

# SUSTAINABILITY REPORT 2016



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Sustainability is one of four strategic pillars for Lafarge Malaysia Berhad. Our sustainability programmes and performance are fundamental to our business

## ON THE COVER:

Lafarge Malaysia contributes to enhance the quality of life of our communities and employees while continuing to place Health & Safety at the center of everything that we do. The cover depicts participants of our Jom Bola programme, a first-of-its-kind football camp that educates students from our adopted schools on risk assessment to avoid harm on and off the field.



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## OVERVIEW

WE FIRMLY BELIEVE THAT AN APPROACH BASED ON SUSTAINABILITY IS NOT A LUXURY, BUT RATHER A KEY DRIVER TO FUTURE BUSINESS GROWTH

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02 COMPANY PROFILE

03 MESSAGE FROM THE  
PRESIDENT AND CEO

### COMPANY PROFILE

Lafarge Malaysia Berhad is a major player in the Malaysian construction industry. Our solutions provide cities and townships with more housing, making them more compact, more durable, more beautiful and better connected. Headquartered in the Klang Valley, Lafarge Malaysia has facilities that include three integrated cement plants in Langkawi, Kanthan (near Ipoh) and Rawang, two grinding stations in Pasir Gudang, two Drymix plants, around 40 ready-mixed concrete batching plants and four aggregates quarries throughout Peninsular Malaysia. These facilities are supported by a wide network of depots, terminals and distribution facilities, connected by road, rail and sea.



**Revenue (FY2016)**  
(RM'000)

**2,552,205**

**Profit for the year (FY2016)**  
(RM'000)

**77,729**

**Number of employees**  
(as of 31 December 2016)

**1,913**

## MESSAGE FROM THE PRESIDENT AND CEO



**THIERRY LEGRAND**  
PRESIDENT & CHIEF EXECUTIVE OFFICER

This Sustainability Report details Lafarge Malaysia's efforts in advancing sustainable development from 2015 to 2017. Sustainability is one of LafargeHolcim Group's core values, and one of Lafarge Malaysia's four key strategic pillars.

The year was especially noteworthy with the launch of our 2030 Plan (see page 08). This plan's objective is to contribute to a more sustainable construction sector. It addresses four main fields of action: climate, circular economy, water and nature, people and communities. In this report, you will see the progress we have made towards our 2020 interim targets (see page 09), en route to LafargeHolcim 2030 Plan's key goal: to generate one third of net sales from enhanced sustainability solutions.

Health and safety is our core value, thus, our unwavering commitment to safety continued in 2016 with road safety as a key priority. I am proud to inform that we are one of the first six companies in Malaysia to receive the ISO 39001 certification for road traffic safety management (see page 13).

We firmly believe that acting with integrity is the only way to ensure sustainable organizational success. At Lafarge Malaysia, we want employees to feel comfortable speaking up. Therefore, in 2016, we launched our Integrity Line (see page 19), which consists of a toll free telephone line and a website, both accessible 24 hours a day.

Developing a sustainable business model also requires us to positively impact the socioeconomic landscape. With that in mind, we conducted a formal measurement of our

socioeconomic footprint in 2016 around two of our cement plants – Rawang, Selangor, and Langkawi, Kedah. The goal of the study was to ascertain our impact in the communities surrounding these plants. The findings (see page 21) will be used as a basis for subsequent local action plans, ensuring that communities have a voice in our operations.

In Kanthan, Perak, in 2016, we provided a research grant to scientists from University Malaysia Sabah and Rimba, a conservation research organization, to survey the limestone hill environment in Perak. The research, conducted over the course of the year, recorded a total of 122 species of land snails, with around 30 potentially new to science. Moving forward, Lafarge Malaysia will incorporate this information to better protect the snail habitats in the limestone hills surrounding Kanthan.

Over the years, Lafarge Malaysia has built its success through employees' passion. We make it our mission to continuously develop our people to meet the challenges of today's working environment. In this regard, we have various development programmes (see page 24).

We firmly believe that an approach based on sustainability is not a luxury, but rather a key driver to future business growth. We have strong foundations and a roadmap to move forward. Although much work is still required, I am fully confident that our team – through its dedication and professionalism – will rise to the occasion.





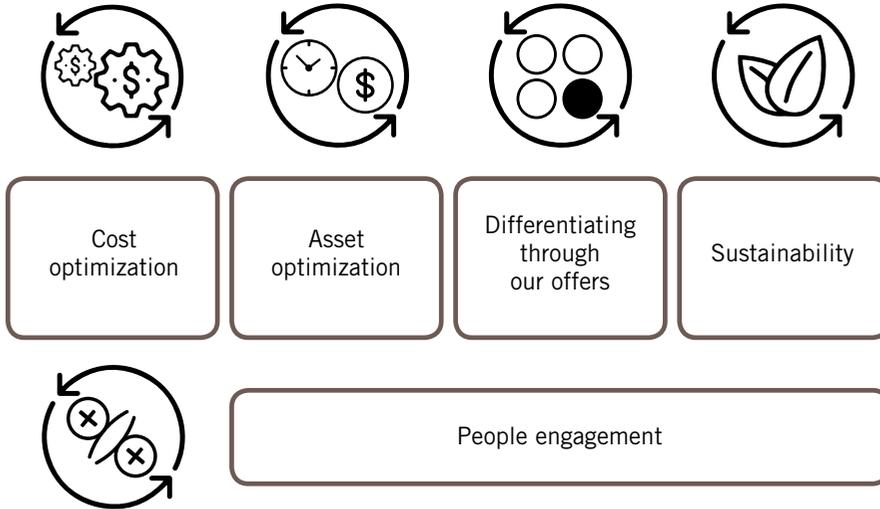
## TARGETS & APPROACH

AS ONE OF FOUR STRATEGIC PILLARS, SUSTAINABILITY ACTIVELY SUPPORTS OUR BUSINESS STRATEGY. IT IS A KEY DRIVER FOR DIFFERENTIATION, REVENUE GENERATION AND VALUE CREATION

