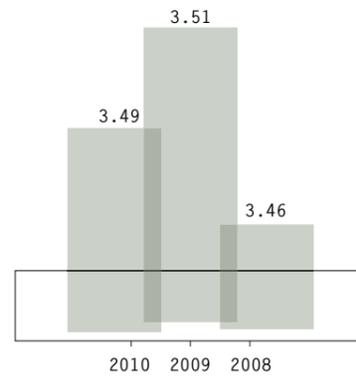
Alternative raw materials

ENERGY RESOURCES

The cement production process consumes considerable energy during the various processing stages. The energy used in the cement manufacturing plants is either electric or thermal. This latter is mainly used to start up and operate the kilns (1500 °C) and to operate the burners or heaters needed to increase efficiency and optimize the manufacturing process (for example, to dry raw materials and fuels). Electric energy is mainly used to operate the mills for grinding the raw materials, the clinker and fuels.). In 2010, the Cementir Group's facilities used 34,000 TJ of thermal energy and 4,257 TJ of electric energy with a consumption factor of 3,49 GJ/tTCE and 0.44 GJ/tTCE. Thermal energy consumption decrease by 0.74% respect last year while electric energy consumption is in line with 2009. The thermal energy needed to manufacture cement is traditionally produced by using fossil sources (combustible oil, pet coke, coal, natural gas). The Cementir Group, in compliance with the permits issued by local authorities and the applicable legislation of the countries in which it operates, promotes the use of alternative fuels in place of traditional fossil fuels. In 2010, alternative fuels used by Cementir Group plants to generate thermal energy included: tires, animal meat and bone meal and fats, used oil, contaminated textile waste and RDF. In 2010 the group used alternative fuels to produce 5.28% of total thermal energy.

-0.74%

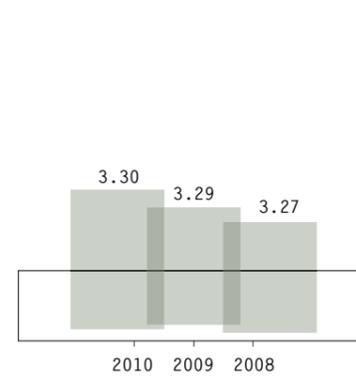
Specific thermal energy consumption (2010vs2009)



Thermal energy (Gj/tTCE)

+0.48%

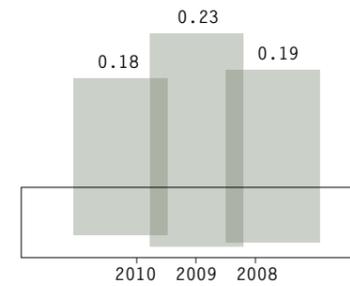
Specific thermal energy consumption from fossil fuels (2010vs2009)



Conventional thermal energy (Gj/tTCE)

-18.56%

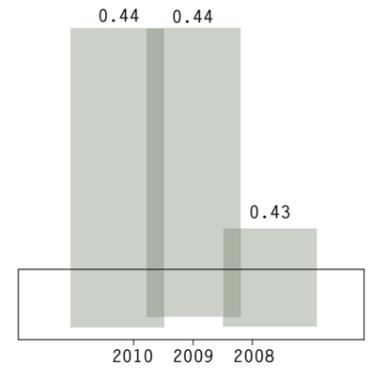
Specific thermal energy consumption from alternative fuel (2009vs2008)



Alternative thermal energy (Gj/tTCE)

-0.06%

Specific electric energy consumption (2010vs2009)



Electric energy (Gj/tTCE)

In particular, the use of such fuels was appreciable in the Aalborg plant in Denmark (approximately 27.5% for the production of gray and about 7% for the production of white), and Edirne plant in Turkey (10%).

This effort helps to compensate environmentally for a rather high energy consumption due to wet and semi-dry process based on wet raw materials (chalk) in Aalborg plant.

In Aalborg the heat recovery plant gains heat from the exhaust gases to be delivered to Aalborg town. In 2010 0,81 GJ heat per tTCE was recovered corresponding to 30,000 households.



Kiln at Maddaloni plant (Italy)

GROUP ENVIRONMETANL PROJECT

Taranto RDF Project

The Project to use RDF in the Taranto cement plant kiln is part of a wider strategic plan at the company regarding the use of alternative energy sources. The project goals are:

- notwithstanding current industry difficulties, to implement an investment plan based on the environmental sustainability pathway defined in the Group Environmental Policy and Europe-wide BATs (Best Available Techniques);
- to strengthen local integration by playing a part in implementing the Puglia Region Waste Management Plan;
- to reduce clinker production energy costs;
- to help reduce pollution.

