

# A Mapping of HeidelbergCement & LafargeHolcim operations in the MENA region



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**30 October 2020**

## About this report

This report has been commissioned by BWI on behalf of Mondiaal FNV as a part of the TUC Program 2017-2020 to map HeidelbergCement and LafargeHolcims activities in the MENA region. The report also investigates the financial stakeholders of the two companies; and the labour compliance at a selection of cement plants in the MENA region.

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Front page cover photograph:

## Acknowledgements

The authors would like to thank Wassim Rifi, all local affiliates of the BWI in Jordan, Egypt and Lebanon that assisted in facilitating the visits to cement plants in the selected countries.

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## Introduction

This report has been commissioned by Building and Woodworkers International (BWI). It should help the organisation identify the financial stakeholders of the cement companies LafargeHolcim and HeidelbergCement, and their business operations in selected countries in the Middle East and North Africa (MENA) region. The research is intended to strengthen BWI's international support for improved labour conditions in the cement sector.

The companies are chosen as they are the leading in the region and also on the global market. LafargeHolcim reached a new level through the merger between the Lafarge and the Holcim groups in 2015 and is now considered to be the world's largest multinational cement producer. However, the group is still seen to be in a state of consolidation and instability. Both the Lafarge and the Holcim firms were forced after the merger to sell assets in various countries to comply with local competition legislation. Asset sales have continued since the completion of the merger, as the group seeks to streamline its operations in a competitive international market. HeidelbergCement is also one of the world's largest building materials companies and the No. 1 in aggregates production, No. 2 in cement, and No. 3 in ready-mixed concrete. The Germany-based group rose up the global cement capacity rankings in 2016 when it acquired Italian rival Italcementi and have kept that position since. Contrary to what has happened in the case of LafargeHolcim, HeidelbergCement has been bolstered by its new assets and has only had to sell a very few plants due to competition issues.

The objective of the research is to provide an overview of the business activities and a controversy scan of HeidelbergCement and LafargeHolcim as a basis to conduct future lobby, campaign and support work concerning the companies' activities and labour rights commitments.

The research focusses on the two leading cement companies in the MENA region, HeidelbergCement Group (Germany) and LafargeHolcim (Switzerland) and concentrates primarily on their business activities in the following countries and territories:

- Algeria;
- Egypt;
- Iraq;
- Jordan;
- Lebanon;
- Libya;
- Morocco, including Western Sahara;
- Occupied Palestinian territories (OPT);
- Syria;
- Tunisia;
- Yemen.

In this report, the financial data are presented for the period January 2013 – July 2019, based on a wider collection of data for the period of January 2008 – July 2019.

The financial instruments that have been researched include loans, bond issuances, share issuances, bond holdings, and shareholdings. Specific attention has been given to finding project finance, with an extra effort into finding finance from international finance institutions (IFIs). The methodology of the research, including an explanation of the used terminology, is described in the first chapter of the report.



Moreover, the labour and human rights policies of HeidelbergCement and LafargeHolcim were assessed. These policies were compared with minimum legal standards of national and international law. The policies were also compared with the standards of the International Labor Organization (ILO). Gaps and shortcomings in the companies' policies were identified and described. The resulting analysis provides insight into the level of awareness and willingness of the companies to implement labour rights standards. In addition, this analysis results in the identification of gaps and shortcomings of the cement companies' policies.

Also, the report presents the findings of labour compliance assessments based on fieldwork into a number of plants operated by the selected companies.

The report is organised as follows: Chapter 2 presents the findings on the creditors and investors of the selected companies. Chapter 3 analyses the policies of HeidelbergCement and Chapter 4 those of LafargeHolcim. Lastly, in Chapter 5, recommendations are provided.



## Chapter 1 Methodology

### 1.1 The methodology of financial research

The section includes the selected companies that were researched; lists the local financial institutions that were researched. Moreover, it outlines the research timeframe; describes the types of the financing included in the study; describes how the contributions of financial institutions to deals were calculated where necessary, and concludes by listing the sources used for the financial research.

#### 1.1.1 Selected companies

In this research, the financial flows to LafargeHolcim, HeidelbergCement and their subsidiaries have been researched.

Of these mentioned companies, the group companies, holding companies and finance vehicles worldwide have been the scope of this research. The relevant subsidiaries in MENA countries (and their subsidiaries, when located in other countries) have been studied in more detail. They are hence also part of the scope of the research. Irrelevant subsidiaries inside MENA countries (with no business operations in the cement sector) have been excluded. All other subsidiaries outside MENA countries, relevant or not, have also been excluded as well.

#### 1.1.2 Types of financing

The banks financing the selected companies can be involved through two types of financing: credit and investment. When financial institutions provide credit, it can be through loans or the underwriting of share and/or bond issuances. Investment, on the other hand, is when financial institutions invest in the equity and debt of a company by holding shares and/or bonds. This section outlines the different types of financing, how they were researched and the implications for the study.

##### Loans

The easiest way to obtain debt is to borrow money. In most cases, money is borrowed from commercial banks. Loans can be either short-term or long-term in nature. Short-term loans (e.g. trade credits, current accounts, leasing agreements) have a maturity of less than a year. They are mostly used as working capital for day-to-day operations. Short-term debts are often provided by a single commercial bank, which does not ask for substantial guarantees from the company.

A long-term loan has a maturity of at least one year, but more often of three to ten years. Long-term corporate loans are particularly useful to finance expansion plans, which only generate rewards after a certain period of time. The proceeds of corporate loans can be used for all activities of the company. Long-term loans are frequently extended by a loan syndicate, which is a group of banks brought together by one or more arranging banks. The loan syndicate will only undersign the loan agreement if the company can provide certain guarantees that interest and repayments on loans will be fulfilled. Corporate loans are often used as project finance (a loan that is earmarked for a specific project) or as general corporate purposes or working capital. Sometimes, a loan's use of proceeds is reported as general corporate purposes when it will be used for a particular project. This is difficult to ascertain.