- 
- 06 OUR APPROACH
  - 06 OUR C.R.I.S.P. VALUES
  - 08 THE LAFARGEHOLCIM 2030 PLAN
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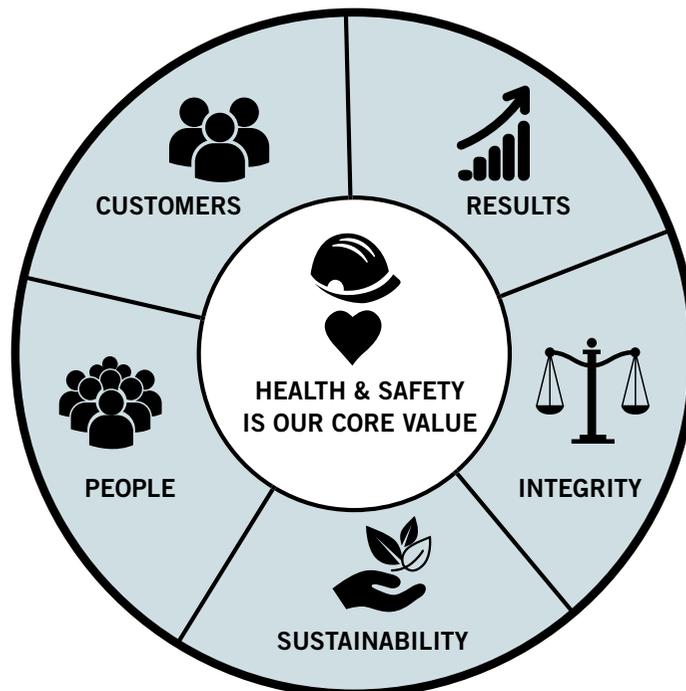
### OUR APPROACH

Sustainability is one of four strategic pillars for Lafarge Malaysia Berhad. Our sustainability programmes and performance are fundamental to our business success.



### OUR C.R.I.S.P. VALUES

Our values are the foundations for our company culture and provide a framework for the way we expect our employees to behave. Our core value is our absolute commitment to health and safety. We are committed to ensuring both employees and contractors can work safely on our sites and in the community.





## HEALTH & SAFETY

Health & Safety is our core value. We want to do more than prevent accidents; we want to create a healthy and safe environment for our employees, contractors, communities and customers.



## CUSTOMERS

We will continue to build an organisation and culture that is centred on markets and customers. We understand who our customers are and who our end users are. We listen to them and understand what drives their businesses and what they value in order to be able to anticipate their needs and provide innovative solutions for shared value creation.



## RESULTS

We are steadfast in achieving our goals and deliver on our targets through rigorous execution with zero harm to people. We strive for continuous improvement, and challenge the status quo with innovative solutions that drive lasting results for shareholders.



## INTEGRITY

We create an environment where compliance is a central commitment. We have the courage to make the right decisions based on our ethical principles at all times even when it means foregoing a business opportunity.



## SUSTAINABILITY

We want to demonstrate leadership in environmental stewardship and be a responsible role model for future generations. We proactively engage with stakeholders to create shared value with society. And we drive sustainable solutions through the entire value chain.



## PEOPLE

We believe in openness and inclusion, and for truly caring for and respecting every individual. We seek our diversity and embrace new and different ideas, experiences, and perspectives, and are open to collaboration and sharing. We enable teams and empower individuals to reach their full potential and succeed. We recognize high performance and will address underperformance.



## THE LAFARGEHOLCIM 2030 PLAN

In 2016, LafargeHolcim Group launched its Sustainable Development Plan, known simply as “the 2030 Plan”.

Based on the newly adopted United Nations Sustainable Development Goals and the Paris Agreement on Climate, it is central to LafargeHolcim Group’s vision for the future. Through the 2030 Plan, LafargeHolcim intends to not just incorporate proven sustainable practices into its business model, but to actually make them a key lever for growth. The Group seeks to generate 1/3 of its revenue from these “2030 solutions” through a portfolio of products and services leveraging on sustainability.

The diagram below outlines the LafargeHolcim 2030 Plan. For more details, please visit [www.lafargeholcim.com/sustainable-development](http://www.lafargeholcim.com/sustainable-development)



We will generate 1/3 of our turnover from solutions with enhanced sustainability performance

	 <b>CLIMATE</b>	 <b>CIRCULAR ECONOMY</b>	 <b>WATER AND NATURE</b>	 <b>PEOPLE AND COMMUNITIES</b>
<b>In house</b>	We will reduce net specific CO <sub>2</sub> emissions by 40% per tonne of cement (vs. 1990)	We will use 80 million tonnes of waste-derived resources per year	We will reduce freshwater withdrawal in cement operations by 30%  We will implement The WASH Pledge on all sites	We want zero fatalities  We will reduce LTIFR <0.20  We will reduce TIFR by 50%  We will reduce our disease rate <0.1  We will have 30% minimum gender diversity at all management levels
<b>Beyond LH fence</b>	We will help our customers avoid 10 million tonnes of CO <sub>2</sub> being released from buildings each year through our innovative solutions	We will provide end-of-life solutions for our products and will supply 4 times more recycled aggregates from CDW/RAP	We will make a positive impact on water in water-scarce areas  We will show a positive change for biodiversity	We will develop initiatives to benefit 75 million people  We will engage in collective action to combat bribery & corruption in high risk countries
<b>Innovative solutions</b>	Low-carbon cement & concrete  Insulating concrete  Thermal-mass solutions	Recycled aggregates  Urban mining solutions  Waste management services	Rainwater harvesting  Pervious concrete  Stormwater protection  Vertical green solutions	Affordable housing materials and solutions  Affordable sanitation solutions

Note: all targets are for 2030. Baseline year is 2015 unless stated otherwise.

CDW: Construction & Demolition Waste, RAP: Reclaimed Asphalt Pavement, WASH Pledge: Water, Sanitation and Hygiene Implementation at the Workplace, LTI FR: Lost Time Injury Frequency Rate, TIFR: Total Injury Frequency Rate.

## LAFARGE MALAYSIA 2020 GOALS & STRATEGIES

Lafarge Malaysia’s sustainable goals for 2020 mirror the larger Group’s objectives. The following table briefly explains the goals and strategies that are to be employed locally.