Thermal energy and electricity consumption costs for producing clinker and cement have risen to a very high percentage of the cost of producing the company's finished products. When it comes to natural energy sources, high consumption levels are becoming less and less sustainable in environmental terms. Similarly, there is a pressing need to reduce CO₂ emissions.

Co-incineration replaces fossil fuels with material suitable for incineration (or for use as landfill), thereby avoiding additional emissions and combustion processes.

The "Taranto RDF Project" received clearance from the Puglia regional government in July 2010. Once the project is operational, the clinker kilns at the Taranto plant will burn pet-coke and RDF. A maximum of 106 tonnes per day of RDF will be burned, corresponding to 35,000 tonnes per year. This is equivalent to a 27% caloric substitution of traditional fuel, representing a savings of around 16,000 tonnes of traditional fuel.

RDF will be delivered on special "walking floor" semi-trailers that unload automatically into input chutes, avoiding the need for storage or stocking. The material is transported on a closed system to a dispenser that regulates the solid fuel. The final part of the transport system from the dispenser to individual burners is pneumatic and air-tight. The Low NO_x burners were installed in 2009 as part of a project to improve the site's environmental performance in line with BATs.

Waste Management Activities - Turkey

In a growing world with higher consumptions, the problem of climate change is more and more on the agenda of the international community.

The need to slow down and eventually reduce the emissions of greenhouse gases is giving impulse to a new sector of economy. In this regard, renewable energy, waste management, technologies and initiatives, are essential for sustainable environment and key solutions to reduce greenhouse gases emissions as well.

In 2009, within this notion, we created Recydia for bringing the waste in value recovery. Recydia targets primarily recycling the waste and producing energy via biological and advanced thermal technologies (ATT) and minimizing landfill. In this regard, we generate applicable and proven integrated solutions for the waste and we utilize the most advanced techniques and technologies in waste management such as sorting, recycling, Bio drying, Anaerobic Digestion (A/D) and Pure Advanced Pyrolysis. Our priority is to recover and recycle the waste or transform it into energy. Landfill is the last option that has to be preferred for a safe and controlled waste disposal.

Sureko, the subsidiary of Recydia, has integrated Management Systems Certifications which are ISO 9001 Quality, ISO 14001 Environmental and OHSAS 18001 Occupational Health and Safety, from 31st of December 2010 on by BSI. With these certifications Sureko processes the waste within the following facilities in its Kula & Ankara plants:

- Refuse Derived Fuel (RDF) Facility;
- Industrial Waste Chemical Facility;
- Energy Production from Waste;
- Metal Recycling;
- Package Waste Collection and Sorting;
- Industrial Waste Landfill;
- Industrial Waste Temporary Storage;
- Waste Management Consultancy;
- Waste Logistics;
- Quality Control and Laboratory Services.

In 2010, Sureko collected 105.462 tons of waste from 747 customers in Turkey. 90 % of whole waste is Sludge which is disposed; and 10 % is Hazardous Industrial Waste out of which alternative fuel is produced. Also, Sureko recycled 4.600 tons of packaging waste.

Finally, Sureko contributes to our cement business by providing cost savings from alternative fuels, which also helps to preserve the environment with less CO₂ emissions and to prevent pollution and contamination. We will keep contributing to environmental protection via the best combination of waste recycling and energy recovery and best available techniques for the disposal of residual fraction by focusing on to develop next generation technology & systems and recognizing the importance of innovating processes and solutions and focusing on reliability, innovation, sustainability and social and environmental responsibility in line with our slogan: 'Responsible Waste Management'.



Kula plant (Turkey)

ATMOSPHERIC EMISSIONS

The cement manufacturing process generates atmospheric emissions, mainly carbon dioxide, dust and nitrogen and sulfur oxides.

The kiln gases are channeled and filtered using special filters prior to being released into the atmosphere.

Carbon dioxide emissions (CO₂) in the cement manufacturing process are generated during the heating and of raw materials and the burning of fossil fuels.

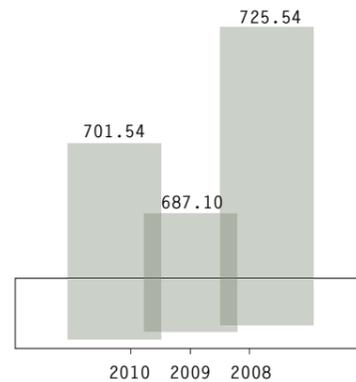
Carbon dioxide emissions by Cementir Group plants in 2010 totalize 6.8 million metric tons, leading to an emission per metric tonn of cement ratio of 701.54 (kg/t TCE). The 2% increase over the previous year is partially due to increased production of white cement, particularly in plants outside Europe; white cement manufacture generates proportionally higher CO₂ emissions than grey cement.

