



## Sustainability Report 2004



# Sustainability Report 2004







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## Approach to this report

This report is Uniland Group's first in-depth publication of its performance on sustainability. This publication covers the activities and results that correspond to 2004. Issues considered important before this period are also included. We have prepared this report following the Global Reporting Initiative (GRI) guidelines and both Cement Sustainability Initiative<sup>1</sup> and World Business Council for Sustainable Development (WBCSD) recommendations on reporting.

We are aware that the process of public reporting is a continuous improvement exercise. We understand this report as a starting point and a good reference point to move towards excellence in sustainability reporting.

## Guide to the contents

### Scope

This report covers Uniland Group's cement activities, during 2002, 2003, and 2004.

### Consolidation principles

As we have a majority controlling share in the Spanish and Tunisian companies, their accounts have been consolidated by the global integration method. For further information on the Group's participation in each zone please consult the Governance Structure section.

### Initial Sections

The first part of this report addresses several important intrinsic characteristics: *i)* our Company profile; *ii)* Milestones achieved during our sustainable development journey; *iii)* our Company's sustainable development strategy; and *iv)* Corporate Governance issues.

### Performance Sections

The second part describes and measures our performance in three major areas; economic, environmental and social sustainability.

### A closer look

The "A Closer Look" boxes appear throughout the document and provide in-depth examples of sustainability areas that detail a particular case, challenges or opportunities.

### Indicators

Page 62 includes a table that indicates where to find information and indicators included in the GRI Sustainability Reporting Guidelines, equivalent CSI key performance indicators, and those related to the UN Global Compact principles.

### Reference buttons

These buttons show when the section includes information about GRI, Global Compact or CSI indicators, or when there is more information available on the website.

These are the reference buttons that you will find:



### Feedback

We want to know how well we are meeting your expectations and how we can improve. Page 59 provides contact information details. Please contact us and give us your opinion about this report. We value your input!

We hope you will find this report useful.

(1) The Cement Sustainability Initiative (CSI) is one of the programs instigated by members of the WBCSD – World Business Council for Sustainable Development- that have operations in the cement industry. Its purpose is to: *i)* explore what sustainable development means for the cement industry; *ii)* identify and facilitate actions that companies can take as a group and individually to accelerate the move towards sustainable development; *iii)* provide a framework through which other cement companies can participate; *iv)* provide a framework for working with external stakeholders. For more information visit: [www.wbcd.org](http://www.wbcd.org), [www.wbcdcement.org](http://www.wbcdcement.org)



Pedro Ferreras



Francisco Reynés

## Company's Statement

Uniland Group is an international cement group of Spanish origin with industrial operations in Europe, North Africa, and South America. It is important for us to meet growing demand whilst encouraging sustainable development.

We have just begun a century which will be characterized by huge population growth, mostly in developing countries. This development means a constant, ever-increasing demand for our products, while placing greater pressure than ever on essential natural resources. These issues raise the importance of our business in today's global environment: we have to be able to supply the materials required for socio-economic development and at the same time be capable of finding ways to use natural resources more efficiently.

Uniland Group is committed to play its part in making sustainable development a reality. In fact, this report is a vehicle for us to show how we are contributing towards this goal. This document is our first Sustainability Report and it will become a regular publication. It is published as part of our commitment to openness, transparency, and sustainable development.

This report sets out our performance over the past three years, it details our efforts towards continuous improvement, and outlines the challenges we face. It has been prepared according to the 2002 GRI Guidelines and it is a balanced, reasonable presentation of our organization's economic, environmental and social performance. Through this report we aim to address the expectations of our stakeholders in areas related to responsible business management to ensure long-term success.

In our organization we constantly aim to comply with our local and global responsibilities and challenges. Thus, we actively participate in global initiatives such as the Cement Sustainability Initiative, and the United Nations Global Compact. Our participation in these initiatives encourages us to act locally while addressing global concerns.

Through the World Business Council for Sustainable Development – Cement Sustainability Initiative, Uniland Group is involved in a global project to voluntarily implement strategies in order to prevent global warming, enhance employee health and safety, reduce greenhouse gas emissions and use fuels and raw materials in a more efficient manner. Uniland Group also works closely with communities to contribute to their social well-being and to boost their economic development, while continuously striving to make progress in environmental performance. Additionally, as firm supporters of the United Nations Global Compact, we are committed to continuous improvement in human rights, labor standards, environmental stewardship, and anti-corruption behavior.

As a result of these commitments, Uniland Group has made significant progress on the financial, environmental and social fronts over the past three years.

On the financial front, the Uniland Group's consolidated turnover (€) CAGR (Compound Annual Growth Rate) has been 11% over the past 8 years and 5.5% from 2002 to 2004.

On the environmental front, we have managed a reduction in specific CO<sub>2</sub> by almost 2% at Group level. We have also begun to use al-

"...At Uniland we are convinced that our success rests on our constant respect for our customers, suppliers, employees, and the community in general. We also pay special attention to the development of our employees as a way to ensure future success, and our company is staunchly committed to Sustainable Development..."

alternatives to fossil fuels and have managed to substitute almost 2% of conventional fuels at Group level (although in some countries, Uruguay for instance, we have managed to replace a 22% of conventional fuels with alternative fossil fuels and biomass) in 2004.

In terms of particulate emissions, the major environmental investments we have made in our factories have reduced our emissions per ton of clinker by 30% over the past 3 years.

Uniland Group invested over €150 million over the years 2002-2004 period in all the cements plants.

On the social front, the Group's investment in community programs were over 611 thousand euros in 2004 for development in the local communities, in accordance with their specific needs. We have been involved in a diversity of projects, both large and small, to foster social welfare, education, culture, art and sports, either directly or through donations to foundations.

Uniland Group is highly committed to occupational health and safety. We are proud to announce that over the last five years, we have kept a clean sheet fatality-wise. This figure applies not only to direct employees but also to indirect employees and third parties. We hope to continue to maintain this result in the future.

Looking to the future, we hope to continue implementing our strategic objective of international growth in a manner that will generate value for our shareholders and other stakeholders. One of our key strategic objectives is to continue reducing CO<sub>2</sub> emissions. To this end, we aim to focus our environmental efforts on:

i) achieving a higher used of alternatives fuels and raw materials in our factories, ii) improving energy efficiency in our processes, and iii) using mineral components in our cements. On the social front, we intend to carry out an increasing number of activities that will lead to greater knowledge and engagement, not only among the communities in the vicinity of the Group's factories but also among customers, suppliers and public and private bodies.

We hope this report is a useful tool for measuring our progress, identifying areas that need to be improved and encouraging the commitment of our stakeholders towards a more sustainable society.

Uniland Group welcomes dialogue with people who are interested in our progress. Please contact us with any suggestions on how we can further our development. We also look forward to receiving your points of view on any aspect of sustainability.



**Pedro Ferreras Díez**  
Chairman



**Francisco Reynés**  
Chief Executive Officer





# The Cement industry, Uniland Group, and its stakeholders





## The Cement industry, Uniland Group, and its stakeholders

We believe that the outlook for our industry is bright, and it is up to us to manage it. Concrete is the second most widely consumed substance on Earth after water. Each person on the planet uses nearly three tons per year and consumption is increasing. This gives us hope for the future. We consider that the cement industry will continue to grow, and change will become normal.

Nevertheless, we are aware that solely catering for growing demand will not keep us in business. Our business implies some environmental problems which require our attention and need fast solutions. We know that our industry is responsible for important amounts of greenhouse gas emissions, considerable energy and raw material consumption, and that these factors affect the environment and society both nationally and locally.

We believe that directing our business towards a more sustainable future provides the cement industry with new opportunities and challenges. Our ability to find solutions to current industry problems and to adapt swiftly to new challenges will bring us a solid long-term future.

We aim to create a substantial competitive advantage based on sustainability issues, not only for good business reasons, but also because nowadays our stakeholders are putting increasing pressure on the cement industry to take sustainable development into account in business strategy, product development, and quarry and factory management. Uniland Group has decided to include these concerns in its strategy and operations. We are determined to adapt to change quickly and rise to the challenge effectively to gain a competitive edge in the market.

This vision is shared with other cement companies. We are part of the Cement Sustainability Initiative's Agenda for Action (Uniland Group is a core member). This group is the first formal voluntary commitment to link a number of cement companies to Sustainable Development programs.

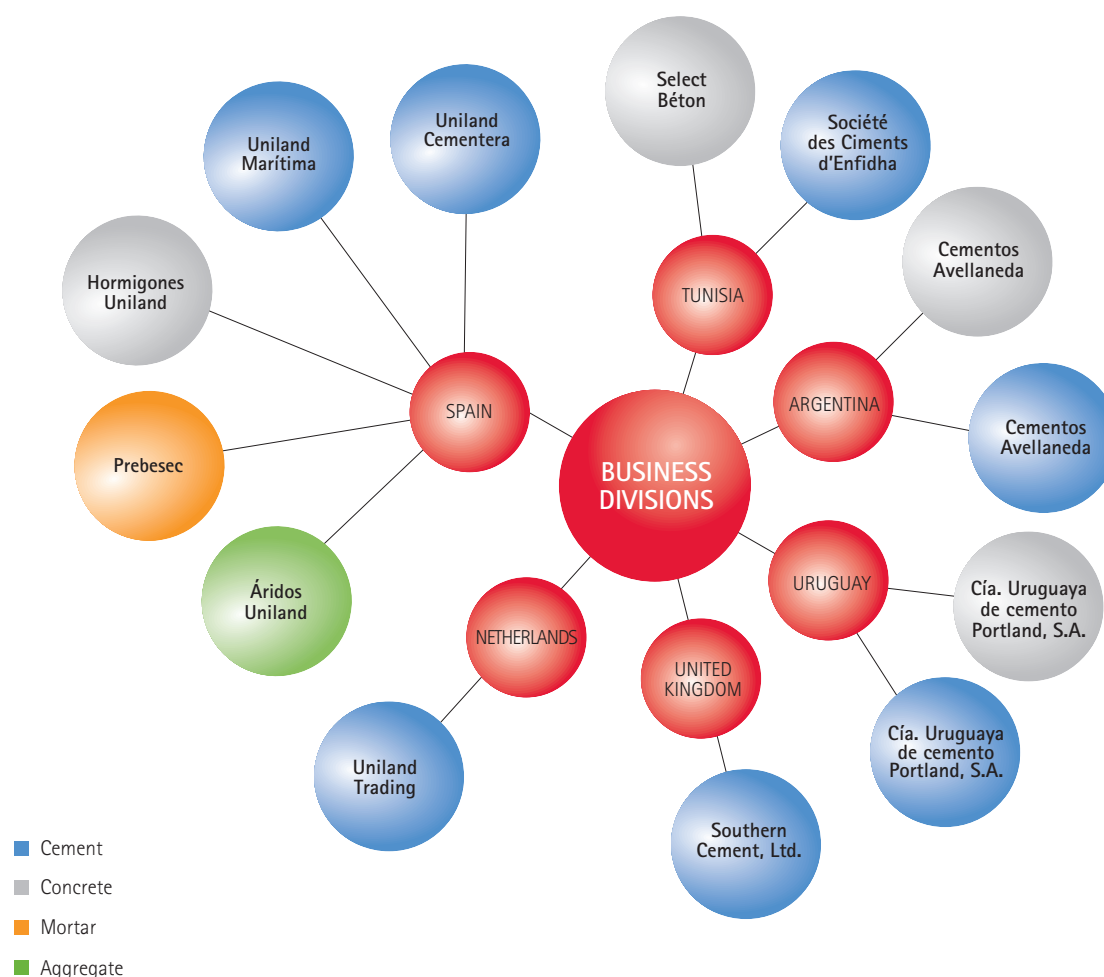
The Agenda for Action has been developed according to a program of scoping, research and stakeholder consultation to look at what sustainable development means for the future of the cement industry. It sets out a program of work focusing on six areas that we will address in this report: **i)** Climate protection, **ii)** fuels and raw materials, **iii)** health and safety, **iv)** emissions monitoring, **v)** local impacts, and **vi)** communication. We have chosen to adopt the Agenda in order to prepare ourselves for a more sustainable future and to respond to the expectations of stakeholders who increasingly require businesses to take the lead in social and environmental issues.

### About Uniland Group

Uniland Group is in the cement business. We manufacture cement, concrete and mortar, we also extract and market aggregates. The origins of Uniland Group date back to the merger of two important family-owned cement companies in 1973, Cementos Fradera, a company founded in 1896, and Cementos y Cales Freixa, a company acquired in 1901.

The Group has built up a solid, yet diversified structure over the last 100 years. The different areas of our business make up a healthy nucleus yet their individual specialization is also an important feature of our activities and provides a solid basis for the group's business.

Uniland Group is currently working together to consolidate a common project for the future which goes beyond geographical frontiers and boundaries and which aims to maintain and consolidate company growth.



Uniland Group operates in three continents: Europe, Africa, and America. We have six cement factories, 1 clinker grinding plant, 14 quarries, 46 concrete plants, 11 mortar plants and 2 cement terminals. Our current capacity is 7Mmt of cement, 6 Mmt of aggregates, 3Mm<sup>3</sup> of concrete and 2 Mmt of mortar.

The following chart shows our key financial statistics:

Uniland Group	2002	2003	2004
• Sales	380.2	372.8	423.3
• Operating Results (EBIT)	80.6	90.5	111.3
• Net Profit per Share	9.3	12.5	17.7
• Total Assets	441.0	439.2	488.0
• Total Debt	145.9	129.1	100.3
• Total Net Debt (*)	89.3	96.7	31.6
• Total Equity	178.5	201.9	279.3
• ROI	18.3%	20.6%	22.8%
• ROE	37.8%	48.2%	50.0%



(\*) Gross Debt minus cash and banks and temporary financial investments.  
Figures in millions of € except ratios and net profit per share.

## Our Production Process and Products

The Uniland Group's main business activity is the manufacture and marketing of gray cement for the domestic and international markets. We also manufacture and market related products such as aggregates, concrete and mortar. The Uniland Group's commitment to quality is constant throughout all its production processes.

The main components of cement are marl and limestone which are obtained from quarries. These materials are crushed and blended with clay, iron ore and sandstone and are ground in ball mills to obtain a fine powder with a particle size of 0-100 microns called raw meal. This raw meal is stored and homogenized before it is burned in a rotary clinker kiln. Apart from these raw materials, other by-products are also added under administrative authorization (waste from other industries which has a similar chemical composition to traditional raw materials).

Once the raw meal has been fed into the pre-heater and is exposed to high temperatures from combustion gases it becomes calcined, and, therefore, becomes the main emission of CO<sub>2</sub>. In the rotary kiln, the oxides that now make up the raw meal combine to make silicates, aluminates, and tetracalcium aluminoferrites, which are the main constituents of clinker. The clinker has to be cooled down to temperatures that stabilize its chemical composition. Then the clinker is ground down with gypsum, to control the cement setting time, and other additions to particle sizes between 0 and 60 microns. The result of this grinding is the product we call cement. This cement is stored in silos and is later dispatched in bulk or in bags.