	 <b>CLIMATE</b>	 <b>CIRCULAR ECONOMY</b>	 <b>WATER AND NATURE</b>	 <b>PEOPLE AND COMMUNITIES</b>
	Lafarge Malaysia will endeavour to cut net CO <sub>2</sub> emissions per ton of cement produced	Lafarge Malaysia will transform waste-products into resources for the production process	Lafarge Malaysia is dedicated to saving freshwater in all business lines, delivering a positive change in biodiversity at all our quarries and mining sites, and providing a hygienic working environment at all sites	Lafarge Malaysia will implement efforts under two separate categories. The first is “Health and Safety”, where Lafarge Malaysia strives to create a safe working environment. The second is “Stakeholder Engagement”, where Lafarge Malaysia engages communities that are affected by its operations and activities
<b>Lafarge Malaysia 2020 Targets</b>	Reduce the amount of CO <sub>2</sub> emitted during the production of cement by 25% from 1990, and by 13% from 2015	Replace 20% of traditional fuels with alternative fuels  Support over 50 companies in achieving zero landfill ambitions  Provide best-practices in waste management services via Geocycle*	Reduce freshwater consumption in cement operations by 23% from 2015 levels  Full implementation of biodiversity management in Kanthan, Langkawi and Rawang	<b>Health and Safety</b> <ul style="list-style-type: none"> <li>Achieve zero fatalities on site</li> <li>Reduce total injury frequency rates by 30%</li> <li>Maintain Lost Time Injury Frequency Rates to below 0.5 per million hours worked</li> </ul> <b>Stakeholder Engagement</b> <ul style="list-style-type: none"> <li>Increase direct beneficiaries of our community projects from 90,000 in 2015 to 390,000 in 2020</li> <li>Maintain a minimum 30% gender diversity in all management levels</li> <li>Improve stakeholder engagement to 80% of cement plants, 40% of aggregates, and 40% of RMX</li> </ul>
<b>Strategies</b>	Increase the Thermal Substitution Rate by using more waste-derived and alternative fuels  Minimize clinker factor by increasing the production and sales of blended cement  Reduce Specific Heat Consumption by improving plant energy efficiency	Supply alternative fuels and raw materials to Lafarge Malaysia, through Geocycle*  Collaborate with the Department of Environment to raise awareness among industry players  Put in place technical development programmes to improve waste management practises  Promote the use of construction and demolition waste in urban areas to produce recycled aggregates	Address water leakage issues in cement plants  Increase the use of recycled water for production  Work with environmental groups to design a biodiversity blueprint for the plants, beginning with Kanthan	Deploy affordable housing solutions such as Fastbuild™  Continue emphasis on Health and Safety, and workplace diversity, through training

\* Geocycle Environmental Services Sdn Bhd is a subsidiary that provides waste management services to other industries in the country via its co-processing solution.





## INITIATIVES & ACHIEVEMENTS

HEALTH & SAFETY BEING OUR CORE VALUE, WE STRIVE TO ENSURE THAT THIS COMMITMENT IS EMBEDDED IN OUR COMMUNITY OUTREACH ACTIVITIES

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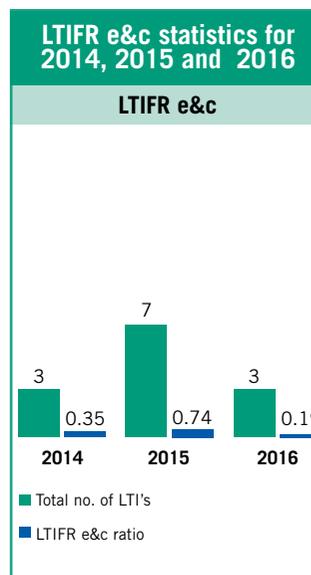
## BUILDING FOR TOMORROW, TODAY

### Advocating Health and Safety

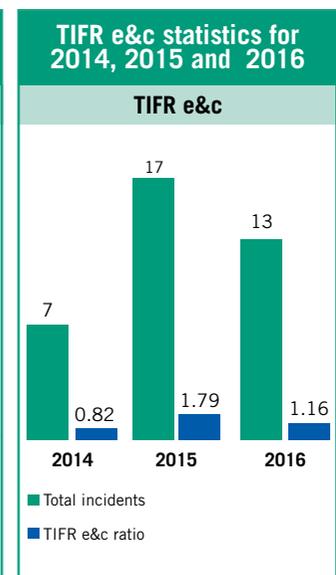
In 2016, no on-site fatalities were reported and there was a single road fatality. Both Lost Time Injuries (LTI) and Medical Injuries (MI) numbers were also significantly reduced. There were two LTI and six MI for 2016 against six and 10 respectively for 2015. To raise safety awareness, more than 10,000 safety engagements and over 70,000 hours of Health and Safety training sessions were conducted in 2016.

Road safety is a top priority for Lafarge Malaysia. With over 1,500 contracted cement trucks travelling over 120,000km daily, we have the duty to equip our drivers with the right tools, behaviour and knowledge allowing them to carry out their task in a safe and responsible manner. Over the last few years, we have implemented various actions toward this end: we launched our Driver Safety Education and Reward Programme, we installed GPS in all our trucks, and in 2016, we attained ISO 39001 certification for our Road Transport Management System.

No. of safety engagements in 2016	
Product Line / Plant / Activities	Number of safety engagements in year 2016
Aggregates	698
Readymix	4,574
Kanthan	1,182
Langkawi	2,185
Pasir Gudang	816
Rawang	617
Cement Industrial	126
Head Office	163
Supply Chain	97
Safety Specialist	184
<b>Total</b>	<b>10,642</b>



*Definition of LTIFR e&c: Total number of fatalities and lost time injuries x 1,000,000 divided by total number of worked hours.*



*Definition of TIFR e&c: Total number of fatalities, lost time injuries, medical incidents x 1,000,000 divided by total number of worked hours.*

Health & Safety training hours		No. of near misses reported	
Year	Total Training Hours	Year	Total Near Misses Reported
2014	35,971	2014	497
2015	68,875	2015	653
2016	71,458	2016	663

## ROAD TRAFFIC SAFETY, OUR PRIORITY

Our logistics network is spread throughout Peninsular Malaysia and we know that it is important that our operations are committed to the safety of our employees and contractors, and also to the safety of communities that we operate in. Therefore, we made a conscious effort as a company to realign our logistics network around the globally recognized ISO 39001 standard.