Emissions of nitrogen oxides (NO_x) are linked to combustion, in particular the types of fuel used. In 2010, the NO_x emissions of Cementir Group facilities came to 14,580 metric tonnes, equal to an emission per metric tonn of cement rate (kg/t TCE) of 1.5;

a 9.8% decrease from 2009 (1.66 kg/t TCE), mainly due to the coming into operation of the DeNO_x system in Spoleto Plant. Emissions of sulfur dioxides (SO₂) are linked to the presence of sulfur in the fuels and raw materials used. In 2010, the SO₂ emissions of the Cementir Group facilities amounted to 902 tonnes, equal to an emission per metric tonne of cement rate (g/t TCE) of 171, a further reduction than 2009 (-29.42%) already in decline by 14.5% from 2008. In 2010, dust emissions by Cementir Group facilities came to 817 metric tones, equal to an emission per metric tonn of cement rate (g/t TCE) of 84.

+2.10%

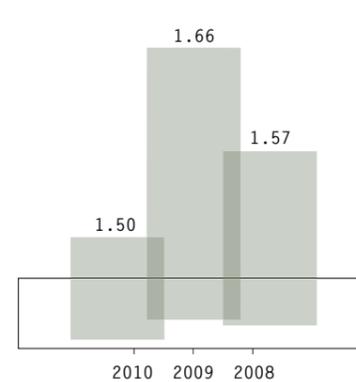
Specific CO₂ emissions (2010 vs 2009)



Carbon dioxide CO₂ (kg/t TCE)

-9.80%

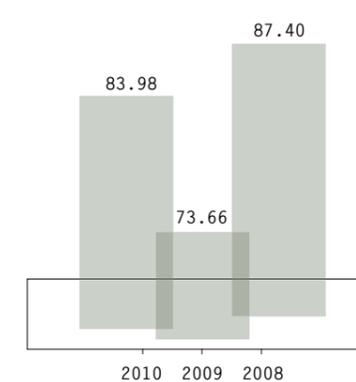
Specific NO_x emissions (2010vs2009)



Nitroge noxides NO_x (kg/t TCE)

+14.01%

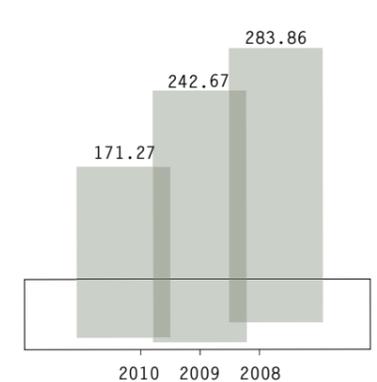
Specific dusts emissions (2010vs2009)



Dust (gr/t TCE)

-29.42%

Specific SO₂ emissions (2010vs2009)

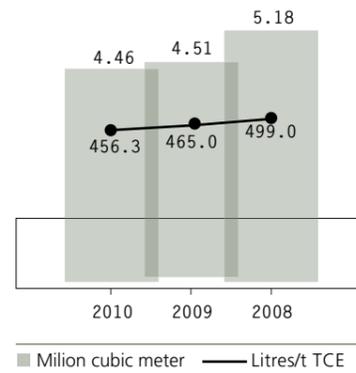


Sulfur dioxides (gr/t TCE)

WATER SUPPLY AND WASTE WATER

-1.87%

Specific water consumption decrease (2010vs2009)



The impact of the cement manufacturing process on water supplies is largely tied to consumption since the production of waste water is not significant either in terms of quantity or concentration of pollutants.

In the dry cement production process, water is used primarily to cool the circuits and to control the temperature of kiln gases. In the wet and semi-dry process, water content is greater and water is vaporized during production. In 2010, the Cementir Group facilities used a total of 4.46 million cubic meters of water against 4.51 million cubic meters of water in 2009. The Group's commitment to use water supplies more efficiently by implementing industrial water and rainwater recovery plants resulted in a water consumption decrease. with an average water consumption per metric ton of cement produced also decrease by 8.6% declining from 499 (l/t TCE) in 2008 to 456 (l/t TCE) in 2010. The internal recycling of process water, stood in 2010 to 4,342 thousand cubic meters, broadly in line with 2009, 4,379 thousand cubic meters.

TRANSPORT

Production at a cement manufacturing plant involves many transport activities: within the plant to move materials (using conveyer belts, dumpers, etc); outside the facility, for incoming materials and fuels and outgoing products.

Due to the distances covered and the related environmental impact (emissions and traffic created), outgoing transport is particularly important. It can be conducted using a variety of means of transport such as: trucks, trains, ships and conveyer belts. The choice of transport method used is primarily affected by the location of the facility and the infrastructure available in the surrounding area.