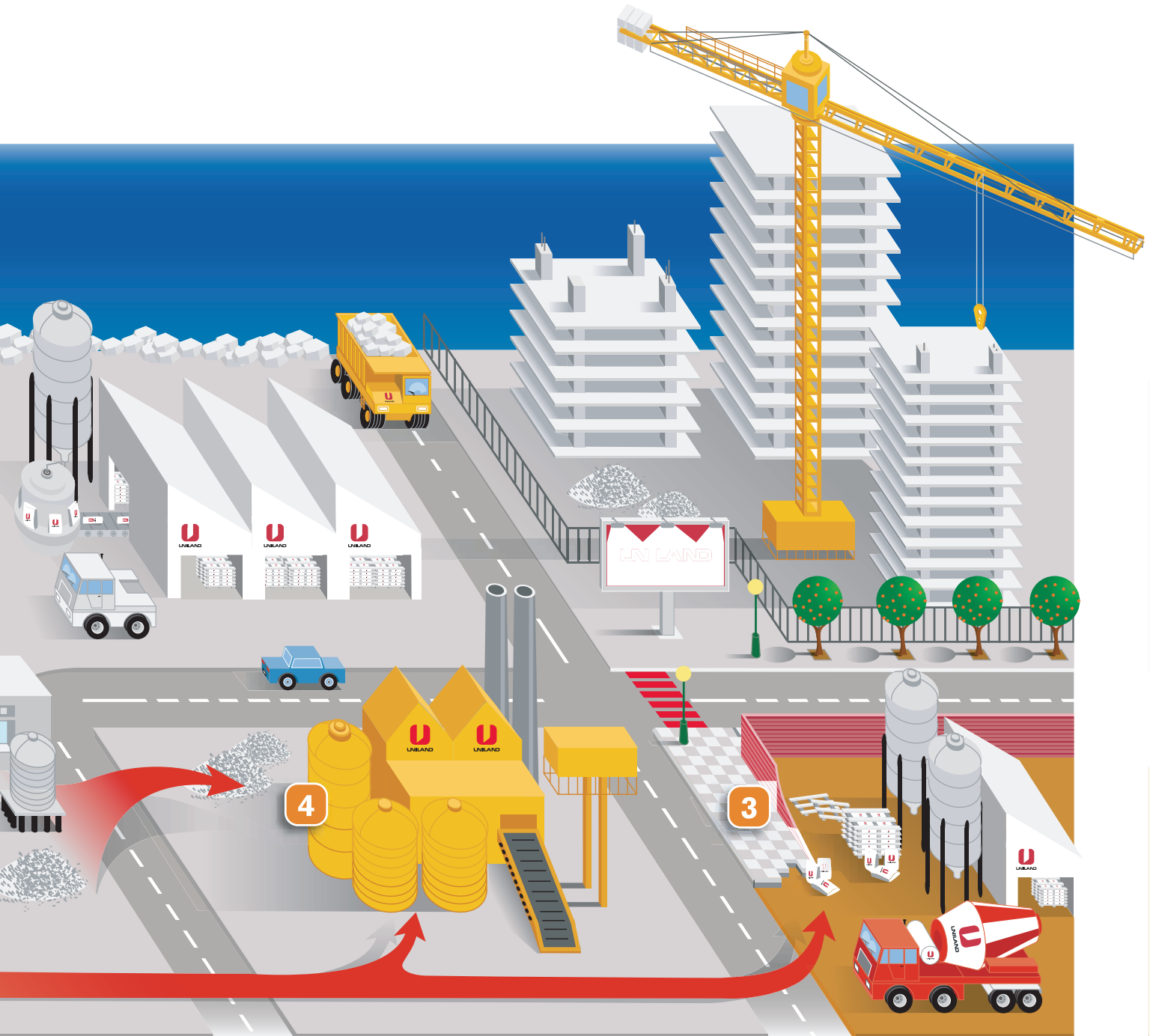
1. Quarry
2. Cement plant
3. Concrete plant
4. Mortar plant



## “ A Closer Look ”

### Extracting Raw Materials

We extract the raw materials that we need in our production process from our open-pit quarries. We use controlled blasts to mine the sites. The limestone rock extracted from the quarry, known as aggregates, is crushed, then ground, and classified. It is then used to make cement, concrete and mortar.





#### Clinker and cement

Cement is a fundamental material for the building industry thanks to its intrinsic characteristics. A mix of clay and limestone undergoes calcination in rotary kilns at over 1450° C to obtain cement clinker; an intermediate product created in the manufacture of cement. Cement is obtained by finely grinding the clinker, adding gypsum to control setting times and finally other additives.

When mixed with water and aggregates (paste, mortar, concrete, etc.) the cement sets and hardens as a result of a hydration reaction. Once the cement has hardened it maintains its resistance and stability even underwater.

Nowadays it is the cheapest and most durable binder known to man.

#### Concrete

Concrete is a mix made of aggregates, cement, sand and water. Concrete is used to build highways, channels, harbors, airports, dams, housing foundations and most structures.

#### Mortar

Mortar is made up of sand, cement and water and can also include additives. The different possible mixes should be homogenous and should be used in the right proportions according to the application. Mortar is used for rendering and plastering, walls, partition walls, flooring, etc.



#### Aggregates

They are either natural rocky materials, such as sand and gravel, or crushed limestone. These materials are screened and sorted by sizes to allow them to be correctly classified according to their intended use. Aggregates are used to manufacture concrete, agglomerates, granular bases and sub-bases and other similar types of industrial applications.



## “A Closer Look”

### Our Cement Factories

Our cement is made by crushing and grinding factory rock with other raw materials, such as clay and sandstone. This mix is exposed to hot gases at over 1450°C to obtain clinker. After the clinker is cooled, it is mixed with gypsum and additions and is then ground to make cement, which we store in silos. Cement can be shipped either in bulk or in bags. We also produce concrete which is obtained by pouring cement with aggregates, water and additions into a mixing unit. Concrete is kept in constant rotation during transportation, and once on site, we help and advise our customers on how to use it correctly.



## “A Closer Look”

### Quality Guaranteed

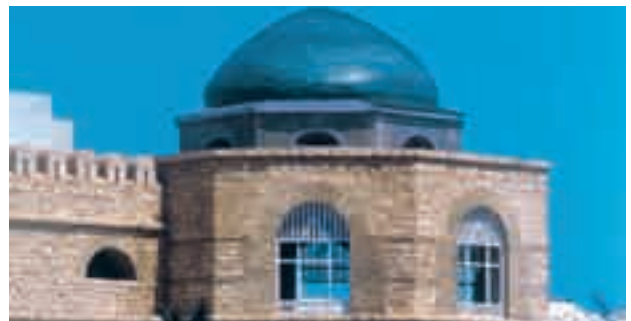
All our cements sold in Europe are backed by quality marks awarded by highly demanding certification organizations. All our cements have the “N AENOR” and “CE” marks for the quality. In Spain, Uniland Group activities have been awarded AENOR certification for quality management which certifies the company's compliance with the ISO 9001:2000 standard requirements in its three locations, Barcelona, Santa Margarita i els Monjos and Vallcarca. Our locations in Uruguay, Argentina and Tunisia have also obtained the quality certification ISO 9001:2000.

### Our commitment to quality and value creation through our products

The First Principle of the Rio Declaration on the environment and development states that, “human beings are the center of concern for sustainable development and each human being has the right to a healthful and productive life in harmony with nature”.

Uniland Group has taken this principle as a starting point to contribute to socio-economic development and create value through the quality of its cements. Our products are used to better people's standard of living by building, repairing and maintaining all types of infrastructures. Within this context, our firm has participated in the construction of prominent emblematic works in Spain, Tunisia, Argentina and Uruguay.

- **Sanitation:** Water supply, waste water treatment, solid waste treatment and sanitation facilities. Example: Sewage treatment plant in Grindsted, Denmark.
- **Protection against natural disasters:** Coastal protection (barriers, dikes and breakwaters), landslides (containment structures, drainage systems) and natural fires (paved boundaries, water tanks). Examples: Extension of the seaport in Tarragona, Spain; the Rialb Dam in Ponts, Lleida, Spain; the Bridge on Route 12 over the Plata River in Minas, Uruguay.
- **Mobility:** Roadways, railroads, airports, ports, pedestrian areas. Examples: the American Airlines Arena in Miami, USA; the Portofino Yacht Club in Miami Beach, Florida, USA; the Cervera divided-highway relief road in Lleida, Spain; the marina in Tarragona, Spain; No. 7 motorway in Mendoza, Argentina; Route 6 (ring-road) in Buenos Aires, Argentina; the Carrasco International Airport in Uruguay.
- **Productivity:** Communications, farming and industrial facilities, food-processing plants, warehouses. Example: the Collserola communications tower in Barcelona, Spain; a paper plant for the Finnish group, Botnia in Uruguay.
- **Leisure:** Museums, theaters, libraries, sports centers, parks. Examples: the Sagrada Familia Church in Barcelona; the Palau Sant Jordi in Barcelona, Spain; the Rades Olympic Stadium in Tunisia.
- **Comfort:** Housing, offices, hospitals, schools. Examples: the Torre Mapfre office building in Barcelona; the Olympic Village residential housing in Barcelona; the Jury's Hotel in Belfast, North Ireland; the Mausoleum of the Tunisian Republic's First President.





## Our Markets

The geographical distribution of the Uniland Group's companies and our expansion strategy aims to make our Group's business and financial structure stronger, by taking advantage of the different economic cycles in each country. One of the cornerstones of our management is to strive for continuous growth in the Group.

### Spain

- 2 Cement Factories
- 1 Cement Terminal
- 13 Quarries
- 32 Concrete Plants
- 12 Mortar Plants

### Tunisia

- 1 Cement Factory
- 1 Quarry
- 4 Concrete Plants

### Holland

- Business Trading

### Uruguay

- 1 Cement Factory
- 1 Clinker Grinding Plant
- 1 Quarry
- 4 Concrete Plants

### Argentina

- 2 Cement Factories
- 2 Quarries
- 6 Concrete Plants

### United Kingdom

- 1 Cement Terminal



For more information on our markets, please visit our website: [www.uniland.es](http://www.uniland.es)

## Our Stakeholders

We think that listening to and learning from our stakeholders benefits our decision-making process, strengthens our links with them, and helps us succeed as a company. Different groups inevitably have differing perspectives and approaches. Engaging in challenging relationships requires all parties to respect different beliefs and areas of expertise, if we are all to benefit and learn. Our commitments include customer research, cement industry debates and research projects, community meetings and formal and informal dialogues with stakeholders.

### Shareholders

Uniland Group, founded in 1973 as a result of the merger between two family-owned companies born at the beginning of the 20th century. Nowadays, an important shareholding is held by the relatives of the original founders through its holding company Corporacion Uniland, S.A.

### Employees

At Uniland Group we are developing a human resource management model (for managers and technicians) in an aim to globally improve our development. The model, which we have named "Proyecto Retos", the "Challenges Project", is based on skills and potential. This Project has been initiated in 2004. For further information, please consult the Our People section.

In all regions and companies, the employees enjoy social benefits and are covered by collective agreements that have been reached by consensus with the employees and/or their representatives.

## “A Closer Look”

### Open Days

→ Employees → Customers → Suppliers → Communities

Our dialogue with our stakeholders includes an initiative directed at several groups of interest, which we aim to bring to fulfill, extend and continue to improve. These Open Days bring representatives of the company and representatives from local communities around our cement factories together in order to involve them and maintain a proactive dialogue with them in a closer setting.

Uniland Group holds these events for different groups. The Open Days, which are carried out on a regular basis, involve different leisure activities in which customers, suppliers, employees and neighbors all take part. Informative visits to our different factories – cement, concrete, mortar and aggregates – are also organized for these groups so they can become more familiar with each type of product.



Liaison with management and staff in Tunisia on salaries, working conditions and dismissals takes place through employee representatives. There is also a health and safety committee.

We also maintain an active, balanced dialogue with the trade union at SCE, the Union Générale des Travailleurs Tunisiens and the employees' representatives keep us informed about the working atmosphere in the factory. Meetings are held on a regular basis to keep our employees abreast of the company's activities.

## Customers

Uniland Group is a customer-based Group. Our aim is to maintain an excellent relationship with them at all times. We go to a great deal of trouble over our customer service via our product information leaflets and our website which allows our customers to present their concerns and receive a comprehensive answer to them. Our CRM system will shortly be in operation.

Identifying and targeting customers is the job of our companies' sales departments, who study the purchasing capacity, growth capacity business background, etc. of our customers. The frequency of meetings, (except for emergencies and exceptional circumstances), is agreed by both parties. The matters dealt with during customer meetings are the customary areas discussed at this type of encounters.

## Suppliers

In Spain, the Purchasing Department is responsible for supplier relationships and guarantees product quality, the continuity of supplies, prices, etc. It also deals with supplier queries and concerns.

Relationships with suppliers in Tunisia are just beginning to develop. We aim to encourage and increase them. SCE has a high purchasing turnover, so it carries enough weight with suppliers to be able to influence buying conditions.

## Public Administration

Uniland Group policy in all the areas we have a presence is based on fluent, transparent communication with public administration bodies. We are eager to collaborate with the authorities on all important issues: i) the environment; ii) safety; iii) social affairs.



## “ A Closer Look ”

### Customer Engagement Efforts in Tunisia

Customer relations in the Tunisian market are changing. Société des Ciments d'Enfidha (SCE) and Select Béton (SB) are therefore making considerable efforts to analyze and satisfy customer needs and to provide tailor-made services.

In order to improve our relationships with our customers and get to know them better, SCE conducted a questionnaire about customer satisfaction in 2002 which brought excellent results. One of our short-term aims is to update this study. Our sales network, which is divided into geographical areas, is in direct contact with our customers. They collect information about their needs and resolve their queries and concerns.

We have adopted new marketing techniques, pricing strategies, payment terms, and have improved our product quality and service.

The ready-mix market (SB's market) tends to compete on price, but not on product quality and service. SB's objective is to find a niche in the market by promoting quality and know-how (and thus withdraw from the price war) and to establish a closer relationship with its customers.

Uniland Group has a customer service helpline for any customers who wish to air their queries or make complaints. We also have a telephone line to advise customers on the best way to use our products.

# Strategy for Sustainable Development



Here at Uniland Group, we believe that the success of our business depends on balancing economic, social and environmental objectives. We provide top quality products to our customers by working as efficiently as possible while minimizing the impact our business has on the environment. This model has lasted for nearly 100 years, and it has generated significant benefits for our stakeholders. Our sustainability strategy is rooted in a philosophy that values long-term vision and reliable operations. In short, our Mission, Vision, and Values are:

- **OUR MISSION:** We aim to add value on a long-term basis for our shareholders, customers, employees and suppliers, to use environmentally-friendly policies, to look after the communities in the areas our activities are located in and to co-operate with the authorities.
- **OUR VISION:** We aim to consolidate the Uniland Group's position in the markets we operate in and to continue to grow.
- **OUR VALUES:** Our common corporate identity is based on integrity and effectiveness. We aim to foster continuous personal development and are firmly committed to sustainable development in our business activities (respect for the environment, safety at work and social and economic development of the community).



Uniland Group's sustainability framework is represented as follows. Our commitment to the future as part of our strategy and operations includes compliance with the highest applicable legal standards; our commitment to the already adopted CSI-Agenda for Action, the UN Global Compact, and to international standards, values and codes in general as well as our interest in satisfying our stakeholders' demands.

The graph above shows the Uniland Group's in-house dynamics on defining a sustainability strategy and the framework of external influences that have a direct effect on Group decision-making and strategic evolution with regards to all sustainability aspects.

From an introspective point of view, the Uniland Group's sustainability strategy is reflected through the commitments set out in our Mission and Vision, shaped through our Values, materializes through the policies that cover the different elements of sustainable development and is implemented through the specific procedures and programs that we have put together and are running.

However, this synopsis is not a fixed immovable state. The elements that intervene in strategic implementation are dynamic and in constant flux as they are governed by constant change in the environment and by the company's capacity to adapt to them. Thus,

## “A Closer Look”

### The meaning of Sustainability in Uniland Group

One of the Uniland Group's strategic objectives is to expand our business while pursuing economic growth for developing populations. Sustainable Development has taken its place as a Corporate Value. In 2002, we established an international Uniland Group working group to take part in each CSI-WBCSD Task Force. Thus, we can share the different cultures of our Uniland Group members under the same umbrella: the Uniland Group culture.

The Uniland Group SD working group meets four times a year to discuss the current Sustainable Development agenda and programs with our CEO and the Managing Directors from each country.

We not only share our SD best practices in those countries where we have a presence but we also share our SD next practices in order to fulfill our future commitments.

Advocacy is also important for Uniland Group. This is why we participate in all local, national and international forums and meetings with the stakeholders related to our business.

Finally, we try to convert potential threats into both business and SD opportunities. This is a way of successfully managing change in sustainable development.





our sustainability strategy not only keeps in line with current law, it goes beyond this. The Uniland Group's sustainability strategy goes beyond legal compliance. This means that we take other elements into account, such as international values and standards, globally accepted codes and obviously our stakeholders' expectations.

With regard to international values and standards, we have always worked to OECD guidelines and ILO standards, and since 2002 we have also committed ourselves to gradually implementing the ten UN Global Compact principles and the Cement Sustainability Initiative's recommendations, through its Agenda for Action, into our strategy and operations.

We are aware that all the above are part of a wider framework, i.e. the Universal Declaration of Human Rights and the Rio Declaration for Sustainable Development.