ISO 39001 sets out the requirements for a Road Traffic Safety (RTS) Management System to reduce incidences, and risk of serious injuries related to road traffic accidents. To receive this certification, an organization must put in place a process that:

- a) Provides continuous improvement of its traffic safety
- b) Observes and evaluates events that are in connection with RTS
- c) Observes and evaluates accident numbers (killed and injured) by the organization

Lafarge Malaysia's RTS policy was formed from frequent discussions with our contracted transporters throughout 2015. It was essential that we received real commitment from them to make this a sustainable plan. Once we reached a consensus on realistic and achievable targets that would meet our safety goals, we developed the RTS Management System (RTSMS) based on ISO 39001 standards. Our RTSMS has SEVEN measurable targets:

- a) Achieve ZERO recordable fatalities
- b) Reduce Total Road Accident Frequency (TRAF) to below 1.00
- c) Achieve a 60% reduction of road incidents per million km versus 2012's baseline
- d) Ensure compliance with legal requirements pertaining to road traffic safety
- e) Ensure compliance with Lafarge's Logistic Standards on Alcohol and Drug requirements
- f) Ensure compliance with Lafarge's Logistic Standards on journey, driver, and vehicle management
- g) Conduct RTS performance monitoring, measurement, and review it with Top Management input, on an annual basis



In 2016, we successfully received the ISO 39001 certification for our Road Traffic Safety Management System (photo above). This is part of our continuous improvement effort on road safety. At Lafarge, we believe that it is the right of everyone involved in our operations – regardless of whether they are employees, contractors, or drivers – to safely return home every day.

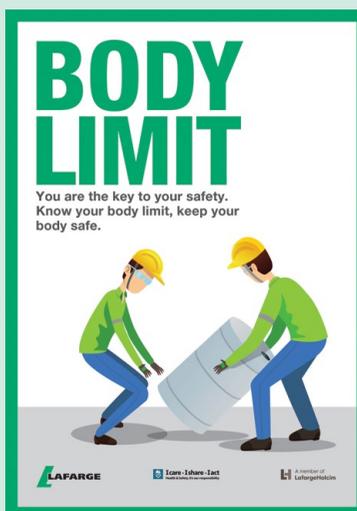
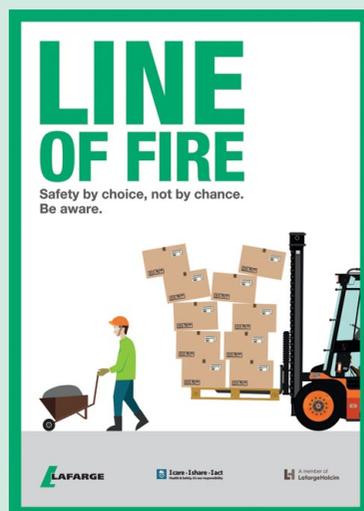
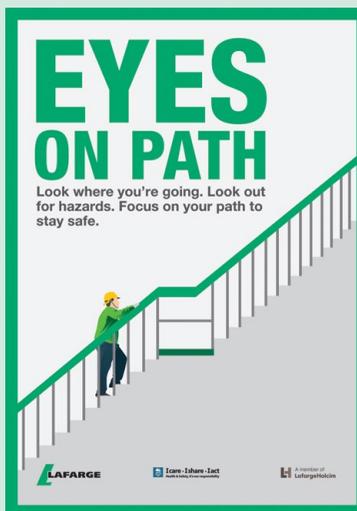
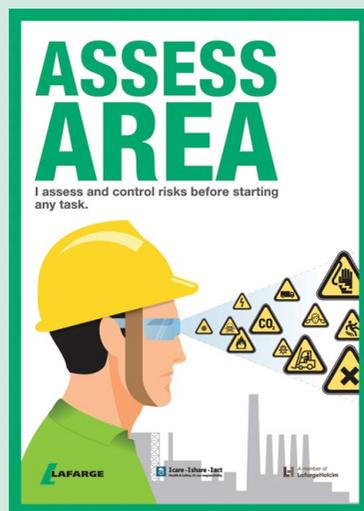
## HEALTH & SAFETY, OUR CORE VALUE

### Global effort on Health & Safety

The Global Health and Safety (H&S) Days is an annual campaign held at all LafargeHolcim sites. The campaign is held for two to four weeks in a year with emphasis on several H&S topics that are relevant to each country. It is an opportunity for Lafarge Malaysia to emphasize our commitment to fostering a safe working environment. In 2016, the campaign was held for two weeks. The theme was “I care, I share, I act” with a focus on risk assessment on personal level. The following year, the theme was “I learn and improve everyday” highlighting risk assessment on the operational level.

### Avoiding injuries and fatalities through risk assessment

Risk assessment is a process that identifies hazards, defines the risks associated with each hazard, and determines the best ways to eliminate or control the hazards. When done correctly, it helps to prevent accidents and save lives.