In 2009, the inbound transport of materials and the outbound transport of products was mainly conducted using trucks; for the Aalborg, Taranto, Izmir Ipoh and Anqing facilities also ships have been used, thanks to the existence of the required infrastructure.

With regard to incoming materials:

- 78.6% arrived via trucks;
- 3.6% arrived via ship;
- 17.8% arrived via the conveyer belt that connects the quarry with the plant (this movement of material is treated as external transport).

Products exiting Cementir Group facilities have been transported in 2010 by trucks (75.3%) and ships (24.7%). In 2009 data were respectively 72% and 26.9%. The following table shows percentage of outgoing products transported by ship for the years 2010, 2009 and 2008.

Plant	Country	% of outgoing products shipped by sea		
		2010	2009	2008
Aalborg	Denmark	68.3	66.6	72.9
Taranto	Italy	32.5	32.0	27.8
Izmir	Turkey	45.0	48.0	38.0
Ipoh	Malaysia	82.1	82.3	80.3
Anqing	China	47.8	50.3	66.5



WASTE

The cement manufacturing process does not produce waste, although ancillary activities, such as maintenance, storage and office activities.

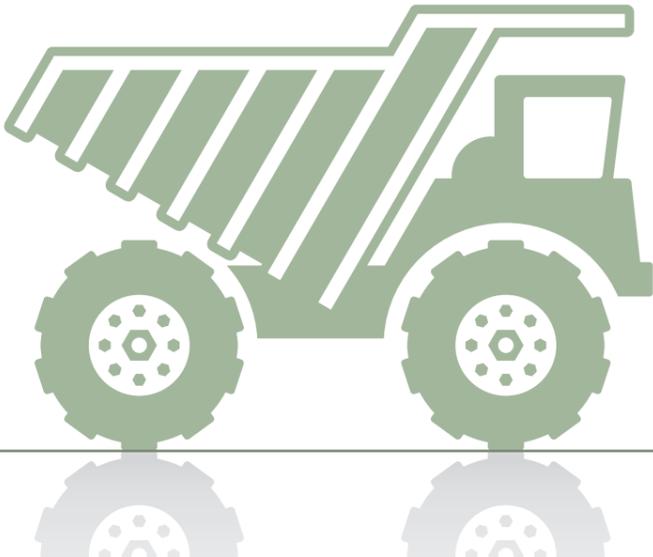
Waste produced at Cementir Group facilities is managed in accordance with the applicable laws in the countries in which the Group operates. Emphasis is placed on reusing and recovering materials.

The total waste produced by the Cementir Group's plants in 2010 came to 43,526 metric tons, decreased by 6% since 2009. 19% of the total is used for recovery.

NOISE EMISSIONS

The cement manufacturing process generates noise emissions during various stages, especially in moving and grinding the raw materials and fuels.

Despite the fact that the plants are located in industrial areas, thus limiting possible disturbances to the public, the Cementir Group regularly samples the noise generated by the manufacturing process in order to ensure compliance with applicable laws and to abate noise levels. The containment of noise emissions seeks to reduce the impact on surrounding buildings and to provide a better working environment for Group employees.



THE READY-MIXED CONCRETE PRODUCTION CYCLE AND ENVIRONMENTAL IMPACT

Ready-mix concrete is produced from a blend of aggregates, cement and water, with the aggregates acting as the support structure, while the cement reacts chemically with the water in order to bind the other ingredients. At times, in order to obtain particular levels of performance, such as greater fluidity or more rapid drying, various types of additives are dissolved in the water along with the base ingredients of the concrete.

Ready-mix concrete is packaged and produced in concrete-mixing plants, in which the mix is dosed out directly in batching plants. The mixing phase can take place directly in a pre-mixer or during transport in a cement-mixer truck, which allows to keep the product properly mixed, so that it maintains the fluidity it needs to be used in construction.

Once the concrete arrives on the work site, it is thereby ready to be used. Before being cast, the concrete often undergoes a special process known as "pumping". This involves sending the concrete through pipes, which make it easier for the product to reach higher locations, such as upper floors, tunnel structures, and so on.

The activities performed during the various stages have a significant environmental impact, as outlined below.

Natural resources

The raw materials used in the production cycle, such as sand and gravel of various sizes, are derived from quarried materials. Within this context, attention is placed on all the environmental aspects related to containing the impact on the ecosystem, restoring and recovering areas involved, and using raw materials.

Atmospheric emissions

Atmospheric emissions primarily include emissions connected with the transport of aggregates, the unloading of cement, and the loading of cement mixers. All emission sources are equipped with special filters that significantly reduce the dust emitted, and these filters are subject to periodic maintenance. Emissions are constantly monitored and analyzed in the lab.