Finally, we are giving greater importance to our stakeholders' expectations. We try not only to bear them in mind but to insist on continuous improvement so we can surpass them. Our stakeholders' major expectations are: **i)** public reporting, **ii)** transparency, **iii)** responsibility and business ethics, **iv)** a proactive approach to SD, **vi)** evidence of significant actions, **v)** commitment to society, **vi)** improvement of living standards, **vii)** value creation, **viii)** high quality products.

We believe we are working on each and every one of the aforementioned aspects proactively and consistently. We believe we have made significant progress over the last few years and that our projects are in line with continuous improvement and our vision of the future. This report, for instance, is a good example of this progress. The links between the elements of this framework will: **i)** prepare us to face new challenges, and to turn threats into opportunities; **ii)** allow us to identify and capitalize on new market opportunities; **iii)** improve our contribution to sustainable development both through what we do and how we do it; **iv)** help to satisfy the expectations of our stakeholders; **v)** strengthen corporate identity; and **vi)** allow us to ensure fluent communication and cooperation with public administrations.

Uniland Group's Strategy for Sustainable Development guarantees that our decisions and actions today do not endanger the success of our business or our stakeholders in the future. Our strategy is directed at success because we are convinced that success is the only outcome that satisfies all of our stakeholders' demands. We consider that our long-term survival is based on a well-implemented strategy that will allow us to add value for our shareholders and satisfy all our stakeholders' expectations both today and in the future.

The economic, environmental and social policies that guide us are part of our strategic vision. As stated before, they are a result of our commitment to the Universal Declaration on Human Rights, the Rio Declaration on Sustainable Development, ILO standards, the CSI Agenda for Action, the UN Global Compact and OECD Guidelines, and in general terms to international standards and values. These guidelines are extended to all business units through different procedures and specific programs. We are sure that training, motivating and involving all our employees in these goals will improve our company's performance. Stakeholders' new demands are also having a very positive effect on our business behavior and performance. As a result, we are addressing important issues, such as public reporting, a proactive approach to sustainable development and a greater commitment to society.

The most important sustainable development policies in our organization are: **i)** our Environmental Policy; **ii)** our Health and Safety Policy; **iii)** our Training and Education Policy; and **iv)** our Communication Policy.



For more policy information, please visit: [www.uniland.es](http://www.uniland.es)

## “A Closer Look”

### Memberships in Advocacy Organizations

#### WBCSD

Uniland Group has been a member of the prestigious World Business Council for Sustainable Development, whose headquarters are located in Geneva (Switzerland) since September 2002. All the WBCSD's 175 members are totally committed to sustainable development. Uniland Group, alongside the world's other main cement companies, is one of the ten Core Members of the WBCSD's Cement Sustainability Initiative (CSI). This initiative has taken the form of an Agenda for Action that establishes projects to achieve sustainability in different areas of the cement industry. Uniland Group plays an active role in this initiative.

For more information on WBCSD and the Cement Sustainability Initiative (CSI) visit:



[www.wbcd.org](http://www.wbcd.org)  
[www.wbcdcement.org](http://www.wbcdcement.org)

In June 2005, as part of the WBCSD Annual Council Meeting to be held in Nagoya, Japan, Uniland Group will take on the Co-Chair of the CSI of the WBCSD for a period of two years.

#### GLOBAL COMPACT

The Global Compact is a multi-stakeholder forum which brings together business, international and civil society organizations to address sustainable development issues, such as human rights, labor standards, the environment and anti-corruption. We are making changes in our strategy to include the 10 principles of the Global Compact into our culture, values and day-to-day activities.

For more information on the Global Compact, please visit:



[www.unglobalcompact.org](http://www.unglobalcompact.org)  
[www.pactomundial.org](http://www.pactomundial.org)

Uniland Group has been participating in the Global Compact since October 2002.

From a specific viewpoint, the addition of the 10th principle, the fight against corruption, in 2004 was an achievement Uniland Group had supported from the outset. The Group has always aimed to ensure ethical and transparent management in accordance with the principle of fighting against corruption. Making progress in the implementation of the Global Compact principles is high on our list of priorities which is why we comply with all UN mandates and are part of the Spanish Global Compact network.



GRI Indicator



Our projects are based on a sustainability strategy which in turn is aligned with the work we carry out as part of the Cement Sustainability Initiative. They can be summarized as follows.

## Economic Aspects

- **Creating value for our shareholders:** Defending their legitimate interests by adding value in the medium-long term.
- **Creating value for our stakeholders:** Reinvesting part of our annual profits to guarantee resources that will allow us to take on business growth and thus add value for all our stakeholders.
- **Creating value for our customers:** Providing them with total satisfaction via integrated agreements, complying with the strictest quality standards and policies both at home and abroad. Implementing a CRM system, encouraging our R&D policy and working with academic and scientific institutions to develop products with greater added value.

Indicators: GRI indicators regarding economic aspects.

## “A Closer Look”

### Our Sustainable Development Journey

- 2001 – Uniland Group-Spain's Environmental Policy is introduced.
- 2002 – Joined the WBCSD. Core member of the CSI
- 2002 – Joined the Global Compact
- 2002 – “Open Days” at Monjos cement plant
- 2002 – Awarded ISO 14001 certificate at the Monjos factory in Spain
- 2002 – Uniland Group, Spain's first environmental report was published.
- 2003 – Spain and Tunisia: Awarded certification ISO 9001: 2000 replacing ISO 9002: 1994

### Milestones in 2004

- “Open Days” at Monjos cement plant
- In Uruguay we achieved the ISO 14001 standard certification.
- Incorporation of CSI / WBCSD KPI's into Group Management Information System (MIS).
- The “Challenges Project” or “Proyecto Retos” focused on human resources management model.
- Argentina and Uruguay: Awarded certification ISO 9001: 2000

## Environmental Aspects

- **Climate Protection:** Reducing CO<sub>2</sub> emissions at Group level by optimizing the use of energy in our factories, using biomass and alternative fuels as opposed to fossil fuels and adding mineral components to cement.
- **Fuels and Raw Materials:** Using alternatives to conventional fuels and raw materials used in the cement industry, as long as the necessary safety measures are guaranteed.
- **Emission reduction:** Monitoring the most important emission ratios as per the CSI/WBCSD so that we can ensure our emissions are much lower than the most stringent local, national and international regulations.
- **New certifications:** Working to achieve the ISO 14001 standard certificate in the Argentinian, and Tunisian plants.
- **Eliminating Polychlorinated Biphenyls (PCBs)**

Indicators: Cement Sustainability Initiative's key performance indicators on environmental issues.

## Social Objectives

- **Health & safety:** The application of health and safety regulations throughout our plants and factories thanks to monitoring of best practices in the Group's different business units and through our Health and Safety Committee. Investment and training for staff and external collaborators to maintain and improve our safety ratios in the workplace.
- **Human Resource Practices:** Creating the necessary conditions for professional development, sharing best practices in all our plants and facilities and showing respect for different cultures in different countries. Finally, implementing our Internal Communication Policy.
- **Communication:** Transparency in internal and external communication is a key factor in ensuring excellent relations with all the different local and international stakeholders. The Group has integrated the CSI/WBCSD variables (KPI's) into the Management Information System (MIS) to allow company management to achieve economic, social and environmental targets. In particular, we will continue to publish our annual sustainability report.
- **Local communities:** Implementing a proactive social aid and co-operation policy, through social and cultural activities and strengthened through our external communication policy.
- **Local Impacts:** Assessment of the impact our business has on the environment of our manufacturing plants and on local communities which will allow us to take joint action and to assess the investment required to minimize this impact. This involves programs in quarry restoration, reforestation, minimizing noise and dust emissions.

Indicator: CSI and GRI indicators regarding social issues.

# Governance of the Group





## Governance of the Group

Our commitment to the principles of openness, integrity and accountability ensures that our business is conducted in accordance with local and internationally accepted governance practices. Corporate Governance encompasses Uniland Group's systems, structures and culture of governance to ensure that the company acts responsibly vis-à-vis all its stakeholders from an economic, social and environmental at December 31<sup>st</sup>, 2004 point of view.

Uniland has an stake in companies where we can manage or co-manage the business. It is not the aim of the Group to hold financial stakes with no management of the business.

	Group Participation
<b>Spain</b>	
• Uniland Cementera, S.A.	99.72%
• Uniland Marítima, S.L.	99.72%
• Prebesec, S.A.	99.72%
• Hormigones Uniland, S.L.	99.72%
• Aridos Uniland, S.A.	99.72%
<b>Tunisia</b>	
• Societe des Ciments d'Enfidha	87.66%
• Select Beton	87.66%
<b>Argentina</b>	
• Cementos Avellaneda	50.00%
<b>Uruguay</b>	
• Compañía Uruguaya de Cementos Portland	50.00%
<b>UK</b>	
• Southern Cement Limited	100.00%
<b>Holland</b>	
• Uniland Trading, B.V.	100.00%

## Board of Directors

The Board of Directors is the top decision-making organ of Uniland Group, operating with no substantial limitations other than those set forth in the corporate purpose, without prejudice to the powers reserved to the General Meeting. The Board of Directors is governed by Internal Regulations in accordance with the principles of openness, legality, security, loyalty and responsibility and of efficacy and precision as regards the requests of the General Management.

It is the Board's policy to delegate and to mainly concentrate on:

- Approving the Group's overall strategies

## Ownership Structure

Corporación Uniland, S.A., the holding company of Uniland Group, has a share capital of 5,265,669 ordinary shares at December. All the shares confer identical rights as there are no different classes or series of shares.

The main companies in the Group and the share percentage that Corporación Uniland, S.A. held directly or indirectly is shown in the following table.



- Supervising and ensuring that the company's management pursues the creation of value
- Appointment, compensation and, where appropriate, dismissal of top management
- Establishing policies concerning information and communication with shareholders
- Approval and follow up of the Group's Annual Budget
- Strategic investments approval

Uniland Group's Board of Directors is made up of 15 Board members. Santiago Fradera Butsems and José Antonio Rumeu de Delás are the Honorary Chairmen and Pedro Ferreras Díez is the Chairman of the Board.

The current composition of the Board of Directors is as follows:

BOARD OF DIRECTORS	
HONORARY PRESIDENTS	SANTIAGO FRADERA BUTSEMS
	JOSÉ ANTONIO RUMEU DE DELÁS
PRESIDENT	PEDRO FERRERAS DÍEZ
MEMBERS	• JOSÉ ANTONIO RUMEU DE DELÁS
	• CARLOS CASANOVAS GIMÉNEZ
	• MARIO FRADERA FONOLL
	• RAQUEL FRADERA LLORET
	• ALBERTO FRADERA OHLSEN
	• CARLOS FRADERA PELLICER
	• ALBERTO FRADERA TORRELLA
	• PEDRO M MAYOL DE BUFALA
	• DARÍO DE OLAORTUA RUMEU
	• JAIME DE OLAORTUA Y RUMEU
	• M DEL VIVER DE OLAORTUA RUMEU
	• DOS MIL DOSCIENTOS UNO, SL. Represented by CARLOS VÁZQUEZ RUIZ DEL ÁRBOL
	• FREIXA INVERSIONES, SL. Represented by MIGUEL RUMEU MILÁ
	• SAGARRA INVERSIONES, SL. Represented by PABLO RUMEU MILÁ
NON-DIRECTOR SECRETARY AND LEGAL ADVISOR	ALBERTO CADENA ESCUER

Additionally, the Board is assisted by two external advisors:

ADVISORS	• JOSÉ LUIS JOVÉ VINTRÓ
	• JUAN M NIN GÉNOVA

The Board gets advise through three ad hoc Comissions:

Strategy and Investments

Appointments and Compensation

Audit and Control



## Executive Committee

Uniland Group is managed at its highest level by an Executive Committee of 9 members:

### EXECUTIVE COMMITTEE

• Chief Executive Officer	Francisco Reynés
• Managing Director - Spain	Antonio Crous
• Managing Director - Tunisia	Adel Ben Ahmed
• Chief Financial Officer	Javier Carrasco
• Corporate Development and Trading Director	Francisco Centeno
• Secretary General	Santiago de Gomar
• Human Resources Director	Pascual Jiménez
• Industrial Director	Ignacio Machimbarrena
• Information Systems Director	Antonio Mercadal



The committee meets monthly and holds follow-up meetings four times a year at which the Group's Sustainable Development strategies are decided and up-dated.

## Shareholders' General Meeting

Ordinary General Meetings must be held within the first six months of the year to examine the management of the company, vote on the approval of the previous year's accounts and resolve on the distribution of profits according to the balance approved.

## Commitment to UN Global Compact Principles

Uniland Group embraces, supports and enacts, within its sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption. Uniland Group signed the UN Global Compact in 2002.



For more information on the Global Compact visit:  
[www.unglobalcompact.org](http://www.unglobalcompact.org)



# Value Creation



# Value Creation

One of the Uniland Group's key objective is to maximize the value of the company whilst increasing the benefits for the various different interest groups that interact with us.

We aim to obtain maximum profits on the investments contributed by the shareholders and simultaneously provide maximum benefits to our other stakeholders through the monetary flows we provide them with.

We work with controlled risks to create economic value in the long term. We operate a policy of balanced proportion between debt and owner investment. We are also committed to sustainable development. Moreover, we are concerned about having the best possible cash flow by correctly financing our current assets and aiming for a balance between income and payments. This ensures our financial flows are correctly freed.

We are aware in Uniland Group that the accounting version of the results, on which this section is based, has serious limitations as a criteria to determine our company's true capacity to create value. Accounting indicators: i) do not take into account the value that intangible resources contribute to the company, ii) are calculated on a limited time scale, iii) are retrospective measurements and iv) are affected by valuation accounting criteria, amongst others.

Moreover, accounting indicators do not correctly include the creation of economic value of strategic resources as, on certain occasions, some strategic investments are considered as current expenditure and do not include factors such as future profit expectations, the value of our reputation and image, the value of our commitment to sustainable development, or relational capital, amongst others.

Some companies resolve this problem by using indicators based on market values. However, in the case of Uniland Group we are not able to use this as we are not a listed company.

Thus, Uniland Group justifies the use of approximation (accounting) measures, which reflect, although to a somewhat limited extent, the value and importance of our strategic assets and the distribution of financial flows towards different interest groups.

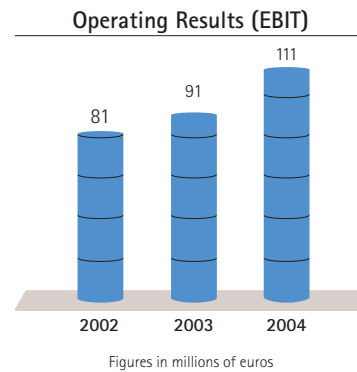
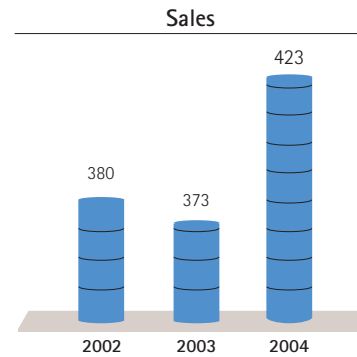
In this chapter, we will address how we create value and how we distribute wealth. We will also highlight how we contribute to the socio-economic development of a wide range of societies.

## Financial Highlights

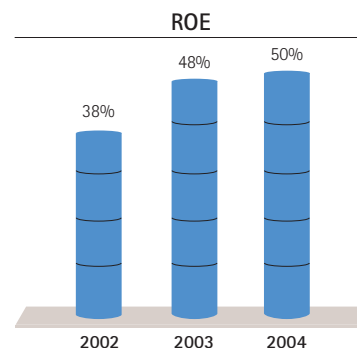
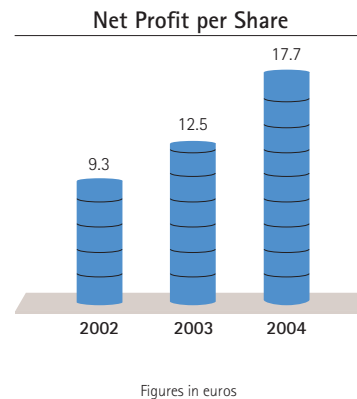
The figures shown here have been put together using generally accepted accounting principles and are expressed in euros.

The Uniland Group's results over the past three years have been characterized by an increase in sales, as a result of the favorable results obtained in all the regions we operate in. Likewise, operating results and net profit per share have also risen. Last year, sales rose by 14%, operating profit by 23% and net profit per share by 42%.