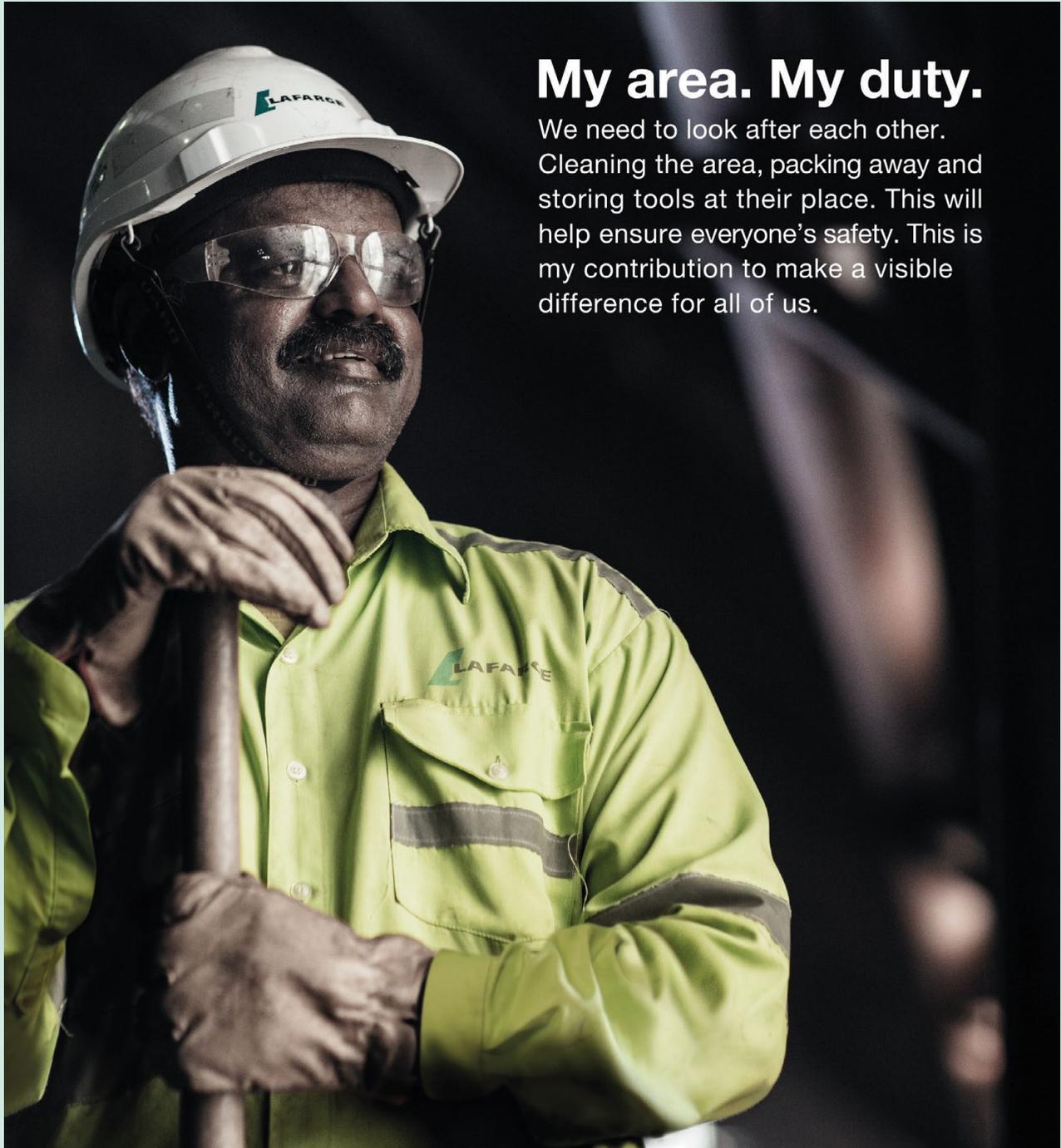
In 2016, we held a campaign to raise awareness to everyone that they should perform Personal Risk Assessments (PRA) – be it at home, at work, or on the road – especially before embarking on a high-risk work.

Standardized Risk Assessment (SRA) stands for risk assessments done on an operational level. It is a process that ensures all risks are managed, with particular emphasis on dangerous hazards. SRA and PRA work hand-in-hand to eliminate risks.

## HEALTH & SAFETY, OUR CORE VALUE (CONTINUED)

### Good housekeeping helps prevent accidents

In 2016, Lafarge Malaysia initiated a housekeeping project, as part of the country's Health & Safety improvement plan. Housekeeping is an on-going process. By keeping our workplace in order, it makes us more efficient, and, more importantly, prevents accidents from happening. A housekeeping committee was set up comprising representatives from each business units and key functions within the company. Efforts include learning visits to internal and external sites to emulate best practices, as well as activities to build on employee pride on working in a clean environment.



## My area. My duty.

We need to look after each other. Cleaning the area, packing away and storing tools at their place. This will help ensure everyone's safety. This is my contribution to make a visible difference for all of us.

## HEALTH & SAFETY, OUR CORE VALUE (CONTINUED)



The year-long project culminated in an Open Day for staff and family members at all cement plants. Langkawi held the first one in December 2016, followed by Rawang and Pasir Gudang, in the same month, and lastly Kanthan, in January 2017.



### Run for health

In 2017, we held a health campaign to get employees of Lafarge Malaysia to collectively run or walk the distance from our headquarters in Kuala Lumpur to the LafargeHolcim corporate HQ in Zurich, a distance of approximately 9,975km. The goal was to get people to inculcate cardiovascular exercise into their daily routines. At the end of the campaign, more than 400 people pledged for the run and close to 7,000km were clocked over a span of four weeks.

**In 2016, Lafarge Malaysia initiated a housekeeping project, as part of the country's Health & Safety improvement plan. Housekeeping is an on-going process and by keeping our workplace in order, it makes us more efficient, and, more importantly, prevents accidents from happening.**

### Safe Water, Sanitation and Hygiene (WASH) at the Workplace

The LafargeHolcim Group intends to sign the “WASH pledge at workplace” initiated by the World Business Council for Sustainable Development (WBCSD), of which LafargeHolcim is a member.

The WBCSD WASH Pledge aims to secure appropriate access to safe drinking water, sanitation and hygiene for all employees and contractors in the workplace. Lafarge Malaysia has plans in place to be fully compliant to this standard by 2020. We started with a self-assessment that was conducted from January to March 2017 at our operational sites to determine our baseline, and action plans to address the shortfalls are currently being developed.



### Championing Equality

Diverse talent is the key to any organization's success. Lafarge Malaysia is no different, and it was a compliment when the company was acknowledged by the Malaysian Ministry of Women, Family & Community Development for having women make up more than 30% of the Board of Directors.

Lafarge Malaysia has also maintained a minimum level of 30% gender diversity in the overall management team since 2015.

### Preserving Biodiversity

The Kanthan Hill area, which surrounds the Kanthan plant, is home to rare flora and fauna that are of conservation importance.

In 2016, Lafarge Malaysia provided a research grant to scientists from Universiti Malaysia Sabah and Rimba, to conduct a large-scale survey of land snails at 12 limestone hills across the Perak state.

In June 2017, the findings of this study were published in the open access journal ZooKeys. The researchers recorded a total of 122 species of land snails, of which 34 species were unique to one of the hills surveyed in this study. Most strikingly, around 30 species are potentially new to science.