Water supply

The water used in the production of ready-mix concrete serves to bind the aggregates, cement and additives.

Noise emissions

Noise emissions are limited and associated solely with the loading of cement mixers and the transport of aggregates.

PERFORMANCE INDICATORS

The following figures show the consolidated numbers on concrete production and raw materials and water used in 2010, 2009 and 2008.

SCOPE OF REFERENCE

The data used to calculate environmental performance for the concrete segment refers to the manufacturing plants in Italy, Denmark, Norway and Turkey. The output of these plants represents 94% of the total Group concrete output for 2010.

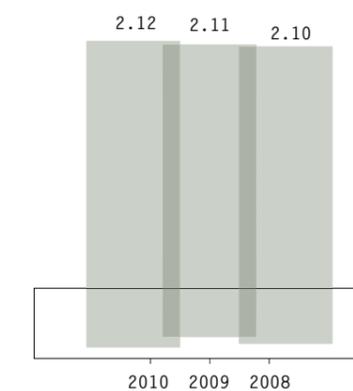
RAW MATERIAL

In 2010, the Cementir Group's plants used a total of about 6 million metric tons of raw materials to manufacture ready mix.

Raw Material and other material	2010	2009	2008
Sand	1,598,806	1,652,065	2,165,638
Stone	880,195	839,775	1,067,898
Other raw material	3,839,415	3,592,563	4,746,940
Additives	2,141	1,642	4,452
Cement	10,226	11,752	13,644
Total	6,330,783	6,097,797	7,998,572

The 3% increase in raw material consumption is basically due to the higher RMC production of the period. Indeed specific raw material consumption for m3 of RMC manufactured is broadly in line with previous year.

Non renewable raw material consumption



Non renewable raw materials tonnes per cubic meter of concrete

In order to contain or reduce the consumption of non-renewable raw materials, the Cementir Group promotes the use of alternative raw materials (thus called since they are not extracted from quarries but

rather derive from other production processes), for example fly ash, microsilica and other recycling materials. In 2010, Cementir Group plants, with the aim to replace natural raw materials with alternative raw materials, increase by 63% the employment of Microsilica and other recycling materials.

Alternative raw materials (tonnes)	2010	2009	2008
Fly ash	82,338	90,188	137,891
Microsilica	5,884	2,685	5,541
Other recycling materials	5,000	4,000	5,000
Total	93,222	96,873	148,432

TRANSPORT

Production at a ready-mixed concrete manufacturing plant involves inbound transport of raw material and fuels and finished good (ready-mixed concrete) outbound transport.

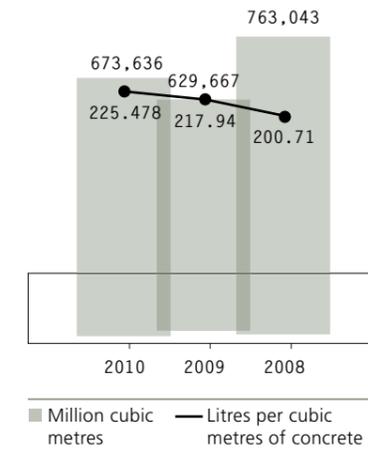
In 2010, the inbound transport of materials and the outbound transport of products was mainly conducted using trucks; for the Unicon facilities in Norway also ships have been used, for approximately 60% of the total inbound transport of materials, a clear improvement against 2009 (20%).



WATER SUPPLY

In 2010, the Cementir Group ready-mixed concrete facilities used a total of 0.67 million cubic meters of water, slightly increasing than 2009 (0.63). The average water consumption per cubic meter of ready mixed concrete produced has increased by 3.5% from 2009. This is due to the fact that water employed for vehicles washing routines is not directly related to the quantities produced.

Water consumption



Through the recycling and settling loops it was possible to minimize, to the extent permitted, the employment of water in the production process ensuring the reuse of process water and zero discharge. In particular, the use of recycling water was appreciable at the Unicon plants, scoring in 2010 about 43.200 cubic metres with an increase by 22% against the same period of 2009 (35.500 cubic metres).



PEOPLE ENVIRONMENT AND COMMUNITIES

- 47 Health and safety
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HEALTH AND SAFETY

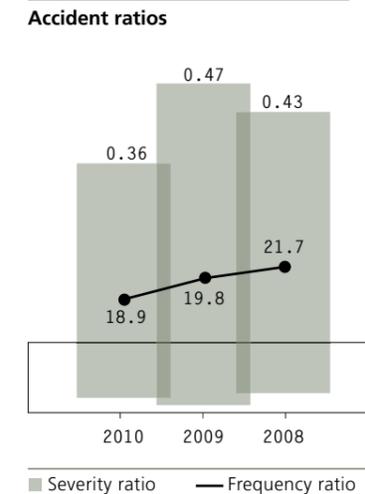
Respect for the health and safety of employees represents one of the primary objectives of the company. The Group uses the following tools to improve its performance:

- Ongoing training on specific health and safety issues and on the proper use of machinery (see the section "Training");
- Investment in and expenditure on safety devices (individual and facility-wide) and machinery to maintain a high level of technology (see the section "HSE investment");
- Adoption of worker health and safety management systems (see the section "Certifications").