The following graph shows the evolution of the aforementioned results.



Finally, the ROE<sup>2</sup> (net income / book value of shareholder' equity) evolution is shown for the last three years. As the graph shows, the ratio is increasing. The ROE reached 50% last year, which represents a 2% increase over 2003 and 12 points over 2002.



<sup>(2)</sup> Return on equity reveals how much profit a company earns in comparison to the total amount of shareholder equity found on the balance sheet. A business that has a high return on equity is more likely to be one that is capable of generating cash internally. For the most part, the higher a company's return on equity compared to its industry, the better.

## Direct Economic Impacts: Monetary flows between Uniland Group and its key stakeholders

Many people and organizations have an impact on our business and we have an impact on these people, employees, customers, business partners, investors, governments and communities, among others. We create and share wealth, invest in local economies, develop people's skills and extend our expertise.

Our continuing success in meeting consumer needs is essential if we are to thrive as a business, and so be able to pay our employees, suppliers and distributors, create value for shareholders, pay taxes and invest in the future. We believe that doing business in a responsible way has a positive social and environmental impact.

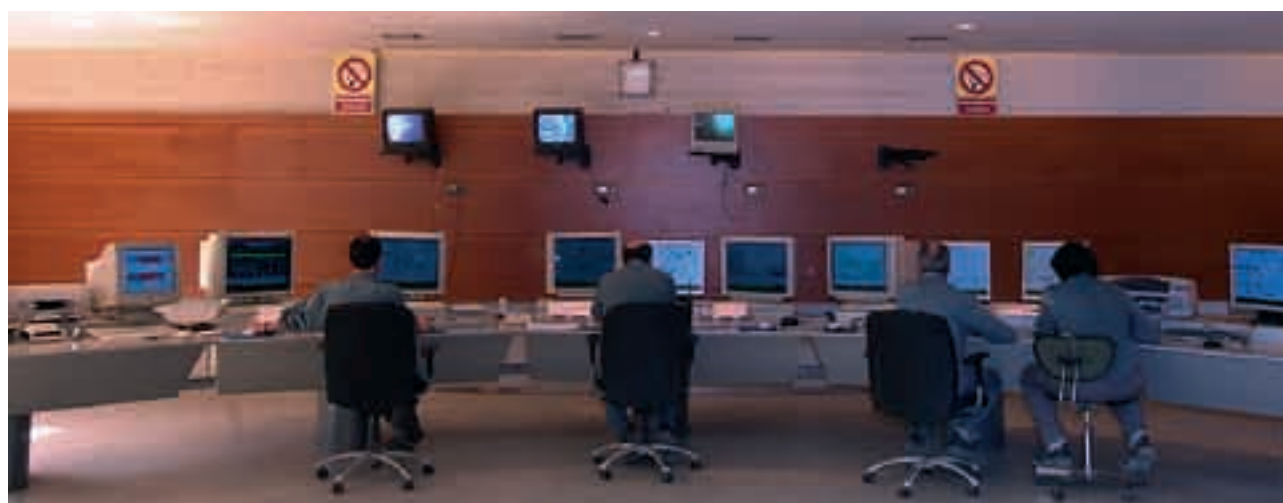
Uniland Group generates wealth by adding value to raw materials as they are processed and turned into new goods (cement, concrete, mortar) and effectively transported to meet societies' needs. This value is shared among our stakeholders.

The chart below shows how this value is distributed among stakeholders: **i)** Suppliers (largest single beneficiary) as a result of the economic impact that our purchases; **ii)** providers of capital through the payment of dividends (shareholders) and interests (money suppliers); **iii)** employees through wages and benefits; **iv)** communities via our direct economic contribution; **v)** all stakeholders via our investment in the business for future growth.

Uniland Group	2002	2003	2004
• Total Sales	380.2	372.8	423.3
Net sales domestic	268.7	260.6	288.4
Net sales abroad	111.5	112.2	134.8
• Suppliers	112.1	93.3	110.2
• Wages and salaries	51.9	55.4	55.4
• Depreciation and amortization	30.9	25.8	31.3
• Financial expenses	5.2	3.4	3.9
• Distribution of dividends	10.9	11.5	12.0
• Retained earnings	49.0	54.0	81.0
• Investments	66.0	57.0	30.0
• Contributions to the community	386.0	418.0	611.0

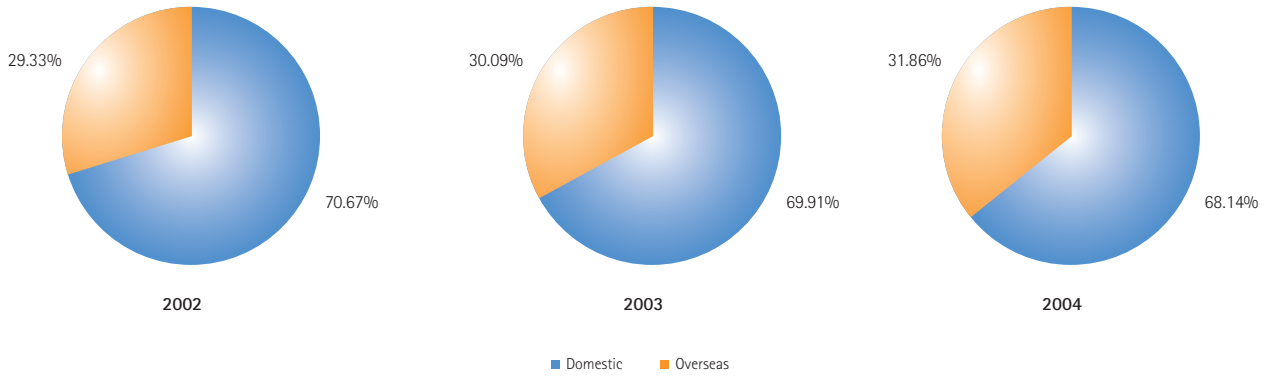


N.B: Figures in millions of euros



The Uniland Group's income comes mainly from sales generated by the domestic business, although our foreign companies are increasing their share. The following graph shows where income has been generated over the past three years.

Sources of Income (consolidated figures in €)



The Uniland Group's distribution of financial flows to different interest groups is shown as the shaded areas of the following graph.

Financial Flows



Our commitment to create value for all our stakeholders encourages us to distribute more financial flows year after year. During the period 2002-2003, the distribution of financial flows rose by 4% and during the period 2003-2004 it increased by 11%. We are working to ensure that we can increase the figure for 2005.





The distribution of financial flows has evolved over the last three years for all the interested parties. The following graphs show the distribution trends.

- **Our suppliers** are the major receivers of increased financial flows from our company.

We believe that supplier-related activities and purchasing now have a strategic role in our business development, in addition to their traditional role. Maintaining excellent relations with our suppliers can help us to boost the success of our business and those of our suppliers.

- **Our employees** are the next largest interest group to receive financial flows. In absolute terms, these have increased over the past few years. Our staff also receive other benefits, such as training.
- **Uniland Group** is concerned with improving our economic performance and thus giving our shareholders greater dividends each year.
- As part of our commitment to the **local communities** in the geographical areas we are present in, we have progressively increased our voluntary contributions to these communities.

Thus, we increased our contributions from 2002 to 2003 by 8.4% and from 2003 to 2004 by 37.3%. How these contributions were distributed is detailed in the section which deals with local communities.

## Indirect Economic Impacts

All the economic or multiplying effects of our activities in the areas we operate in, such as purchasing raw materials from our suppliers, purchases made by employees with their wages and salaries, improvements in local infrastructure carried out by the company, the implementation of programs that promote the inclusion of the local workforce into the labor market and the transfer of know-how, amongst others, are the major indirect economic impacts we produce.

Cement companies often operate in environments where infrastructure, such as roads that are essential to quarrying operations, is simply nonexistent. Many companies believe it is not their role to serve as substitutes for government and are, therefore, reluctant to engage in activities associated with the provision of public services or utilities. However, the reality is that expectations of large companies' social responsibility are growing, and the boundaries defining the appropriate roles of states, markets and civil society have become diffuse. We believe that we create value by extending our business role beyond its traditional boundaries.

For this reason, we make a number of choices during the quarry identification process which have a significant effect on local communities over generations. Infrastructure is particularly important because of the role it plays in the livelihood of many communities, mainly in developing countries.



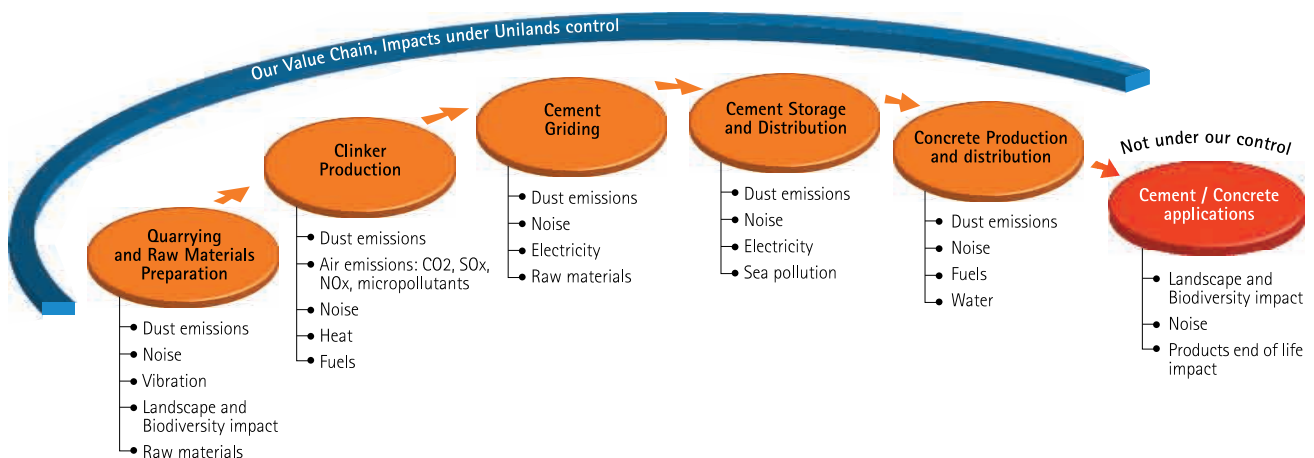
# Our Commitment with the Environment



## Our Commitment with the Environment

Both the Executive Committee and the Uniland Group staff are fully aware of the need to actively defend and protect the environment. As proof of this commitment and within the framework of the WBCSD, we are working to identify opportunities for improvement and to put forward solutions which will minimize the impact of our activities on the environment. Through this commitment we wish to introduce and encourage environmentally-friendly business practices.

Uniland Group handles a wide range of varyingly complex processes from the quarries, where we obtain our raw materials, through to the multiple applications our customers use our products for. We try at each stage to ensure maximum effectiveness with minimum environmental impact. The chart below summarizes the main environmental impacts in our value chain.



There are other factors which have a lower impact on the land, i.e. they are not frequent and do not take place in significant quantities, for example, the production of solid and liquid waste (oils, grease and lubricants, tires, fabric filters).



## Uniland Group's Commitment to Environmental Stewardship

Uniland Group has been aware of the environmental impact of its business for many years and is, therefore, sensitive to society's increasing demands with regard to the environmental conduct of the industry. This is why the company's strategic focus centers on the continuous improvement of its environmental performance and total commitment to environmental stewardship.

Our determination to achieve exemplary environmental performance, beyond what is required by law, is an important aim. It is thus essential for our firm: **i)** to have a mature Environmental Management System (EMS); **ii)** to set environmental performance goals; **iii)** to meet and go beyond compliance; **iv)** to build up a process which allows us to communicate with stakeholders about program activities and progress toward performance goals; and **v)** to fully integrate our EMS into our core business functions.

Our commitment to environmental stewardship is defined under the following guidelines, which must be applied to all company activities: **i)** climate protection; **ii)** promotion of eco-efficiency and continuous prevention/minimization of impacts in the different process stages; **iii)** measurement and monitoring of the main atmospheric emissions generated by our activities; **iv)** minimization of the visual impact of extraction facilities on natural surroundings through their systematic restoration; **v)** provision of the appropriate training for workers, as well as of the necessary information and awareness-raising for collaborators, suppliers and subcontracted companies; **vi)** maintenance of a good neighbor policy and of dialogue with both the population and associations, including constant co-operation with the different administrations, keeping them informed of the situation and any environmental achievements.

## Environmental Policies

Uniland Group's commitment to protect and conserve the environment is patent in the definition of its environmental policy as an integral and prominent part of its general policy.

Our environmental policies are oriented toward sustainable development. This orientation allows us to adapt to today's needs and legal requirements and also to anticipate prospective activity, foresee future needs, integrate environmental requirements into our decision-making process, encourage attitudes to prevent pollution and encourage eco-efficiency.

In Spain, our environmental policy was established and implemented in January 2001 and extends to all cement manufacturing activities. We also have a corporate environmental policy for Argentina and Uruguay. The scope of this policy is the same for both countries and for the cement and concrete divisions. In Tunisia, our environmental policy falls in line with local environmental demands and with the Group's strategic parameters. This environmental policy is only half implemented at present.



For more information on our environmental policy visit: [www.uniland.es](http://www.uniland.es)

## Environmental Management System

The environmental management systems of all of the countries in which we operate are based on the ISO 14001 standard. Furthermore, we have also carried out important environmental studies on our factories' activities.

The system establishes mechanisms which allow us: **i)** to identify and assess the most significant environmental impacts on a continuous basis and keep a record of them; **ii)** set environmental objectives, goals and programs; **iii)** implement preventive and corrective actions and measures; **iv)** make it easy for the environmental committee and company management to carry out monitoring and checking.

The design and implementation of environmental programs and procedures promotes assessment, planning, programming, implementing and checking which help to achieve our environmental objectives. This ensures continuous improvement in environmental issues.

The programs undertaken in 2004 and those planned for 2005 include the consolidation of environmental programs such as: **i)** monitoring, preventing and minimizing atmospheric emissions; **ii)** eliminating Polychlorinated Biphenyls (PCBs); **iii)** quarry restoration; **iv)** noise reduction projects; **v)** re-using the waste generated in the plants as raw materials; **vi)** consolidation and investigation of diverse initiatives on alternative fuel usage, among others.


## “A Closer Look”

### ISO 14001 Certified Facilities

Obtaining environmental management certification (ISO 14001) is important for our company. This type of award generates confidence and satisfies the expectations and requirements of the stakeholders (public administrations, customers, neighboring communities, society, etc.), vis-à-vis the company's environmental performance.

Production plant certification is not an explicit directive of our company's environmental policy, although we should mention that our efforts have been working towards certification for many years. From our point of view, independent environmental certification of our manufacturing plants is public, objective proof of the correct implementation of the environmental management systems we use in our plants.

Uniland Group has 2 cement manufacturing plants in Spain, Santa Margarida i els Monjos and Vallcarca, both of them with documented environmental management systems. In Santa Margarida i els Monjos the environmental management system (ISO 14001) has been documented since 2002 and was certified by AENOR in 2002. Our Uruguayan locations obtained the certification in 2004.

- 100% of the Group's facilities have documented environmental management systems.
- 50% of Spanish facilities are certified. 
- 100% of Uruguayan facilities are certified

*KPI calculated based on CSI guidelines on reporting*

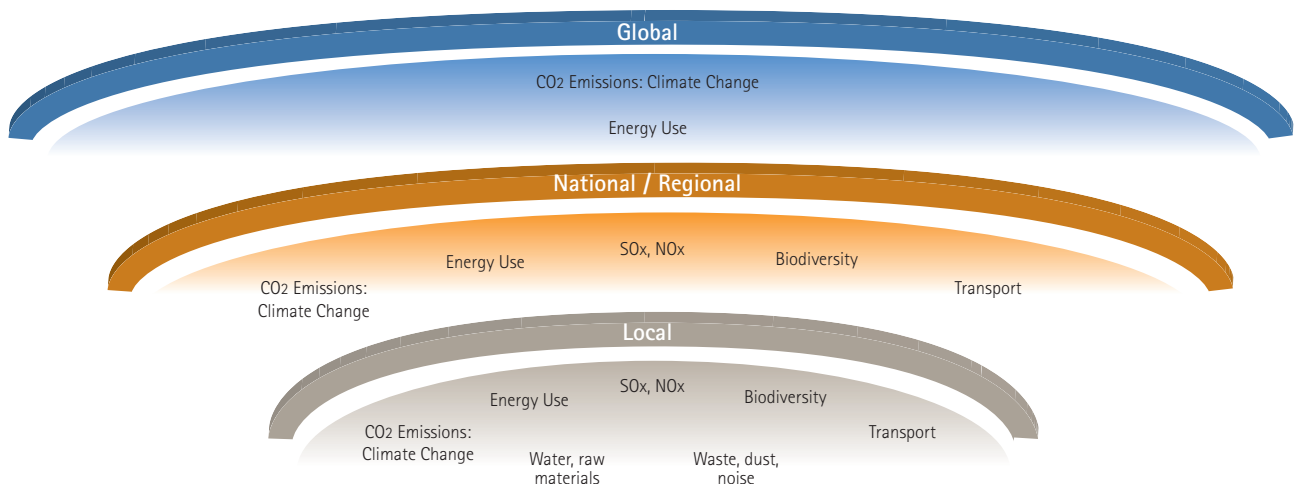
Our projects in this area aim to maintain the ISO 14001 certification at the certified locations, and achieve ISO 14001 certification at the Vallcarca plant in 2006.