With this study, scientists now have a better understanding of the diversity of land snail species in Perak, and possible factors explaining their modern-day distribution.

**122** TOTAL OF LAND SNAILS  
SPECIES RECORDED

**30** SPECIES  
NEW TO  
SCIENCE

**34** SPECIES UNIQUELY  
TO ONE OF THE  
HILLS



A co-author of this study, Dr. Gopalamy Reuben Clements, who is the co-founder of Rimba and an Associate Professor with Sunway University, said that the results will not only be used by Lafarge Malaysia to better protect important snail habitats in Kanthan, but can also help the Perak State government identify biologically important hills that should be set aside for protection in the planned Kinta Valley geological park.

This is one example of a company like Lafarge Malaysia cooperating with scientists to document biodiversity in Malaysia.

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**In 2016, Lafarge Malaysia provided a research grant to Universiti Sains Malaysia and Rimba. The research, conducted over the course of a year, recorded a total of 122 species of snails, with around 30 potentially new to science.**

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### Raising the Bar in Circular Economy

Waste management is a key area that we can contribute to in Malaysia, particularly for industrial waste. Through Geocycle Environmental Services Sdn Bhd, Lafarge Malaysia provides waste management services to other industries in the country via its co-processing solution.

This solution has helped many companies achieve their sustainability ambition of zero landfill. We also strive to raise the bar in good waste management practices by working closely with the Department of Environment, on top of initiating technical skills and facility development programmes. Geocycle provides alternative fuels and raw materials to Lafarge Malaysia to reduce our carbon footprint and uses of natural resources.



### Making Integrity Integral to Success

In 2015, the LafargeHolcim Code of Business Conduct was launched to provide guidance and examples on maintaining integrity across a wide range of situations, whether at the workplace, during business activities, and when engaging with the community. To further support the LafargeHolcim Group's commitment, the LafargeHolcim Integrity Line was launched in 2016, and subsequently rolled out in Malaysia. This secure internal advice and reporting system helps ensure that employees always have the tools, resources and means to practice, understand and enforce the Code. Employees can use the line, which is available 24 hours a day, 7 days a week, to ask questions or report concerns on ethical business practices and compliance with the Code, policies, directives and the law.

**The LafargeHolcim Integrity Line is a secure internal advice and reporting system that ensures employees can ask questions or report concerns on ethical business practices and compliance with the Code, policies, directives and the law.**

### Engaging with and Supporting the Community

A crucial part of our 2020 sustainable development target is to reach out to communities around our sites and operations.

For example, Lafarge Malaysia has rewarded academic excellence in adopted schools that serve these communities.

Since its inception in 1997, the Lafarge Malaysia Bursary Awards has given out over RM 2.5 million worth of bursaries, and 2016 was no exception – a total of RM 67,000 was awarded to 139 recipients.



Health & Safety being our core value, we strive to ensure that this commitment is embedded in our community outreach activities.

In 2016, we held a Lafarge Streetsmart programme for 406 primary school students in Langkawi at Sekolah Kebangsaan Teluk Ewa, located some 4km from our Langkawi integrated cement plant. The two-day programme, held from 26 – 27 April was aimed at creating awareness and educating students on the importance of road safety.



In 2017, we organized a football and safety camp for some 400 students, aged 10 to 17, across four regions, namely Langkawi, Kanthan, Rawang and Pasir Gudang. Organized in collaboration with 1MalaysiaCC (1MCC) which uses football to develop youths, this inaugural football and safety camp or Jom Bola, is part of Lafarge's community outreach programme to nurture students from its 24 adopted schools. Jom Bola is the first-of-its kind camp to incorporate a risk assessment session to ensure players' safety at all times.

To further ensure that our relationships with the communities that live around our cement plants are at a positive level, all our cement plants have put in place a stakeholder engagement plan that is reviewed and tracked annually. The plan entails regular meeting sessions with our key stakeholders, among others.

We also conduct socioeconomic footprint exercises on a regular basis to measure our business' impact to the surrounding communities. The first was conducted in Kanthan in 2013, and last year, we completed it for Rawang and Langkawi.



TOTAL BURSARIES GIVEN OUT  
1997-2016

RM2.5M

## OUR SOCIOECONOMIC FOOTPRINT IN RAWANG AND LANGKAWI

Lafarge Malaysia continues to fulfill its commitment to making a positive impact to the local social and economic development.

In 2016, we conducted a formal measurement of our socioeconomic footprint in Rawang, Selangor, and Langkawi, Kedah, where two of our integrated cement plants are located, completing this exercise that we started in Kanthan, Perak, in 2013.

The socioeconomic footprint study strives to objectively measure the impact of our cement plants on surrounding communities. The findings from the study should help to enhance our local action plan and ensure that we incorporate the most necessary actions and resources.

The study was done by gathering data and feedback through quantitative and qualitative measures. To further define the scope of the study, we identified the local population to be those located within 8km radius of the cement plant. For both locations, the local population was approximately 20,000 people.

The footprint study revealed the deep interconnections that exist between the plants, the stakeholders, and the host communities. As a major employer in both locations, we found that approximately 7,000 people depend on Lafarge activities in Rawang (representing 35% of the local population); in Langkawi the figure is over 8,500 people (representing about 40% of the population).

We also found that most of our CSR initiatives are done within 5-6km radius of the cement plants, where education initiatives remain as the key theme for contributions and partnerships. In both locations, we collectively reached out to around 52,000 people through our CSR efforts.

As an established member of the community, we acknowledge that there is an opportunity to engage more with the community by ensuring consistent communications on the social and economic contribution of the cement plants on the local area.



REACHED OUT TO

52,000

PEOPLE THROUGH OUR CSR EFFORTS

NUMBER OF PEOPLE DEPENDING  
ON LAFARGE ACTIVITIES

LANGKAWI

8,500

RAWANG

7,000

## FASTBUILD, A SMART AND FAST BUILDING SOLUTION



A key part of LafargeHolcim’s sustainable development goals is to provide affordable housing for a rapidly growing global population. This challenge cannot be overstated in a region like Southeast Asia, where many countries are not just seeing a dramatic increase in population, but in urbanization, as well.