The frequency ratio, for Cementir Group plants (cement production and RMC production), decreased from 19.8 in 2009 to 18.9 in 2010; similarly the severity ratio decreased from 0.47 to 0.36 in the same period.

These changes mean that there was a decrease in the total number of workplace accidents and in the average length of them. Cementir Italy in 2009 has undertaken a project, which continued in 2010, call "Toward zero injury" in order to achieve a reduction in the seriousness of work-related injuries (see following chapter on Group projects). Even as a result of this initiative, in 2010 for the Italian plants it detects a decrease of frequency ratio (-26%) and of severity ratio (-60%).

No fatal accident has occurred in 2010 in the Group's plants.

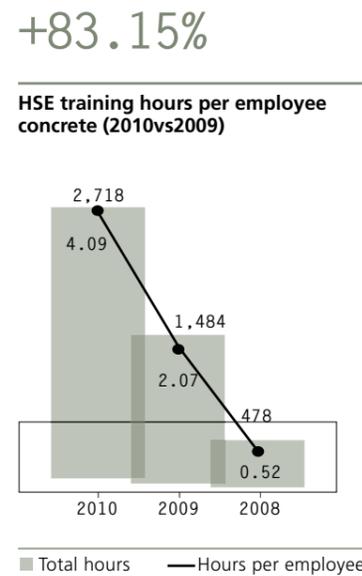
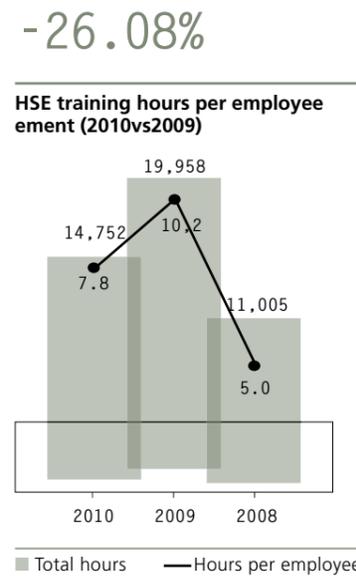


TRAINING

One of the keys to the Cementir Group’s continual improvement of its HSE performance is training on environmental, health and safety issues.

Training programmes are targeted at all Group employees and are adjusted to address specific needs based on the duties of each employee in different HSE areas.

In 2010, 14,752 hours of HSE training were provided at Group cement plants, corresponding to an average 7.8 hours per employee. This figure is down on 2009, but remains an improvement on 2008. It should be noted that in 2009 the Group significantly raised its commitment to training, with an 81% rise compared with 2008, and a 118% rise compared with 2007.



The number of HSE training hours conducted by the Cementir Group in the concrete sector also shows the Group effort to improve HSE performance; in 2010 training hours supplied in the ready-mixed concrete manufacturing plants came to 2,718, for an average of 4 hours per employee, both figures are higher than those for 2009 and 2008.

CERTIFICATIONS

The Cementir Group is active in adopting environmental management systems certified as compliant with ISO 14001 and worker health and safety management systems certified as compliant with OHSAS 18001 at its facilities in order to continually improve environmental performance and to achieve high levels of workplace safety and protection.

The following table details cement plants certified according to the two above mentioned standards and to the standard EMAS and ISO 9001. In 2010, the Ipoh plant in Malaysia started the process for obtaining ISO 14001 Certification in 2011.

Cement plants certified, in 2010

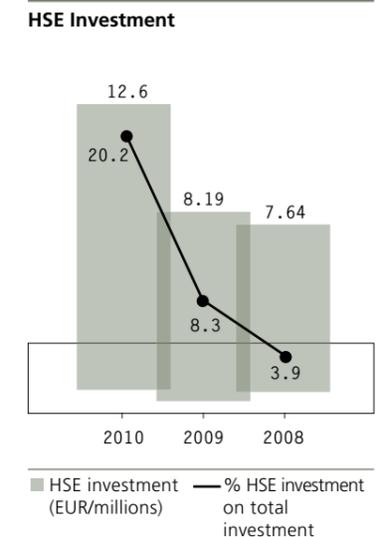
	ISO 14001	OHSAS 18001	EMAS	ISO 9001
Aalborg	X	X	X	X
Anqing				X
Edirne				X
Elazig		X		X
Izmir	X	X		X
Kars	X	X		X
Maddaloni	X			
Spoletto	X			
Taranto	X			X

HSE INVESTMENTS

The Cementir Group’s commitment to Health, Safety and the Environment (HSE) is shown by its financial and managerial efforts to:

- reduce the environmental impact of its manufacturing activities;
- ensure workplace safety;
- guarantee workers health.