We are in the process of updating the environmental aspects of our plants in South America and Tunisia in order to start preparing for the ISO 14001 certification, which we aim to achieve by 2006 at the very latest (in at least 50% in our plants in Argentina).



The system envisages management of global impacts, such as CO<sub>2</sub> emissions and the efficient use of resources, as well as local and national impacts. Good impact management involves identifying impacts clearly and thoroughly, being aware of the scope of the impacts, measuring and monitoring them and obviously designing and implementing programs to minimize them.

The following table shows the scope and the major impacts our business involves.



The following sections describe each of these impacts, how they are produced and how they are managed.

## Management of Global Impacts

### Climate Change Management

Climate change refers to the modification in the "average weather" that a given region experiences. When we speak of climate change on a global scale, we are referring to changes in the climate of the Earth as a whole. The rate and magnitude of global climate changes over the long term may have implications for natural ecosystems, and also for people's lives.

For the above reasons, climate change management is one of the most challenging issues facing 21st century societies. We believe that not only companies, but also human societies have to be conscious of these risks, and must work actively to stop or alleviate the actual trend of global warming adopting a preventing policy. We believe that against this backdrop, cement companies have a role to play.

Carbon dioxide is the most important of the greenhouse gases released by human activities. It is the main contributor to climate change because of the quantities released – especially through the burning of fossil fuels. When fossil fuels are burned, their carbon content oxidizes and is released as carbon dioxide. Cement production is an energy intensive process that consumes energy mainly from fossil fuels, such as oil and coal, creating carbon dioxide (CO<sub>2</sub>). Besides, the chemical process of cement production implies the decarbonation of natural limestone which also generates CO<sub>2</sub> emissions.

In 1990, CO<sub>2</sub> accounted for approximately 69% of the total worldwide greenhouse gas emissions by weight. The chemical process of making clinker produces CO<sub>2</sub>. These two factors mean that the cement industry produces 5% of global man-made CO<sub>2</sub> emissions; 50% of which comes from the chemical process, and 40% from burning fuel and the remaining 10 % is split between electricity and transport uses<sup>(3)</sup>.

The reduction of CO<sub>2</sub> emissions is one of the Uniland Group's major priorities. This is even more important since all the countries we operate in have ratified the Kyoto Protocol. Moreover, we work actively with other cement industry players on how we should proceed both individually and as a group to minimize the impact our industrial activities have on global warming.

Uniland Group has begun to take specific action over climate change. In 2004 the Group began to adjust the components used to make cement (increase proportion of additions) so as not to exceed the emissions quota assigned to its plants in Spain. These efforts will continue in 2005. In Argentina and Uruguay, Uniland Group is analyzing the possibilities of validating several CDM projects.

<sup>(3)</sup> Source: Cement Sustainability Initiative

## “A Closer Look”

### Climate Change: A strategic approach.

Uniland Group has started to implement a wide range of programs in all the geographic areas we operate in aimed at minimizing the impact of our business on climate change

We are implementing three major programs to reduce our CO2 emissions:

- 1) Improving the energetic efficiency of our cement factories. We installed two new high-tech clinker production lines in 2003 and 2004 in our Olavarría (Argentina) and Enfidha (Tunisia) factories which have led to energy savings and thus a reduction in emissions.
- 2) Use of alternative fuels: We have been promoting alternatives to fossil fuels for years in our factories in Argentina and Uruguay, either by using biomass or other fuels. We aim to start to use alternative fuels (biomass) in our Spanish factories during 2005 as a first step towards reducing emissions.
- 3) Use of mineral components in cement production: We have also started to produce new cements in our factories which involves a smaller amount of clinker consumption, whilst maintaining quality and resistance standards.



## Measurement of Greenhouse Gas Emissions (CO2 emissions)

CO2 emissions in cement plants are generated in these processes:

- 1) Raw meal decarbonation (process emissions)
- 2) Clinker kiln fuel consumption (combustion emissions)
- 3) Non kiln fuel consumption (vehicles, central heating, etc)

Usually, non kiln fuel consumption is very low when compared with process and combustion emissions. Consequently, clinker production in the kilns is the main source of CO2 emissions.

At cement grinding mill no additional CO2 process related is generated.

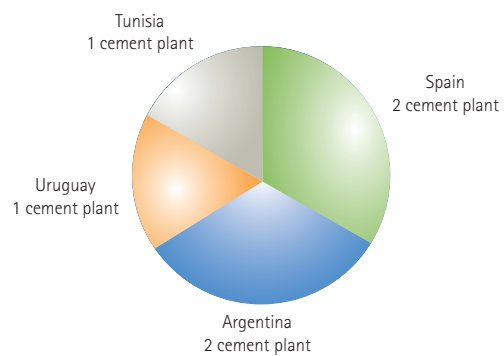
All the Uniland Group's plants in all the different countries it operates in are subject to greenhouse gas emission measurement and monitoring.

Uniland Group has 6 facilities around the world which are shown in the pie chart on the right.

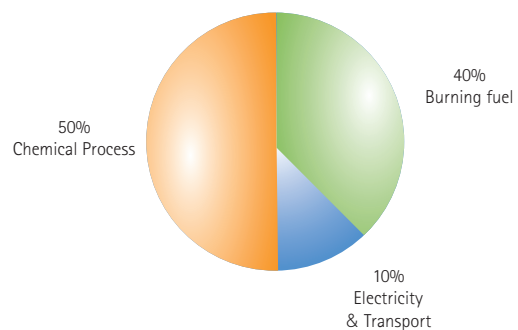


We use the WBCSD CO2 Protocol for emissions inventory in all of our six plants, i.e. in 100% of our operations.

Besides, we are monitoring the ratio of CO2 emissions per ton of clinker produced, since, they are directly related.



CO2 generation distribution



The emissions produced by the Group and their corresponding ratios are summarized below<sup>(4)</sup>

Uniland Group	2002	2003	2004
• Clinker Production (million tons per year)	4.45	4.53	5.24
• Absolute Gross or Total Direct CO <sub>2</sub> Emissions (million tons of CO <sub>2</sub> per year)	3.82	3.79	4.31
• Absolute Net CO <sub>2</sub> Emissions (million tons of CO <sub>2</sub> per year)	3.81	3.78	4.31
<b>Ratios</b>			
• Gross CO <sub>2</sub> emissions per ton of cementitious product produced	0.723	0.703	0.693
• Net CO <sub>2</sub> emissions per ton of cementitious product produced	0.722	0.702	0.692

Absolute Gross or Total Direct CO<sub>2</sub> Emissions = CO<sub>2</sub> from Raw Materials + CO<sub>2</sub> from Kiln Fuels + CO<sub>2</sub> from Non-Kiln Fuels  
 Absolute Net CO<sub>2</sub> Emissions = Absolute Gross or Total Direct CO<sub>2</sub> Emissions - Credits for indirect savings through alternative fuels  
 KPI calculated based on CSI guidelines on reporting



As per the WBCSD CO<sub>2</sub> protocol indications, direct or absolute gross CO<sub>2</sub> emissions come from the following sources: i) raw materials; ii) kiln fuels; iii) non-kiln fuels. We have included CO<sub>2</sub> measurements (absolute gross, and net emissions) of the cementitious product produced, calculated as total clinker production, total mineral components used to produce Portland and blended cements and mineral components used as cement substitutes.

Our CO<sub>2</sub> emissions increased as a whole during the period 2002-2004 as a result of the increase in direct emissions of 13.82% in 2004.

The reason for the increase in direct emissions is a result of the basic need to make greater use of all kinds of resources due to growing cement demand which caused the amount of our cement production.

Absolute net CO<sub>2</sub> emissions also rose for the same reason. However, in absolute terms they were lower than our gross emissions thanks to the use of alternative fuels in Argentina and Uruguay, which lowered the total net emission figures.

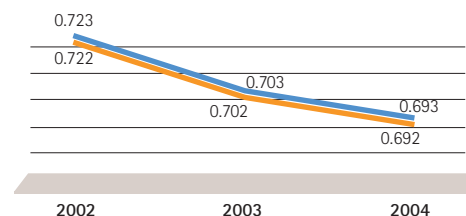
Gross CO<sub>2</sub> emissions from the manufacture of cementitious product showed a downward trend thanks to a growing use of mineral components. We are continuously working to optimize the additions used and thus compensate, at least in part, for the rise in emissions as a result of reaching for increasing demand.

Net emissions from the manufacture of cementitious product also fell. This decrease was especially significant in 2004, basically as a result of greater use of alternative energy fuels.



#### Total Gross and Net Emissions from cementitious product production

Gross and net emissions from the manufacture of cementitious product showed a downward trend due to the increased use of mineral components throughout the Group and to the use of alternative fuels in Latin America.



— Gross or direct CO<sub>2</sub> emissions / cementitious product produced  
 — Net CO<sub>2</sub> emissions / cementitious product produced

<sup>(4)</sup> All CO<sub>2</sub> measurements were taken in accordance with the WBCSD/WRI CO<sub>2</sub> Protocol, see the website for the most current version (<http://www.ghgprotocol.org/standard/tools.htm>)

To complement this analysis, we have calculated other ratios using clinker production as a reference. We believe it is especially relevant for the following reasons: i) the majority of our CO<sub>2</sub> emissions are produced during the clinker process, ii) the CO<sub>2</sub> emissions ratio per unit of intermediate product is an indicator which provides us with highly valuable information, as clinker is the main cause of CO<sub>2</sub> emissions. We have, therefore, included the following ratios.

Ratios	2002	2003	2004
Gross CO <sub>2</sub> emissions per ton of clinker produced	0.856	0.835	0.823
Net CO <sub>2</sub> emissions per ton of clinker produced	0.855	0.834	0.822



The ratios show a downward trend in specific emission values and low absolute values, thanks to the Uniland Group plants' efficient combustion processes.

The majority of the ratio values are from material decarbonation (process emissions) whilst only one third comes from gases generated by combustion emissions. The continuous improvement in facilities, through suitable investments (avant-garde burners, etc.), and the use of alternative fuels has allowed us to reduce specific emissions per ton of clinker. This reduction is shown in the graph.

## Energy Consumption

Energy is seen as a driving force behind our society. A country's development is often, therefore, linked to growing consumption of energy from fossil and alternative fuels. Indoor and outdoor lighting, heating and cooling our homes, people and goods transport, obtaining food and obviously, keeping industry working, all depend on energy.

Fossil fuels, such as coal, oil and gas, have been the driving forces behind industrial growth since steam engines were invented through to the present day. The majority of our industry depends on these fossil fuels, which account for nearly 90% of the industrial energy used in the world. 98% of the energy we use at UNILAND comes from fossil fuels. However, we are making considerable efforts to increase the use of other energy sources and produce more with less, i.e. improve our eco-efficiency.

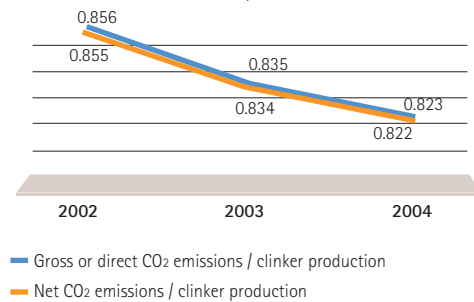
As we see it, eco-efficiency is closely linked to sustainable development. We believe that cement companies can use eco-efficiency to contribute to sustainable development and also become more competitive.

Uniland Group has actively advocated and maintained an energy-reduction (thermal & electric) policy.

Eco-efficiency involves a series of actions that allows us to minimize our environmental impact while producing economic benefits by reducing our energy and raw-material consumption. We are conscious that in order to continue to meet growing demand, we must become smarter in the way we use, reuse and recycle raw material, energy and waste. In this section we will inform about energy consumption. Raw material consumption and waste management will be addressed in the local impact section.

## Total Gross and Net Emissions from clinker production

Positive trend thanks to the Uniland Group factories' highly efficient combustion processes



The chart below shows our energy consumption over the past three years.

Uniland Group	2002	2003	2004
• Clinker Production (million tons per year)	4.45	4.53	5.24
• Total Kiln energy consumption (TJ)	15,881	15,688	18,138
<b>Ratios</b>			
• Alternative fossil fuel rate: consumption of alternative fuels, as a percentage of thermal consumption	0.30%	0.38%	0.33%
• Specific heat consumption of clinker production, in MJ per ton of clinker	3,563	3,457	3,460
• Biomass fuel rate: consumption of biomass, as a percentage of thermal consumption	2.18%	2.25%	1.64%

N.B.: Energy consumption is expressed in TJ. Clinker production is expressed in tons.

Alternative Fossil Fuels - The following fuels are included as per the WBCSD protocol: waste oil, tires, plastics, solvents, impregnated saw dust, other fossil based wastes.

Biomass - The following materials are included as per the WBCSD protocol: sewage sludge, wood, non impregnated saw dust, paper, cardboard, animal meal, agricultural, organic, diaper waste, charcoal

MJ= 10<sup>6</sup> J

TJ= 10<sup>12</sup> J

KPI calculated based on CSI guidelines on reporting



Our energy consumption last year was 18,138 TJ which represents an increase of 15.62% compared to the previous year as a result of a rise in cement demand. However, our eco-efficiency improved as our specific consumption (MJ/ton clinker) went down over the period (2002-2004).

Biomass and alternative fuels are only used in the Argentina and Uruguay plants. In 2004, a total of 298 TJ of biomass and 60 TJ of alternative fossil fuels were used. These energy sources accounted for 1.97% of UNILAND's total energy consumption in 2004.

Although in Spain and Tunisia we are not currently using alternative fuels, we are committed to adapting our facilities in 2005 in order to be prepared to use these alternative energy sources as soon as the authorities allow it.

## “A Closer Look”

### Study on the use of alternatives to fossil fuels in the Province of Buenos Aires (Argentina)

We are carrying out a study in the Province of Buenos Aires to try to replace the use of fossil fuels to generate electricity and in the kilns with biomass. Preliminary results indicate that the use of biomass in the process will allow us to use fields of little value in depressed areas and reforest and help to evacuate flood water thanks to the fields' evaporation capacity (0.5 m<sup>3</sup> eucalyptus tree / day).

## Management of National/Regional Impacts

### Air Emissions: Oxides of nitrogen (NO<sub>x</sub>) and sulfur (SO<sub>x</sub>)

Nitrogen oxides (referred to as NO<sub>x</sub>) are formed by the reaction of nitrogen in air with oxygen at the high temperatures reached during the clinker production process. Nitrogen oxides, or NO<sub>x</sub>, is the generic term for a group of highly reactive gases, all of which contain nitrogen and oxygen in varying amounts. Many of the nitrogen oxides are colorless and odorless. However, one common pollutant, nitrogen dioxide (NO<sub>2</sub>) along with particles in the air, can often be seen as a reddish-brown layer over many urban areas. Volatile organic compounds and nitrogen oxides (NO<sub>x</sub>) are responsible for local, low-level pollution called smog.

Sulfur oxides (SO<sub>x</sub>) are colorless gases that are the result of burning sulfur. All fuels used by man (petrol, oil, coal, natural gas, wood, etc.) contain some sulfur. The primary source of sulfur oxides is the burning of these fossil fuels, particularly coal. During the combustion process, sulfur reacts with oxygen to form sulfur dioxide (SO<sub>2</sub>).