Lafarge Malaysia has risen to this challenge by launching FASTBUILD, a monolithic building system that allows quick quality construction. Since the time it takes to put up a structure is reduced significantly, construction costs also come down, putting another option in the toolkit of policy makers to provide affordable housing.

The system combines our very own Agilia concrete with an aluminum formwork that allows structural, architectural, mechanical, and electrical components to be incorporated directly into the formwork. Once the entire first floor of a structure is completed, the panels are easily removed and reused for subsequent floors, where the process is repeated until completion. Benchmarking has shown that FASTBUILD can potentially reduce construction time by up to 84%, and cost by 36%. FASTBUILD allows entire floors to be completed within FOUR days, as opposed to the standard 25! Subsequently, construction costs also go down, as labour and materials are more efficiently used.

We built a proof-of-concept structure – a complete three-bedroom, 600 sq ft house – within NINE days in Besut, Terengganu under the auspices of the Ministry of Higher Education’s “The Community House” programme.



## HAPPINESS IN THE CITY

A core ambition of the LafargeHolcim 2030 Plan is to provide an inclusive business model that supports local communities' economic and social development. According to a study conducted by the World Bank, 90% of Malaysians will be living in cities by 2050. Therefore, it makes sense for us to focus on the dreams and aspirations of Malaysians as to their ideal city. Our goal is for "So Malaysia Builds Better" to be more than a corporate slogan.

Putting our words into action, we implemented a three-phase campaign that ran from April to August 2017. The first two phases were targeted at the general public with the objective of finding out what city-dwellers looked for in their city. Our key message was that Lafarge was not only contributing to this goal, but was committed to its success.

As our target audience was the general public, we turned to the media to help us get the campaign off the ground. We collaborated with the popular online property portal, TheEdgeProperty.com, to seek opinions on how we could connect communities, make cities more sustainable, and make housing more affordable. This survey, called "TheEdgeProperty.com – Lafarge Happiness in the City Index 2017 Survey", was targeted at residents of three major urban areas in Malaysia – Klang Valley, Penang, and Johor Baru.

To maintain our momentum, we launched a truck painting contest in the second phase of our campaign. In this unique event, we had students design and paint 14 cement tankers and concrete mixer trucks collectively, which were then used in the normal course of business. The aim was to provide visibility to the campaign, and to bring colour and happiness to the city. Importantly, we asked students to do up the trucks because we wanted to give the next generation the opportunity to contribute to making our cities more beautiful and happier. The contest was also a bit of a first for Lafarge Malaysia, as it utilized social media for the first time to conduct a two-week online voting campaign for the most favourite design.

The third phase focused more on the property industry itself. We invited industry stakeholders – developers, architects, policy makers, etc. – to a series of seminars and round table discussions to drive engagement and consideration in building happier, sustainable, and more beautiful cities in Malaysia.



## OUR PEOPLE, OUR FUTURE

In a world that is rapidly changing and competition is stiff, we constantly face many challenges especially in the area of attracting, retaining, motivating and developing our most valuable assets: our employees.

We make it our mission to continuously develop our people to meet the ever changing requirements of today's working environment and also future business needs. Developing our people is a vital investment and an important step to ensure continued growth for Lafarge Malaysia. We support our employees in their career development through coaching, feedback, advice, as well as access to learning opportunities and experiences.

### Providing an All-inclusive Working Environment

Lafarge Malaysia, in collaboration with the Malaysian Federation of the Deaf (MFD), has since 2013 recruited a group of employees with hearing impairments in an effort to provide an all-inclusive working environment through the integration of disabled people in the business. The "Lafarge Angels" main tasks are to support the Supply Chain department in ensuring on time collection of payment from customers.

Today, there are 10 Angels working in Lafarge Malaysia.



### Legal and Compliance Training Program

In 2015, the LafargeHolcim Code of Business Conduct was launched to provide guidance and examples on maintaining integrity across a wide range of situations at the workplace, during business activities, or when engaging with the community. To further support the Group's commitment to conducting business with integrity, approximately 200 employees were trained in August and September 2016 by the Compliance Manager and the Legal team. Topics covered Anti-Bribery & Corruption (ABC), and Fair Competition. All of the training sessions were conducted using the traditional classroom method, as well as via e-learning.

ABC training was held for employees interacting with public officials and business partners.

Fair Competition training was given to highlight the fact that violations of antitrust and competition laws are never in the company's interest, and are not tolerated. In particular, we wanted to emphasize that while we are committed to competing vigorously, we will only do so fairly.

### Sales Competency Assessment

Ask any corporate leader what they want from their sales team, and they will tell you the same three things: more revenue from individuals and the team as a whole, a better return on investment in sales talent, and sustainable long term growth.

In order to achieve these three lofty goals, we launched our Sales Excellence programme. The first step was to benchmark our Sales team, in terms of sales and leadership, against global norms. Once we discovered where we stood globally, they then helped us to formulate a development plan to move our team to the next level.

This was conducted from August to December 2016. For Lafarge Malaysia, it involved all Sales Leaders and Sales Professionals from the Industrial Sales, Retail Sales, CMCM, Drymix, RMX, and Aggregates teams – a total of 142 people.



### Young Engineers Program

The Lafarge Young Engineers Program (LYEP) was launched in 2004 to provide a steady supply of engineers, primarily for our plant operations. Every year, over 200 applicants are invited to take an aptitude test, with only the top quarter going through to the challenging interviewing process.

Over the years, this program has become an important component of our talent pipeline. A total of 20 Young Engineers from various disciplines were recruited for the 12-month program, which ran from May 2016 to April 2017.

This program gives our Young Engineers a chance to experience life in a cement plant. As of writing, we are proud to say that the LYEP has produced more than 50 engineers who are still with Lafarge Malaysia.

### Health and Safety Training

Lafarge Malaysia is committed to cultivating a safe working environment, and we recognize that the most effective way to do this is by educating our employees. Therefore, during the first half of 2016, we conducted Personal Risk Assessment (PRA) training for 475 people, spread out over more than 100 sessions, and equivalent to 950 man-hours. In general, Risk Assessment is a simple process that identifies hazards, defines the risks of each hazard, and determines how best to eliminate or control these hazards.