HSE investment by the Cementir Group in 2010 amounted to EUR 12.6 million increasing from 2008 by 55%; HSE investment for the 2008-2010 period reached EUR 28.3 million. Safety investment in 2010 amounted to EUR 3.1 million increasing by 57% against 2009.



The environmental investments in 2010 amounted to EUR 9.5 million increasing by 53% from 2009 investment (EUR 6.2 million). Percentage of HSE investment on total investment has increased from 2009 to 2010, reaching 20.1% from 8.2%.

GROUP PROJECTS REGARDING HEALTH AND SAFETY

Cementir Italia’s “Verso Zero Infortuni” project

In 2009, Cementir Italia began rolling out its “Verso Zero Infortuni” (towards zero accidents) project, focused on employees, workplace safety organization and technical issues. Prepared with the support of external consultants who have successfully implemented similar projects at leading Italian companies, the first phase of the project was to survey safety at the company’s four Italian plants. The survey identified strengths and areas for improvement in order to establish a reliable Security Management System.

After the survey was completed, the project was shown at the four Italian plants. In 2010, Plant Committees were established to analyse accident trends among company personnel and external companies, assess proposals for improvements, identify appropriate responses, and analyse the safety audits. An initial meeting of these committees in July worked on identifying critical issues (defined as resolvable directly by the Department concerned, through an amendment of conduct), and prepared an action plan with a six-month time horizon. At its second meeting, the committee analysed accident trends among company personnel and external companies and introduced an accident analysis procedure, together with the concept of “Safety Tutors”, who have a positive impact on work processes and safety by working alongside new hires and demonstrating, among other things, safety-centric conduct (risk assessment, taking countermeasures, appropriate reporting, use of PPEs at all times, and reporting accident near misses). Deployed communications tools include a Security Policy document published for use on posters in departments and offices, along with a “Days without Accidents” counter. The end-goal is clearly to show all stakeholders the company’s commitment to ensure safety in the workplace, and the related results.



Stabilimento di Maddaloni (Italia)

LOCAL COMMUNITIES AND INSTITUTIONS

The Group’s geographical structure, spanning 15 countries with a workforce of over 3,200, makes Cementir a “multi-local” group. This structure is also reflected in the development of relations with local communities and institutions. In fact, in their daily operations, the individual companies have engaged in specific communication and dialogue activities with communities and public institutions. Despite these activities are conducted at the local level, they nevertheless aim at pursuing the basic principles of complying with the law and respecting sustainable development.

In 2010, the Group was involved in a variety of local level projects. The following table illustrates the primary areas of action, with a number of examples.

Investment and spending on local infrastructure to mitigate the environmental impact of its activities

- **Rørdal plant, Aalborg Portland**
Energy savings - Reduction of watercontent in slurry for grey cement - Energy savings - Recover Heat at coal mill No 7 - Upgrade of gas emission equipment for the kilns.
- **Arquata plant, Cementir Italy**
External soundproofing - Installation of emergency lighting in various departments - Upgrade of equipment for Fire Prevention Certificate (FPC) renewal purposes.
- **Maddaloni Plant, Cementir Italy**
Sundry safety improvements - Quarry fencing and signage - Enhanced mechanical body protection - Renovation of dispatch department - Construction of an emergency stairway - Upgrade to lighting and fire prevention equipment in packaging department - Roadway resurfacing - Enhancements to the workplace - Quarry environmental restoration - Completion of cooling liquid equipment - Vegetation-based treatments and firebreaks - Sewer outflow and common outlets - Soundproofing of limestone conveyors.
- **Elazig Plant, Cimentas**
Signing of a contract for the supply of electricity, fully certified as coming from wind power.

ENVIRONMENTAL AND SOCIAL PLAN

Launching of ISO 14001 in Conjunction with World Environmental Day in Ipoh plant (Malaysia)

APM has embarked on obtaining certification of Environmental Management System and towards this objective a soft launching of ISO 14001 was held in conjunction with the World Environmental Day which falls on 5th June.

Among the activities held on this day were:

- Caring of “your tree” program planted in 2009;
- Recycling collection for charity purpose;
- Slide and video show on environmental awareness;
- “Say No To Plastic Bags” Campaign.