Sulfur dioxide is used as an indicator of all sulfur oxide (SO<sub>x</sub>) concentrations in the air, because it is the most easily measured sulfur oxide. It represents almost 99% of our industry sulfur compounds. Sulfur compounds combine with water and other substances in the atmosphere to form 'acid rain'.

Oxides of nitrogen and other nitrogen compounds, and sulfur dioxide and other sulfur compounds are part of the main pollutants of the cement industry. Nevertheless, the cement industry is a relatively small contributor to national emissions of these pollutants.

The impacts caused by these emissions can be controlled by continuously monitoring emissions, reducing energy consumption, substituting fossil fuels for alternative fuels and improving combustion technology, among others. We are working to progressively include these measures in our operations.



The chart below shows our NOx and SOx emissions over the past three years.

Uniland Group	2002	2003	2004
• Clinker production (million tons per year)	4.45	4.53	5.24
• NOx (Tons/year)	5,190.48	5,399.50	9,828.25
• SOx (Tons/year)	184.29	124.14	428.55
<b>Ratios</b>			
• gr NOx/Tn clinker	1164.42	1189.64	1874.70
• gr SOx/Tn clinker	41.34	27.35	81.74
• % of clinker produced by kilns covered by a continuous or discontinuous monitoring system,	71.45%	76.27%	78.74%
• % of clinker produced by kilns, which have installed continuous measurements for the main pollutants	3.96%	8.09%	27.89%

N. B.: The information included in this report cannot be compared from one year to the next because the consolidation perimeter is different each year. This is due to the fact that it has not been possible to include some figures as they were not ready at the time of going to press:

Data for 2002 do not include emissions for Tunisia, and for one of the plants in Argentina. The 2003 data do not include emissions for Tunisia.

Data for 2004 do not include the emissions for one of the plants in Argentina. In this year, we introduced continuous monitoring of these pollutants in Spain.

KPI calculated based on CSI guidelines on reporting



NOx and SOx control and monitoring is currently in a phase of evolution which will lead to the installation and start up of continuous analyzers in all the plants' kilns. Currently, our facilities are being adapted to be able to obtain results which cover the whole time the plants are running.

## Transportation

The impact of transportation can be divided into two major areas: **i)** internal transport of materials and products and **ii)** transport of finished products which are then dispatched to customer premises. Whilst internal transportation helps our plants to work more efficiently, the second area has greater global environmental effects, such as the emissions that this transport generates and the energy consumption of fuel. We do not have our own fleet of vehicles for transporting finished products. This service is either outsourced or is organized by our customers.

Materials and products are mainly transported around our plants using automated transport systems (conveyor belts, elevators, feeders, etc.). Motorized vehicles are used in a minority of cases. Incoming raw materials and our finished products are mainly dispatched via road, although sea transport is also used (road haulage is used for part of the journey to and from the seaports).

The major impact of internal automated transportation is the use of natural resources via the consumption of electricity (no emissions are generated and no fuels are used). Road transportation using motorized vehicles consumes natural resources via fuels and gives off emissions. Sea transport consumes natural resources through the fuels needed for the vessels.

Our basic environmental regulations for product transportation emphasize the need to regularly service the vehicles used for road transport to minimize noise and gas emissions and spillages and/or leaks of oil and other waste products. It is also important to stress the importance of observing speed limits which has a positive bearing on fuel consumption.



## Management of Local Impact

### Raw Material Consumption

The cement manufacturing process is based on the physical-chemical transformation of various raw materials to obtain an industrial mineral stone with specific hydraulic properties. We are highly concerned about the local impact of this process because we are aware of the huge use of natural resources that it requires. Uniland Group plans the use of raw materials in order to optimize the performance of its quarries and is also making great efforts to boost the use of alternative raw materials whilst maintaining the quality of the clinker and the cement manufactured.

The raw materials we use to produce clinker are generally combinations of limestone, clay, sandstone, marl, iron ore, and iron components. The majority of these materials are mined from quarries around our plants where they are initially prepared by means of reduction using primary and secondary crushers. After the raw materials are ground and homogenized producing raw meal, they are introduced in the kilns to produce clinker. Cement production

implies grinding clinker, with a setting regulator (gypsum) and different additions to create different cement types with their different compositions and chemical and physical properties. The main additions used for cement production include limestone, fly ash and slag.

In our industry, much work is being done to increase the use of alternative raw materials, such as by-products from other industrial processes. These can minimize the effects of quarrying, reduce the impact of the cement plant on the local environment and enable the cement industry to become a major player in material recycling. The growing use of industrial by-products whose composition is equivalent to traditional raw materials, allows us to reduce our consumption of raw materials. This process is growing continuously.

The chart below shows our raw material consumption for cement production over the past three years.

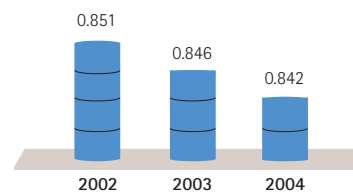
Uniland Group	2002	2003	2004
• Clinker/cement factor in cements	0.851	0.846	0.842
• Alternative raw materials rate	1.11%	1.15%	1.41%



Clinker/cement factor in cements = clinker consumed / total cements + substitutes  
 Alternative raw materials rate = consumption of alternative raw materials, as a percentage of total raw materials for cement production  
 KPI calculated based on CSI guidelines on reporting

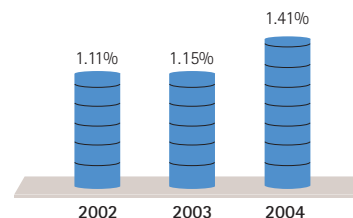
#### Clinker/cement factor in cements

This is tending to fall through a greater use of additions, as part of the Group's emission reduction policy



Progressively increasing the use of additions in our process leads to lower clinker consumption per unit of cement. As a result, the clinker/cement ratio has fallen in recent years. Uniland Group is continuing this trend in order to bring about sustained improvement every year.

#### Alternative raw materials rate



The main alternative materials we use in the process are: i) paper sludge, ii) ceramic waste, iii) aluminum sludge and iv) fly-ash. The reason for using these materials in the process is to reduce the consumption of natural resources while achieving products of the same quality. In Uniland Group, we will continue to use these materials and to increase their use, provided that this is compatible with maintaining the quality of the clinkers and cements we produce.

Finally, the Group's water consumption is in the normal-to-low range. This resource is mainly used for cooling the machines and facilities.

Uniland Group	2002	2003	2004
• Water consumption / clinker production (m <sup>3</sup> / Tm clinker)	0.120	0.130	0.152



## Air Emissions: Dust and other pollutants

Our processes involve the production of atmospheric pollutants, which although they are emitted in low concentrations are still harmful under certain conditions. It is, therefore, important to monitor them and take action to reduce them. The terms dust or particulate matters include emissions of coarse dust, fine dust, particles and aerosols. The major emissions of this type are particles and other pollutants, such as Volatile Organic Compounds (VOCs), trace metals, and some organic micro-pollutants like dioxins, furans, and PCBs.

Other pollutants like trace metals and their compounds are present in raw materials and fuels at widely variable but usually very low levels. VOCs are produced in small quantities during the clinker production process. The organic micro-pollutant formation in our process is also very low.

The following tables show particulate emissions and ratios of interest over the last three years. Other pollutants, such as trace metals, VOCs, furans and dioxins, are measured at specific times.

The table below shows our dust emissions over the past three years.

Uniland Group	2002	2003	2004
• Clinker production (million tons per year)	4.45	4.53	5.24
• Dust (Ton/year)	832	610	663
<b>Ratios</b>			
• g dust/Ton clinker	187	134	127
• % of clinker produced by kilns, which have installed continuous measurements for the main pollutants (NO <sub>x</sub> , SO <sub>x</sub> , dust)	3.96%	8.09%	27.89%

N. B.: The information included in this report cannot be compared from one year to the next because the consolidation perimeter is different each year. This is due to the fact that it has not been possible to include some figures as they were not ready at the time of going to press:

Data for 2002 do not include emissions for Tunisia or for one of the plants in Argentina.



The 2003 data do not include emissions for Tunisia.

Data for 2004 do not include the emissions for one of the plants in Argentina.

KPI calculated based on CSI guidelines on reporting



## Biodiversity

Operations-wise, we are aware of the fact that working our quarries causes damage to rural landscapes which are highly valued by local communities, although this damage is fortunately reversible. However, it affects eco-systems which represents a potential threat to the species that live in them. We make constant efforts to mitigate these effects by rehabilitating parts of our quarries whilst other areas are still being worked. This is a more efficient way of alleviating the damage caused.

Some impacts produced by quarrying in natural habitats become regional impacts which affect the environment. The impact caused by quarries will be dealt with in greater detail in the quarry impacts section.



## Quarry Impacts

Quarries are major features of the local landscape and economy. The way cement companies assess and manage the social and economic impacts of siting and closing these sites affects the quality of life of the communities involved and our reputation as an industry. Continuing with our quarrying operations depends on our ability to earn and keep the support and trust of local people and this includes treating their environment with respect.

Because of the large amount of capital funding involved in developing or altering a quarry, Uniland Group carries out evaluations prior to site development, in order to identify and resolve any issues that arise at an early stage. We continue to assess our working operations to identify areas for improvement, and to evaluate options for rehabilitation before quarry closure.

Issues that Uniland Group defines before sitting a quarry: *i)* The limits of the concession and its exploitation so that authorized limits are never exceeded; *ii)* the development program approved by the administration that details the scope of the quarry's exploitation and the periodic environmental controls to which said development will be subject; *iii)* the restoration plan to be approved by the administration that indicates what the final purpose of the quarry will be once its working life has concluded; *iv)* the annual action plan which includes updating the restoration plan for the corresponding year.



## “A Closer Look”

### Quarry Restoration Manual (Spain)

The main effects of quarry exploitations are changes in the morphology of the area, and the changes or modifications produced in the various habitats of the place. In all cases, quarrying implies a visual impact in the exploited area. To minimize and correct these effects, the best solution is to perform appropriate rehabilitation processes.

In 1989, UNILAND started its quarry restoration activities in the Vallcarca plant quarry. The different activities carried out have been successful in many cases, but not in others. Nevertheless, we consider that the experience acquired during all these years is very valuable and useful for defining our best practice for this issue.

As a result, in 2001 we generated our own "Quarry Restoration Manual", which includes all the activities to be performed during the rehabilitation process. This manual is intended for all UNILAND personnel performing restoration activities, as a useful guide for their work.

Restoration is in permanent progress in our three quarries in Spain. The first restored areas are already behaving like the surrounding Mediterranean forests.

## Quarry Restoration

The purpose of quarry rehabilitation is to restore or recover terrain that has been altered by an intervention or exploitation, correcting the impacts caused and giving the land a use it may or may not have had originally.

Uniland Group carries out integrated quarry restoration. This consists of starting restoration activities in extraction areas as soon as they fall outside working boundaries, while continuing to exploit other areas in the same quarry. This technique allows areas to be restored much more quickly than through classic rehabilitation as restoration is begun before the quarry exploitation is finished as a whole.

We mainly use plant species which are native to the areas the quarries are located in when rehabilitating the working areas that fall outside the exploitation boundaries.

Each Uniland Group quarry has a restoration plan which tackles areas related to the biodiversity of the affected areas: **i)** pluriannual exploitation plans are put together and approved by the corresponding mining and environmental authorities; **ii)** exploitation plans for each individual quarry are put together on a yearly basis. They include areas on rehabilitation management which are put forward for approval by the competent mining and environmental authorities.

Rehabilitation programs include morphology studies, soil cover, planting of herbaceous species (soil-fixing, nitrogen-fixing), shrub planting, tree planting and maintaining the regenerated areas. These programs concentrate on the planting of local indigenous species (chamaerops humilis, mediterranean native palm).

Integrated restoration plans are in force for the three working quarries in Spain (to restore areas that fall outside working boundaries whilst continuing to exploit other areas in the same quarry). None of these quarries is likely to fall into disuse in the near future. The three quarries work with aspects linked to biodiversity, such as the planning and reintroduction of indigenous species (chamaerops humilis, mediterranean native palm) as well as ensuring the quality of surface and underground water sources in the surrounding areas.

We have our own quarry restoration manual which has been compiled as a result of the regeneration processes we have been involved in over the years and which has built in the environmental criteria the government has introduced over the years as part of their continuous monitoring of our activities.

The main quarry management data are shown below:

Uniland Group	2002	2003	2004
Total number of quarries	10	10	10
<b>Ratios</b>			
% of sites with community engagement plans in place	40%	40%	40%
% of active sites with quarry restoration plans in place	50%	50%	50%
Number of active sites where biodiversity issues are addressed	4	4	4



KPI calculated based on CSI guidelines on reporting



With regard to our community engagement plans, the three working quarries in Spain all have local community participation plans and our rehabilitation programs are subject to continuous monitoring by the administration. During 2003 and 2004 the community took part in the mining and environmental authorities' continuous monitoring of our rehabilitation programs, and in the preparation and approval of the yearly restoration plans.

Community engagement plans are also up and running for our quarry in Tunisia. Moreover, we hope to continue to use our rehabilitation method by starting to restore parts of the quarry as work finishes on them.

Rational use is being made of the quarries in Argentina and Uruguay. We are currently working on environmental impact assessments for the prospection and exploitation of several deposits in which environmental management programs are planned.

## Waste

Correct management of the waste generated in our production plants makes a significant contribution to improving our environmental performance. Clean, tidy premises improve general safety in our plants, and makes it easier to manage waste correctly.

In 2004, we successfully managed the waste produced in our Monjos and Vallcarca plants (this was done in Vallcarca although we did not have a procedure-based environmental management system).

Our objective for 2005 is to create a procedural framework for the programs currently in practice at the Vallcarca plant. In 2004, we managed the waste generated in our plants by re-using it in our processes as raw materials, such as refractory bricks, factory particles and dust, residue from mortar prisms used for laboratory testing and sample residue. We aim to further these recycling efforts in 2005.

Different types of waste are treated differently: **i)** maintenance waste is recycled, re-used or treated by registered waste management companies; **ii)** powder waste is mainly re-used, although a small part is handled via registered waste management companies.

The measures taken to minimize the production of waste are: **i)** monitoring of predictive maintenance by analyzing the facilities' oils; this allowed us to reduce the volume of oil we used in both 2003 and 2004; **ii)** the introduction of re-usable containers for our oil and grease waste.

The powder waste managed internally is re-used in the process. Depending on the type of waste, maintenance waste is given to authorized waste management companies (i.e. used oil), marketed or given away (e.g. scrap).



## Noise and Vibrations

Noise pollution is an environmental concern that is defined and assessed in our environmental system as its impact can be significant. It is important because of the need to identify the levels produced inside our plants so we can take preventive and/or corrective measures if they are required and secondly, because of the effect and distress noise can cause in the town or village near our plants. Minimizing noise at the workstations in the plants is also important for industrial hygiene reasons.

The most significant sources of noise come from the large production equipment (kiln and mills) we use in our plants. To a lesser extent, crushers and quarry vehicles are also a source of noise which may affect natural habitats. Although the frequent presence of different animals around and in the quarries does not show this effect.

In 2004, we continued to work on the projects undertaken in previous years as part of our campaign to fight noise. These involved preventing (elimination of sources that generate noise, changing fans, etc.) and correcting problems (installing enclosures and baffles, etc.).

## Environmental Investment

Our commitment over many years to minimize the environmental impact of our activities in order to achieve long-term sustainability for our business has driven us to carry out a wide range of activities, including investments to continuously improve our processes, the processing and management of raw materials, fuels and products, the rehabilitation of quarries, reforestation of land adjacent to our factories, and obtaining the best available technology for the protection of the environment.

Uniland Group's environmental investments have one clear objective in mind: to equip its factories with the most modern facilities in order to prevent and/or solve environmental problems and to apply the latest and best available technology to improve efficiency and increase respect for the environment.

From 2002 to 2006, environmental investment to the value of 28.5 million euros has been made or is being made to improve eco-efficiency, improve the reduction and monitoring of atmospheric emissions, reduce impacts on the environment and improve waste management, among others.

# Our People



## Our People

At Uniland Group we believe that our people are the company's main asset. We recognize that both the company and staff benefit when employees are guaranteed a safe working environment and the opportunity to learn and develop their skills.