Our drivers were also given Defensive Driving training in 2016 to improve their general driving skills. This training aimed to do this through reducing their driving risks by anticipating situations, and helping them to make safe, well-informed decisions to handle those situations. With over 1,500 trucks plying the roads of Peninsula Malaysia every day, this training greatly improves our Health and Safety footprint.

In 2016, our management team began the Visible Personal Commitment (VPC) process. These are site visits to all of our production operations to demonstrate Safety leadership in our organization. Its purpose is for managers to clearly show Lafarge's commitment to ensure the Health and Safety of our employees and contractors. Managers, regardless of their function, are able to experience first-hand the tasks people undertake, proactively discuss improvements, and agree on solutions when unsafe acts are observed.

During the first half of 2017, we conducted training on Standardized Risk Assessments (SRAs) in conjunction with our Global Health and Safety Days. SRAs are Risk Assessments done on an operational level, and are a simplified process that ensures all risks are managed.

In total, Lafarge Malaysia invested more than 70,000 man-hours on Health and Safety training in 2016. We consider a safe working environment a fundamental right, and are committed to providing this to all of our employees and contractors.



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**1,500** NUMBER OF TRUCKS  
PLYING THE ROADS OF  
PENINSULA MALAYSIA  
EVERY DAY

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2016  
**71,458** MAN-HOURS SPENT  
ON HEALTH AND  
SAFETY TRAINING

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## PERFORMANCE

WE TRACK AND PUBLISH OUR PERFORMANCE  
ON ENVIRONMENTAL, SOCIAL AND STAKEHOLDER  
ENGAGEMENT

28 ENVIRONMENTAL

30 SOCIAL

31 STAKEHOLDER ENGAGEMENT

## ENVIRONMENTAL

Water	2016
<b>Water withdrawal</b>	
Total – Cement (million m <sup>3</sup> )	2.1
Total – RMX (millions m <sup>3</sup> )	0.3
<b>Management systems</b>	
<b>Cement</b>	
Sites with an EMS equivalent to ISO 14001 (%)	100
Sites with an EMS certified acc. to ISO 14001 (%)	100
<b>Aggregates</b>	
Sites with an EMS equivalent to ISO 14001 (%)	75
Sites with an EMS certified acc. to ISO 14001 (%)	25
<b>RMX</b>	
Sites with an EMS equivalent to ISO 14001 (%)	80
Sites with an EMS certified acc. to ISO 14001 (%)	3
<b>Number of plants included in evaluation</b>	
Cement and grinding plants	5
Kilns	5
AFR pre-processing facilities	–
Aggregates	4
Ready Mix Plants (incl. concrete product plants)	35
<b>Materials</b>	
Waste derived resources – all segments (million tonnes) including biomass	1
<b>CO<sub>2</sub> emissions</b>	
Specific CO <sub>2</sub> emission – net (kg/tonne cementitious material)	680

## ENVIRONMENTAL (CONTINUED)

	2016
<b>Other atmospheric emissions</b>	
<b>Dust</b>	
Number of kilns reporting	5
Total emissions (tonne/year)	1,082
<b>NOx</b>	
Number of kilns reporting	5
Total emissions (tonne/year)	6,795
<b>SO<sub>2</sub></b>	
Number of kilns reporting	5
Total emissions (tonne/year)	111
<b>VOC</b>	
Number of kilns reporting	5
Total emissions (tonne/year)	10
<b>Mercury</b>	
Number of kilns reporting	5
Total emissions (tonne/year)	0
<b>Dioxins/furans</b>	
Number of kilns reporting	5
Total emissions (g TEQ/year)	0
<b>Other atmospheric emissions</b>	
Clinker produced with continuous monitoring of dust, NOx and SO <sub>2</sub> emission (%)	81
Clinker produced with monitoring of dust, NOx and SO <sub>2</sub> emissions (%)	100
<b>Energy</b>	
<b>Total energy consumption</b>	
Total power consumption – all segments (GWh)	1
Total fuel consumption – all segments (million GJ)	21
<b>Thermal energy mix of clinker productions (%)</b>	
Traditional fossil fuel (excl. biomass)	90
Biomass and alternative fuel	10
<b>Biodiversity</b>	
<b>Total number of quarries (3 Cement. 4 Aggregates)</b>	7
Cement quarries with rehabilitation plan in place (%)	100
Quarries with high biodiversity value (number)	2

## SOCIAL

	2016
<b>Workforce</b>	
<b>Total headcount</b>	<b>1,913</b>
Full-time employees (%)	100
Part-time employees (%)	–
Employees under the age of 30 (%)	21
Employees between the age of 30 and 50 (%)	62.6
Employees above 50 (%)	16.5
<b>Diversity</b>	
<b>Female workforce</b>	<b>484</b>
Top management level (%)	1.86
Senior management level (%)	18.6
Other management level (%)	35.54
Non-management level (%)	44
Women in total workforce (%)	25.3
<b>Employee satisfaction</b>	
Employee survey conducted in the year	yes

## STAKEHOLDER ENGAGEMENT

CSR spend	2016
Total (RM)	675,858
Overhead (%)	0
Social investment projects (%)	84
Donations (cash and in-kind) (%)	16
Inclusive business projects (%)	0
<b>Beneficiaries</b>	
Total number	48,971
Social investment projects (% of total beneficiaries)	37
Donations (%)	63
Inclusive business projects (%)	0
New beneficiaries in reporting year	15,892
<b>Volunteering activities</b>	
Total number of hours volunteered during the year	680
<b>Stakeholder engagement</b>	
Percentage of cement sites with stakeholder engagement plan in place	60
Percentage of aggregates and concrete sites with stakeholder engagement plan in place	0
Total number of reported formal meetings with stakeholders (cumulative in all sites)	24
Number of sites with Community Advisory Panel in place	1
<b>Human rights assessments</b>	
Type of human rights assessment conducted in the last three years	Self-assessment
Last human rights assessment conducted in	2015
High risk issues identified during the last assessment conducted	None



SERI EMPANGAN BRIDGE, PUTRAJAYA

WE FIRMLY BELIEVE THAT  
ACTING WITH INTEGRITY AND  
DEVELOPING A SUSTAINABLE  
BUSINESS MODEL WILL POSITIVELY  
IMPACT THE SOCIOECONOMIC  
LANDSCAPE.



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