Emergency Chemical Spillage Drill (19th October 2010). As part of ISO 14001 activities, Aalborg Portland Malaysia had conducted Emergency Chemical Spillage Drill simulating oil spillage using water and spillage containment by sawdust from flowing into drain. 26 employees from Emergency Response Team & Chemical Management Committee were involved in this chemical spillage drill.

CIMENTAS

In the second half of 2010, 60th Anniversary of Çimentas were celebrated in four different locations (Izmir, Edirne, Elazı , Kars) with different activities. Below listed activities were organized for the event: 10.000 trees in an area close to Izmir Plant were founded, to commemorate Çimentas 60th Anniversary creating a Memorial Forest. There was a ceremony in Izmir Laka Region forest district, and certificates saying that five trees were planted per each employee were distributed to our personnel.

“Open Door” activities that our personnel could join with their families were organized in four different locations. There were dinners, games for both children and adults, and other activities. Painting and photography contest (Scope of the contest was environment) was organized for personnel’s children.

Participation in associations

- T.Ç.M.B.(The Turkish Cement Association environment committee)
- Cembureau (The European Cement Association)
- AITEC (The Italian Cement Association)
- ATECAP (The Italian Ready-mix concrete Association)

Communication with stakeholders

- Plant visits (customers, public authorities, universities, schools)
- Publication of local environmental reports
- Aalborg Enviromental Report 2010



GLOSSARY

Cement equivalent (TCE - Total Cement Equivalent): tTCE = tonnes Total Cement Equivalent. A standard unit for production output, obtained by calculating the equivalent cement tonnage if all the clinker have been processed into cement.

CO₂: Carbon dioxide.

Direct energy: Internally produced energy.

Indirect energy: Energy acquired from external sources.

g/t TCE: Grams per metric ton of cement equivalent.

Joule: A unit of measurement of energy (one joule is the work required to exert a force of one newton for one meter). A gigajoule (GJ) is equal to $1 \cdot 10^9$ joules, while a terajoule (TJ) is equal to $1 \cdot 10^{12}$ joules.

Frequency rate*: The rate used to indicate the frequency of accidents. The numerator is the number of accidents during the year and the denominator is the number of hours worked during that year. In order to make the result more understandable, the ratio is multiplied by one million. The index yields the number of accidents per one million hours worked.

Severity rate*: The rate used to calculate the damage caused by accidents (i.e. the severity of the consequences of workplace accidents). The numerator is the number of work days lost due to accidents and the denominator is the number of hours worked during that year. In order to make the result more understandable, the ratio is multiplied by one thousand.

Accident*: A chance event that occurs during work that causes permanent and/or temporary physical or mental harm or that causes the death of the worker.

PPE: (personal protective equipment): all equipment designed to be worn and held by the worker to protect him against one or more hazards likely to endanger the safety and health at work, and any addition or accessory designed for that purpose.

FPC: (fire prevention certificate): certifying compliance with the regulatory requirements fire prevention and compliance with the requirements of fire safety

RDF: (refuse derived fuel): is a solid fuel obtained from treatment of dry shredded municipal solid waste collected generally cylindrical blocks.

ISO 14001: is a voluntary international standard that establishes requirements that must have an effective environmental management system. The ISO 14001 is a certifiable standard, which can be obtained from a certification body accredited to work within certain rules, certificates of compliance with the requirements contained therein. Certified according to ISO 14001 is not required, but it is the voluntary choice of the company / organization decides to establish / implement / maintain / improve their own environmental management system. Adopt the ISO 14001 standard allows an organization to identify and monitor the environmental impact of its activities to continuously improve their environmental performance, implementing a systematic approach that provides the establishment and achievement of specific environmental objectives.

OHSAS 18001: is the international standard that establishes requirements for developing a management system, protect the safety and health of workers (the abbreviation means OHSAS Occupational Health and Safety Assessment Series). The OHSAS certification verifies the voluntary implementation, within an organization, of a system that ensures adequate oversight concerning the safety and health of workers, in addition to compliance with mandatory standards.

EMAS: (Eco-Management and Audit Scheme): is the EU voluntary instrument which acknowledges organizations that improve their environmental performance on a continuous basis run an environmental management system and report on their environmental performance through the publication of an independently verified environmental statement.

ISO 9001: Voluntary international standard published in 1987 by the International Organization for Standardization, concerning the requirements for Quality Management System organizations in all sectors and sizes.

l/t: Litres per metric ton.

m³: Cubic meter.

NO: Nitric oxide.

NO₂: Nitrogen dioxide.

NO_x: Nitrogen oxides (NO and NO₂).

SO₂: Sulphur dioxide.

* In calculating the accident rate contained in the 2010 Environmental Report:
- only injuries lasting more than one day are considered (excluding that on which accident occurred);
- excluding accidents en route.



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