In this section we discuss our Human Resource policies and practices and deal with issues relating to the health and safety of our people.

Uniland Group has also set targets to maintain and increase its competitiveness, and staff training and development are an important factor in achieving these objectives. Our people are linked to the company's overall strategy through our Training Plan. In our opinion, this plan is vital to ensuring we do not end up with isolated activities – positive and negative experiences – which do not add value to the company's strategy. Our Training Policy aims to strengthen our employees' careers as well as contributing to achieving our Company's targets.



## Human Resource Practices

Uniland Group offers people the chance to work at a company that is committed to the continuous development and training of its employees in a multi-disciplinary setting. The basis of our success consists, among others, of skilled, enthusiastic people whose work in an optimal setting encourages them to thrive both personally and professionally. We want our staff to take pride in belonging to our Group and we want to bring new talent to our ranks.

The people who work at Uniland Group are an essential, highly valuable resource through which we can develop our economic, social and environmental projects. As far as our people are concerned, it is important for us to be responsible, committed employers who look after their welfare. We aim to offer them attractive working conditions, try to let them be creative in the company and be committed to Uniland Group. We work to ensure that our employees are paid and receive working benefits that satisfy their expectations. Moreover, we aim to nurture their professional development.

We support freedom of association for our employees and respect the human rights and labor rights of the people who are linked to our organization directly or indirectly. Our staff policy reflects this commitment. Additionally, here at Uniland Group we are against forced labor and child labor.



Safeguarding the physical integrity of our people is vitally important to us. We use an occupational risk prevention policy to ensure the health and safety of our employees. This policy explains how to prevent, monitor, eliminate and minimize the risks that are detected as a result of the evaluations carried out in the company.

Our policy on health and safety is based on the following criteria:

- Human beings are the foundation of our business so caring for them is our constant concern.
- Responsibility for safety is shared by all employees. The higher an employee's position in the hierarchy, the greater the burden of this shared responsibility he or she carries.
- Although the company's management should be particularly careful to follow behavior guidelines in relation to safety, appropriate behavior in regard to safety is expected of all employees.
- Preventive practices within the context of health and safety are a moral obligation to our fellow human beings.
- Accidents should not be considered to happen as a result of bad luck. Rather they happen or are avoided as a result of a number of factors, one of the most important of which is the will to act in accordance with safety rules.

## Human Resource Management Model

The Human Resource Management Model designed and developed by Uniland Group in 2004 is the largest human resource project undertaken by the firm in recent years. It has been given the title *The Challenges Project* ("Proyecto Retos") and is based on the management of existing competencies and future potential. The model will help the business to achieve its objectives and will support the consolidation of the Group by providing a consistent organizational policy.

Using the Existing Competencies and Future Potential Model, Human Resource Management will be able to define the skills and abilities needed to fill particular roles within the company, provide a skills profile of each of the Group's employees, manage performance efficiently and establish training and reward plans. For further information on The Challenges Project ("Proyecto Retos") see "A Closer Look".



## “A Closer Look”

### THE CHALLENGES PROJECT (“Proyecto Retos”): A Human Resource Management Model

The purpose of The Challenges Project (“Proyecto Retos”) was to design a model of competencies and potential which would act as a framework to i) encourage the professional development of our people, ii) identify talent, iii) improve the management of our human resources, iv) assess the potential talent existing within the Group and v) establish the current skill level of key personnel and their potential to take on further responsibility.

At Uniland Group the word ‘competency’ is considered to refer to those characteristics within a person which have a causal link to successful performance in a post. The skills which are particularly highly valued by Uniland Group are defined below:

Competency	Definition
<b>Responsibility/Commitment</b>	The ability to take responsibility for tasks, taking any steps necessary to ensure that the objective to which the person has committed him or herself is achieved, and answering for the results.
<b>Innovation and continuous improvement</b>	The ability to continuously seek ways of improving existing procedures and to implement them, encouraging others to do likewise and questioning traditional procedures.
<b>Social and environmental awareness</b>	The quality which relates to the Group's commitment to society and the environment. It refers to the care we take over the impact of our actions on our environment. It includes environmental awareness and the desire to serve the customer.
<b>Leadership and people development skills</b>	The ability to lead people towards achieving a goal. It includes the ability to communicate with, motivate and encourage growth and professional development in those we lead.
<b>Strategic vision</b>	A long term outlook involving a vision of the corporation's expansion into new markets, pushing back its boundaries and creating new challenges.
<b>Ability to adapt to cultural diversity</b>	The ability to manage cultural differences and adapt to diversity in a variety of contexts.
<b>Attitude towards and ability to manage change (Flexibility).</b>	The ability to make things happen. It involves applying one's skills in such a way as to ensure that both processes and people, adopt and implement effectively the changes demanded by company strategy. It requires a flexible, open attitude towards new tasks and procedures and the ability to adapt rapidly to new situations.
<b>Results-driven attitude</b>	The ability to work towards pre-established objectives, organizing key tasks in such a way as to obtain the desired results and prioritizing tasks and responsibilities according to aims.
<b>Interdivisional outlook</b>	The ability to take into account and bring together the outlooks of different departments or areas of the business in planning, decision-making and cooperative working, and to put the interests of the business as a whole above those of one's own department.
<b>Commitment to both internal and external clients.</b>	An outlook which seeks to identify the needs, expectations and interests of both internal and external clients and to achieve results which fulfill these needs.

By ‘potential’ we understand the possibility that an individual will develop further within the organization based on the qualities of that individual which will allow him/her to take on more complex responsibilities now or in the future. The competencies that we use to measure the potential of our people are summarized and defined in the following table:

<b>Strategic vision</b>	A long term outlook involving the ability to identify opportunities by quickly grasping changes in the surrounding environment and analyzing internal situations.
<b>Ability to learn</b>	The quality which allows an individual to digest new knowledge and apply it to the task at hand. Both the individual's own experiences and those of others are utilized and the individual takes a pro-active attitude to the possibility of further learning.
<b>Professionalism</b>	The ability to maintain high standards in one's work. It involves the habits of reliability and trustworthiness, service and quality
<b>Commitment to both internal and external clients</b>	An outlook which seeks to identify the needs, expectations and interests of both internal and external clients and to achieve results which fulfill these needs.
<b>Interpersonal skills</b>	The ability to create and maintain good working relationships with others using clear, open communication, creating a good atmosphere and bringing together multi-disciplinary teams to deal with tasks where necessary.

## Uniland People

In addition to our skills as professionals, Uniland Group people share a number of attitudes and ways of behaving which make an important contribution to our own success and that of those around us.

Uniland Group people are responsible, committed people who strive for common objectives. We are able to savour our achievements and we are not discouraged by adversity. We have commitment, energy and courage.

We are guided by ethics and work within a framework of respect and care for people and their safety, never losing sight of our desire to serve our customers. We want to pass on our enthusiasm and inspire trust in our clients, our suppliers and in society at large.



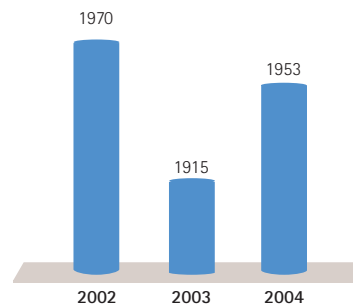
## Our Workforce

The Uniland Group workforce is reasonably stable and staff turnover is very low. The graph on the right shows the evolution of the workforce over the past few years.

We can see that in 2003, the number of staff fell by 2.8%. This was mainly due to the fact that in 2002 thirty-six permanent staff decided to change careers.

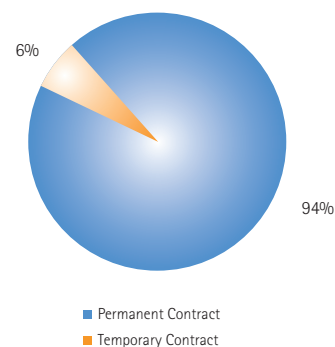
In 2004, the Uniland Group workforce increased by 2%.

Evolution of the Workforce



Our workforce by type of contract in 2004

The UNILAND GROUP employed 1953 people in 2004. 1836 employees (94% of the workforce) had a permanent contract and 117 employees (6% of the total workforce) had a temporary contract.



## Recruitment

Uniland Group's staff selection processes begin with the definition of the skills and qualities that a candidate must possess in order to successfully fill a role and benefit our company. We believe that this is the way to further the corporation's ability to achieve its strategic objectives.

On an employee's first day at work, the First Day with the Uniland Group program is implemented. The Human Resource Department schedules a meeting with the employee's immediate superior who will explain how the department and the business as a whole work and will describe the employee's role. The manager will familiarize

the new member of staff with their daily tasks and introduce them to their colleagues, who will support them in their new role. The employee also receives a copy of the Welcome Manual.

This Manual includes: the Uniland Group mission, vision, and values, as well as a section on "your job" which features: i) "Uniland Group People": a description of the attitudes and behavior which contribute to the success of the company; ii) rules that are part of the contractual conditions; iii) informative policies and procedures: occupational risk prevention policy, sustainable development, quality policy and confidentiality policies amongst others.

## Training and education

Uniland Group aims to help its employees to improve their work through results-driven training both now and in the future. We realize that taking courses is not enough to fulfill this aim. Responsibility for training is, therefore, shared and people take the lead. We try to ensure that training is always practical and that people at all levels of the organization are involved in passing on values and experiences.

We realize that our employees need to be involved in a continuous process of improvement both on a personal and a professional level. So we take responsibility for training plans and for the cost of training wherever these are closely linked to the employee's work and there is prior agreement between the parties.

Our Training Plan is a tool to create solutions and is closely linked to our continuous improvement processes. Through employee training we aim to: **i)** solve problems and dysfunctions; **ii)** implement new technologies; **iii)** implement new organizational models; **iv)** improve management by optimizing internal processes; **v)** improve our employees' professional skills to contribute to their professional development; **vi)** transform our company culture to anticipate the changes in our environment; **vii)** improve our financial results; **viii)** employee engagement.

The table below shows how training time has been distributed amongst employees over the last three years, the number of employees who have benefited and the company's total investment in training.

Our major aim for 2005 is to tailor-make training to the needs and objectives of the company, its business units, departments and people.

## Working atmosphere and employee satisfaction

One of our employees' main aims is to work in a pleasant atmosphere with good working conditions. Uniland Group are constantly working to achieve this and to improve on it. To help employees to feel happy in the workplace we try to establish and maintain an appropriate working environment where both personal and professional development of all our staff are possible.

Strict monitoring of employee satisfaction is not dealt with as such as other human resource practices take priority over them at present. Finally, we should like to mention that employee turnover is very low.

The human resource department includes the "employee service" facility. At present, the number of staff does not require a full-time "employee service" post. The human resources department is responsible for the "internal communication" function in all the employee-related aspects that pertain to their department.

## Internal Communication

Uniland Group has developed a number of channels of communication within the Group as well as establishing activities aimed at encouraging employees from different divisions to communicate with one another.

In 2005-2006 we plan to begin publishing a magazine for employees of the Group

Position	2002		2003		2004	
	Training hours this year	No. of employees benefiting	Training hours this year	No. of employees benefiting	Training hours this year	No. of employees benefiting
• Senior Management, Management, Plant Management / staff	2,288	124	2,522	128	8,533	129
• Heads at Plants / Technicians / IT staff	12,083	494	12,716	492	23,973	557
• Administrators, Workers	6,577	1,218	3,707	1,272	19,971	1,201
<b>Total hours and no. of employees</b>	<b>20,948</b>	<b>1,836</b>	<b>18,945</b>	<b>1,892</b>	<b>52,477</b>	<b>1,887</b>
<b>Total Investment (€)</b>	<b>251,252</b>		<b>366,785</b>		<b>490,956</b>	

## Health and Safety

We consider that we are responsible for establishing and maintaining a safe and healthy working environment which will facilitate optimal physical and mental health in relation to work of our employees.

Regarding health and safety issues, Uniland Group's priorities are: **i)** the promotion of physical, mental and social well-being of employees in all occupations; **ii)** the prevention among employees of departures from health caused by their working conditions; **iii)** the protection of employees in their job from risks resulting from factors adverse to health; **iv)** the placing and maintenance of the employee in an occupational environment adapted to his/her physiological and psychological capabilities; **v)** the prevention of risks to minimize accidents and harm to people. No one should be exposed to unnecessary risk while working for the group or while visiting us; and in general terms **vi)** to further increase the safety of our employees, suppliers, contractors, collaborators and visitors when they come to our plants and premises.

With regard to customers' safety, when they visit our premises they are informed of the risks involved and of the preventive measures they must take. Additionally, they are also given the safety data sheet of the product they wish to purchase so they can use this product correctly.

Each of the Uniland Group's business units works to adapt production methods and implement our safety-at-work model with a view to achieving a sustained reduction in the number of accidents we have. Our aim, as far as health and safety are concerned, is to create an awareness of safety in everyone. This will lead to an improved work environment and will certainly help us to achieve the vital objective of protecting our employees from risks to their health and safety.

When an employee begins work at Uniland Group, he or she is given specific training and information on the company's safety rules. In addition, we are constantly organizing training activities designed to raise awareness and encourage the use of protective and preventive procedures.

### Indicators Regarding Health and Safety Issues

The following table shows our health and safety indicators. Our objective is to improve our performance and continue to maintain our yearly zero fatalities record in all our plants.



## Fatalities

At Uniland Group we are proud to be able to say that there have been no incidents involving fatalities in recent years in any of the countries where we have a presence.

- Number of fatalities and fatality rate per 10,000 for direct employees = 0
- Number of fatalities for indirect employees (contractors and subcontractors) = 0
- Number of fatalities involving 3rd parties (not employed) = 0

Valid for Uniland Group / Years: 2002, 2003, 2004

**Lost-time injuries** Injury frequency rate = (Number of lost time injuries / Total number of hours worked) x 1,000,000

The information not included in this report was not available when going to press.

Lost time injuries and injury frequency rate (per 1,000,000 man-hours) for direct employees during 2004.

- Lost time injuries = 62
- Injury frequency rate = 22.50

Valid for Uniland Group / Year: 2004

Lost time injuries and injury frequency rate (per 1,000,000 man-hours) for direct employees during 2003.

- Lost time injuries = 47
- Injury frequency rate = 32.39

Valid for Uniland Group / Year: 2003.

This does not include data for Argentina and Uruguay

Lost time injuries and injury frequency rate (per 1,000,000 man-hours) for direct employees during 2002.

- Lost time injuries = 57
- Injury frequency rate = 39.74

Valid for Uniland Group / Year: 2002

This does not include data for Argentina and Uruguay

KPIs calculated based on CSI guidelines on reporting



Regarding lost time injuries, we consider it is important to record and notify accidents when they occur, so we can take the necessary preventive and/or corrective measures. Uniland Group has recording and notification procedures for occupational accidents and diseases based on the ILO's repertory of practical recommendations on recording and notification of occupational accidents and occupational illnesses.

When there is an accident, it is investigated. The investigators establish whether human error, high risk conditions and/or personal or work-related factors were involved. The aim of this process is to stop a similar accident occurring in the future.

In Spain, the DELTA SYSTEM is used to communicate work accidents to the Department of Social Security and Ministry of Employment.

In Argentina and Uruguay, the person in charge of the Medical Service assesses the accident and, where appropriate, reports it to the insurance company.

## “A Closer Look”

### Testimony

Juan Carlos González Estévez  
Personnel Manager  
The Importance of Occupational Health & Safety

“Human beings have a basic self-preservation instinct. At work, this manifests itself by ensuring accidents at work do not happen.

Uniland Group is well aware of the importance and need to ensure the health and safety of its people and, therefore, established its Occupational Health and Safety policy as the basic tool to achieve this aim.

Thanks to this policy, none of our direct employees, indirect employees or third parties have suffered any type of fatal accident over the last five years (fatality rate = 0). We believe that this is a very important achievement and we hope to continue to prevent accidents at work as efficiently as we have done up until now, so that we do not have to lament any sad losses.”

# Commitment to Communities



## Commitment to Communities

We believe a combination of social and economic impacts determines the quality of company engagement with communities. Community level impacts include both economic and social issues. Economic impacts, defined as any increase or decrease in the production potential of the economy, and how a company adds value to society, do not fully capture the community context. Social impacts relate to the production and maintenance of community history, culture, identity, traditions and institutions. Social impacts deal with the ways in which the company's presence changes the community and its capacity to adapt to change.

We consider that in order to work effectively with local communities, we must achieve an accurate understanding of the economic and social impacts caused on these communities and gain thorough knowledge of their needs and expectations. It is important for us to create more organized ways of engaging and communicating with communities, and reporting our progress. When engagement is proactive, continuous and cooperative on both sides, social license is granted and maintained. Under these conditions, sustainable development is possible.

### Interaction with Local Communities

Understanding the needs and expectations of stakeholders is a fundamental first step in working effectively with local communities and with third parties on issues affecting local communities. There are some basic principles for identifying and working with stakeholders, but each local context is different, and each local community has different priorities and expectations.

Stakeholders in the cement industry are all the individuals and groups who see themselves as potentially affected by, or who may affect, cement operations on a local, national or international scale. These include local public and government authorities, neighbors, community organizations, employees, trade unions, government agencies, the media, non-governmental organizations (NGOs), contractors, suppliers and investors.

Stakeholder mapping can be a useful framework for identifying who has an interest, and what their concerns may be. Primary stakeholders may be identified as those who the project will have an impact on whether positively or negatively (primarily the local communities which have land tenure and land rights) and those groups or organizations who can have an impact on the project. Indirect stakeholders include those with a specific interest in the project, those who have programs related to regional planning or improvement and those who are concerned about the issues at hand, i.e. pollution, the countryside, biodiversity, etc.

The beliefs and actions of stakeholders can have a direct impact on the operations of a cement facility. Communicating with and involving stakeholders is often required to ensure a stable relationship between a plant and the adjacent community. The more active a facility is in involving stakeholders and understanding their concerns, the more time a plant has to consider this feedback in making critical decisions.

When communication and stakeholder involvement is nonexistent or reactive, the results can include long court battles, protest demonstrations at factory gates, boycotts, environmental damage, and facility closures. A proactive approach leads to decision processes that generally proceed with less difficulty and greater benefit for everyone involved.

In the experience of the cement industry, neighbors and other stakeholders respond positively to citizen advisory or community liaison committees, clarity of information, honest environmental reporting on performance measures, plant open days, pollution prevention initiatives, and well-designed environmental restoration projects.

Collaboration between the community, regulators and industry improves both facility performance and living conditions for all involved.

A key expectation of local communities when they choose to engage with companies is economic opportunity. In building relationships with local communities, it is necessary to demonstrate respect for local culture and tradition, and to address important issues like jobs and training for local people, infrastructure improvements, other economic development support and social contributions. Our locally operating companies are rooted in their countries and communities, and they know how to address these communities' concerns.

For years now, we have proactively taken part in a wide range of activities aimed at encouraging the economic and social development of the communities and organizations located around our plants: NGOs, schools, cultural and sporting activities, open days at our largest plants, etc. As far as Uniland Group is concerned, communication (internal and external) is a basic tool for dialogue and for achieving sustainable development objectives within our company.



## Managing Impacts on Communities

The basis of our commitment to society and to effective management of impacts on the community comes from the deep-rooted ties we have with each of the areas we operate in. This is one of the characteristic values of the Uniland Group's business tradition. These ties manifest themselves in the social programs which finance and allow us to carry out projects that contribute to the economic, educational, cultural and sporting development of local communities, in line with sustainable development principles.

With regard to our community engagement plans at quarry level, all of our facilities in Spain and Tunisia have local community participation plans and our quarry rehabilitation programs are subject to continuous monitoring by communities and local administration. During 2003 and 2004, the community took part in the mining and environmental authorities' continuous monitoring of our rehabilitation programs, and in the preparation and approval of the yearly restoration plans.

Although there is no standardized system for community impact management in Latin America, Uniland Group has set up a committee to manage community relations in Uruguay. Moreover, the social and economic impact of our activity is also included in the environmental impact assessments of our new projects. Our firm recently compensated a district whose school had to be taken away as a result of our activities by building new, improved facilities.

Finally, we also feel that it is extremely important to maintain good relations with the local authorities, and especially with the town councils of the places we operate in so that they can give us a better idea of the needs and concerns of the towns and villages near the factories and we can use this relationship to build bridges between us and the local community.



## “A Closer Look”

### Community Relations Committee in Uruguay

The general objective of this Committee is to find out what kind of relationship the Minas Plant has with the community, the State and the environment, and to analyze its current strengths and weaknesses. We aim to analyze our knowledge of the community and its demands and compare it with the community's assessment of us. The aims and objectives of the action plan must be in line with the company's vision and mission, and especially with our social commitment and environmental policy goals. The plan must include a summary of the programs to be implemented and inform the community about them.

The specific objectives of the Committee are: **i)** to promote, coordinate, execute and assess all the actions concerning the re-

lationship of the company with the community; **ii)** to inform the community about our Environmental and Quality Management System; **iii)** to work on Social Action projects aimed at improving the target community's situation; **iv)** to contribute to improving community training by telling people about our business management at events, seminars and training courses.

We also encourage the interaction of our employees in community activities by getting them to take part in projects aimed at improving the community's standard of living. We aim to take an active role in associations and NGOs whose mission runs along the same lines as our company policy.



## Social Development Programs, Philanthropy and Community Investments

Uniland Group is committed to the communities it serves and aims to strengthen both the economy and its surrounding society through projects that lead to job creation, improved education, welfare, support for sport, and other community development programs.

Uniland Group carries out different programs in the local communities it works in to promote the social development of its inhabitants. The programs implemented in the different communities are developed independently in each geographical area depending on the special needs of the inhabitants of each region. In 2004, Uniland Group made voluntary investments of 575,000 € in diverse social programs.

In Spain, social programs are carried out via donations to various foundations or by donations given directly by the company. Our criteria for these programs are: **i)** social aid directed at local communities, **ii)** providing aid and support for sporting activities, **iii)** educational, artistic and cultural initiatives, **iv)** support for environmental improvement projects. These criteria are used to define our social programs or projects.



### “A Closer Look”

#### Institutional visit to the loading quay facilities at the Port of Vallcarca on 13/February/2004 (Spain)

Our Vallcarca plant is the main supplier of quarry stone for the extension of the Port of Barcelona. Thanks to the Port of Vallcarca the stone is transported by sea instead of having to freight millions of tons of stone by road with the consequent traffic problems that this would involve.

A meeting was held to mark the first shipment which was attended by political figures, such as the Regional Minister for Territorial Policy and Public Works, the President of the Port of Barcelona, the Mayor of Sitges and various other politicians.



In Tunisia, our community development contributions policy is channeled through subsidies and donations aimed at school and sports programs, employee projects and support for solidarity campaigns. In this region, subsidies and donations in cash and in kind account for similar proportions. Donations and subsidies are only given for: **i)** school support (school trips, basic resources); **ii)** support for institutions (solidarity campaigns); **iii)** support for sport; **iv)** support for projects presented by employees.

We would also like to highlight the support we have given to cultural and sporting activities in Tunisia including: **i)** The Aoussou International Festival, the most important festival held in the city of Sousse, of which we have been members for the last two years; **ii)** permanent sponsorship of the company's sports team, which is an important element of corporate culture.

In Argentina and Uruguay, our donations have not followed a strict policy. They have been shared out between a wide range of groups according to their needs. We feel that, although there is room for improvement, this policy does not contradict local community requirements. A clear example is the donation we made in 2004 for a bridge on Route 12 in Uruguay, which provides access to the city of Minas. This road was obstructed by rises in the level of the La Plata river. This bridge was built in conjunction with the Lavalleja Town Council and the Uruguayan Army.



## “A Closer Look”

### Social Projects in Argentina and Uruguay

- Project to improve tracks in rural production areas: To increase productivity among rural producers and improve their quality of life.
- Project for poor people in a 60km radius around La Calera: The factory staff handed out food to the local people at a time when school dinner halls which fed the children were being closed.
- Work with La Calera town council on the supply of running water: We supplied the area with running water during a shortage. Afterwards, we took part in a study of the existing wells and finally, we allowed the council to drill our land and extract water to supply the town of La Calera.
- Bridge and alternative route to Verdún and widening of Route 13 in Minas, in the administrative area of Lavalleja. The bridge was very important for the inhabitants of the area as it allows them to use this route when there are sharp rises in the level of the River Plata.
- Co-operation project to install a medical and dental care service in the Carolín district of Minas.

### Social Objectives for 2005

In Spain, we will continue to support education, art, culture, social welfare and the environment. We hope to increase our economic contributions to the different foundations through which we carry out our commitments to the community, and the direct contributions we make through our plants.

In 2005, our donations to foundations and our expenses in direct aid programs will reach 378,000 euros.

In Tunisia although there are no joint projects up and running with public administration, the management aims to set up two associations to promote local community development. The activities we aim to develop through these associations are:

- Agreements with educational centers to take in scholarship holders to train in areas related to the cement industry;
- Offering employees the chance to gain access to official education, to continue their studies on a full-time basis and specific training and refresher courses;
- Sponsorship of cultural centers to make investments in museums and other cultural centers which support the conservation of Tunisian culture.

We aim to be "Silver Sponsors" of the "Tunisia Open Tournament" in 2005. This tournament is an important annual event in the Tunisian sporting calendar.

The following community activities are planned in Uruguay, as part of the work done by the Community Relations Committee:

- Technical Conferences: Short seminars and/or technical conferences given by company employees on different subjects (electronics, computers, industrial safety). Certificates are given for taking part in the course.
- Celebration of Children's Day / Epiphany: Collecting second-hand toys to donate to institutions in Minas (Iname, Hogares Infantiles, etc.). Organizing visits to the plant for children in which they can use mobile equipment (with the corresponding helmet). Asking suppliers to help us with the "Cement Train" – a train with 2 or 3 coaches to take children round and see how cement is made.
- Lavalleja Week: Organizing sports tournaments (volleyball, 5-a-side football, etc.) and awarding the "Artigas Cement Cup".
- Doing a survey on how the Minas community sees us.
- Informing the community about the ISO-14001 certification we have recently obtained.

We will continue to make donations based on needs and different priorities.

# Appendices

## About this Sustainability Report

### Guiding principles behind this report

The Uniland Group's commitment to transparency and public reporting have been the driving force behind the creation of this first sustainability report. Preparation of the data contained in this report and its analysis have followed a systematic process which entailed:

- i) identifying the relevant details that needed to be included in this report i.e. materiality;
- ii) explicitly indicating what information is important for the various different interest groups, i.e. responsiveness;
- iii) ensuring the information provided in this report is true, i.e. data accuracy.

#### • Materiality

The decision to provide information about the different aspects covered in this report arose out of a comprehensive analysis of the best practices in public reporting carried out in the cement industry. Suggestions from the Cement Sustainability Initiative about the material aspects of our industry, which appear in the "Agenda for Action", have also been included. Last but not least, the main most widely accepted Sustainability and Corporate Social Responsibility guidelines have also been taken into account.

#### • Responsiveness

Responsiveness refers to both the qualitative and quantitative information provided in order to cover the material aspects mentioned initially. This report includes information about cement activities in the geographic areas we are present in for the years 2002, 2003 and 2004. When it has not been possible to provide information about a particular aspect, we have specified what information has not been included. We have aimed to strike a balance between the information supplied on the three sustainability dimensions and to respond to the key performance indicators put forward by the CSI at all times. The Global Reporting Initiative's indications have also been followed.

We would like to point out that this is our first attempt at reporting information of this type. We are well aware of the fact that there are several areas which can be improved on. This is why Uniland Group is keen to improve so that future reports provide more information about our performance and our main goals.

#### • Accuracy

We realize our stakeholders need to be sure that the information presented in this report has been collected and prepared with great accuracy. The reliability of the information included here is in keeping with the company's internal control criteria and is a faithful reflection of the information which exists in the Uniland Group's information management systems.

We would like to mention that although this report has not been audited by an independent firm, we can corroborate the fact that it has been put together according to the Global Reporting Initiative 2002 Guidelines and to the protocols on indicator measurement set out in the WBCSD's Cement Sustainability Initiative.

#### If you have questions, queries or comments about this report, please contact:

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Uniland Group's 2004 Sustainability Report can be found at: [www.uniland.es](http://www.uniland.es)



#### Acknowledgements

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## Glossary

A – Z	Definition
Aggregate	Gravel, sand, crushed stone and possibly other materials used in making concrete.
Alternative Fuels	Substitutes for traditional oil-derived fuels, including mixtures of alcohol-based fuels with gasoline, methanol, ethanol, compressed natural gas and waste.
Alternative materials	By-products or waste from other industries, whose chemical components make them suitable substitutes for natural resources (raw materials, fuels and additions).
Ash	The mineral content of a product remaining after complete combustion.
Biodiversity	The variety of plants and animals in our biosphere.
Calcinations	Heat treatment process at about 800 °C, where CO <sub>2</sub> is released from the limestone leaving reactive CaO.
Cement	Within the cement industry, and especially the technical domain, this term is often understood as Ordinary Portland Cement.
Cementitious Product	Clinker production + Total MIC consumed for blending + Total pure MIC products used as cement substitutes
Clinker	Main component for cement production, containing limestone, alumina, silica and iron oxide. Formed in the rotary kiln at a temperature of 1450 °C.
CO <sub>2</sub>	Carbon dioxide; the most common of the so-called greenhouse gases.
Dioxin	Any of a family of compounds known chemically as dibenzo-pdioxins. Concern about them arises from their potential toxicity as contaminants in commercial products.
Eco-efficiency	Achieving the same output of products and services with less input of energy and materials.
Emissions	Pollution produced by industry, households and traffic; examples include gases and dust, as well as noise, light, radiation, heat and vibrations.
Fly Ash	By-product with binding properties typically produced as a residue from coal-fired power plants.
Fossil fuels	Non-renewable fuels such as coal, oil and gas originating from geological deposits of originally organic materials.
Gray Portland cement	Gray Portland cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0-5% of a minor component (usually calcium sulfate). It can set and harden under water and, when mixed with aggregates and water, produces concrete or mortar.
Greenhouse Effect	The warming of the Earth's atmosphere attributed to a buildup of carbon dioxide or other gases;
Gypsum	Used as a setting regulator in the cement manufacturing process.
Kiln	Large industrial oven for producing clinker used in the manufacture of cement.
Lost time injury	A work-related injury after which the injured person cannot work for at least one full shift or full working day.
Metric Ton	It is the equivalent of 1,102 short tons.
Mineral Components (MIC)	Natural or artificial mineral materials with hydraulic properties, used as clinker or cement substitutes (e.g. slag, fly-ash, pozzolana)
Nitrogen oxides (NOX)	Gases formed during combustion. Poisonous in high concentrations.
Resources	In the context of environmental protection, a term used to describe naturally-occurring goods such as coal, oil and limestone, but also including water and air.
Restoration	Restoration is a process in which plants and animals are allowed to colonize quarries without any human intervention. As a result, a diverse community of living creatures emerges and adapts to the prevailing conditions.
Slag	A by-product, containing inert materials from the burden material, produced during the melting process of blast furnace and steelmaking operations.
Social Impacts	The effects of certain actions and/or activities on society. Areas of social impact include public health and safety, employment, pleasant surroundings, employee health and safety, etc.
Stakeholder	A group or an individual who can affect or is affected by an organization or its activities.
Sulfur dioxide (SO <sub>2</sub> )	A pungent, colorless gas released during the combustion of substances containing sulfur. One of the main causes of acid rain.
Sustainability	"Sustainable development" signifies a kind of development that fulfills the needs of people alive today without endangering the ability of future generations to fulfill their own needs.
Volatile Organic Compounds - VOCs	Organic chemicals that have high vapor pressure and easily form vapors at normal temperature and pressure. The term is generally applied to organic solvents, certain paint additives and aerosol spray can propellants, among others.

## CSI - Key Performance Indicators

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<sup>(1)</sup> All CO<sub>2</sub> measurements to be made in accordance with the WBCSD/WRI CO<sub>2</sub> Protocol, see the website for the most current version: <http://www.ghgprotocol.org/standard/tools.htm>

<sup>(2)</sup> See "Employee Safety in the Cement Industry: Guidelines for Measuring and Reporting," for precise definitions of terms, See: <http://www.wbcsd.org/web/cementhealth.htm> for the most recent version.

<sup>(3)</sup> See "Guideline for Emissions Monitoring and Reporting : Protocol for the Cement Industry," for detailed definitions.

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