Moreover, another type of loan is a revolving credit facility. A revolving credit facility provides a company with an option to take up a loan from a bank (or more often: a banking syndicate) when it has an urgent financing need. It is similar to a credit card. Companies can use the revolving facility up to a certain limit, but they don't have to. Revolving credits are often concluded for five years and then renewed, but many companies renegotiate their revolving credit facility every year with the same banking syndicate. Amounts, interest rates, fees and participating banks can change slightly every year. As the financial press often reports these renegotiations for larger companies, this might raise the impression that banks are lending vast sums of money to the same company every year. But: this concerns renegotiations of basically the same facility and a revolving credit facility is hardly ever actually called upon for a loan. Within the scope of this research, revolving credit facilities are counted for every time that they are renewed.

Although revolving credit facilities are not always fully called upon, the syndicate of banks providing the facility do have an obligation to provide the entire amount of money when the company asks for it. Therefore, even if the company ends up never using the facility, the banks were still involved with the company during the period of the revolving credit facility and would have provided the company with the money when they asked for it.

### **Share issuances**

Issuing shares on the stock exchange allows a company to increase its equity by attracting a large number of new shareholders or to increase the equity from its existing shareholders.

When a company offers its shares on the stock exchange for the first time, this is called an Initial Public Offering (IPO). When a company's shares are already traded on the stock exchange, this is called a secondary offering of additional shares. To arrange an IPO or a secondary offering, a company needs the assistance of one or more (investment) banks, which will promote the shares and find shareholders. The role of investment banks in this process is therefore significant.

The role of the investment bank is temporary. The investment bank purchases the shares initially and then promotes the shares and finds shareholders. When all issued shares that the financial institution has underwritten are sold, they are no longer included in the balance sheet or the portfolio of the financial institution. Nevertheless, the assistance provided by financial institutions to companies in share issuances is crucial. They provide the company with access to capital markets, and they provide a guarantee that shares will be bought at a pre-determined minimum price.

### **Bond issuances**

Issuing bonds can best be described as cutting a large loan into small pieces and selling each piece separately. Bonds are issued on a large scale by governments, but also by corporations. Like shares, bonds are traded on the stock exchange. To issue bonds, a company needs the assistance of one or more (investment) banks which underwrite a certain amount of the bonds. Underwriting is in effect, buying with the intention of selling to investors. Still, in case the investment bank fails to sell all bonds it has underwritten, it will end up owning the bonds.

## **(Managing) shareholdings**

Institutional investors, such as banks, insurance companies, pension funds and asset managers, can, through the funds they are managing, buy shares of a particular company making them part-owners of the company. This gives the bank a direct influence on the company's strategy. The magnitude of this influence depends on the size of the shareholding.

As financial institutions actively decide in which sectors and companies to invest, and can influence the company's business strategy, this research will investigate the shareholdings of financial institutions of the selected companies. Shareholdings are only relevant for stock listed companies. Not all companies in the study are listed on a stock exchange.

Shareholdings have a number of peculiarities that have implications for the research strategy. Firstly, shares can be bought and sold on the stock exchange from one moment to the next. Financial databases keep track of shareholdings through snapshots or filings. This means that when a particular shareholding is recorded in the financial database, the actual holding, or a portion of it, might have been sold, or more shares purchased. Secondly, share prices vary from one moment to the next. Given these peculiarities, shareholdings are analysed at the most recent filing dates.

## **(Managing) investments in bonds**

Institutional investors can also buy bonds of a specific company. The main difference between owning shares and bonds is that the owner of a bond is not a co-owner of the issuing company; the owner is a creditor of the company. The buyer of each bond is entitled to repayment after a certain number of years, and a certain interest during each of these years.

Similarly, to shares, bonds can be bought and sold from one moment to the next. Bond holdings are also reported by the holding investor through regular filings. However, historical filings are not kept within the financial databases; only the most recent bondholding information is available. Bond holdings are therefore always analysed at the most recent filing date.

### **1.1.3 Financial institution financing contributions**

The financial databases do not always include details on the levels of individual financial institutions' contribution to a deal. Individual bank's contributions to syndicated loans and underwriting were recorded to the largest extent possible where these details were included in the financial databases. In many cases, the total value of a loan or issuance is known, as well as the number of banks that participate in this loan or issuance. However, the amount that each bank commits to the loan or issuance has to be estimated. This research uses a two-step method to calculate this amount. The first uses the ratio of an individual institution's management fee to the management fees received by all institutions. This is calculated as follows:

$$\text{Participant's contribution: } \left( \frac{\text{individual participant attributed fee}}{\text{sum of all participants attributed fees}} * \text{principal amount} \right)$$

When the fee is unknown for one or more participants in a deal, the second method is used, called the 'bookratio'. The bookratio (see formula below) is used to determine the commitment distribution of bookrunners and other managers.

$$\text{Bookratio: } \frac{\text{number of participants} - \text{number of bookrunners}}{\text{number of bookrunners}}$$

Table 1 shows the commitment assigned to book runner groups with this estimation method. When the number of total participants in relation to the number of bookrunners increases, the share that is attributed to bookrunners decreases. This prevents substantial differences in amounts attributed to book runners and other participants.

**Table 1 Commitment assigned to book runner groups**

Bookratio	Loans	Issuances
> 1/3	75%	75%
> 2/3	60%	75%
> 1.5	40%	75%
> 3.0	< 40%*	< 75%*

\* In case of deals with a bookratio of more than 3.0, we use a formula which gradually lowers the commitment assigned to the bookrunners as the bookratio increases. The formula used for this:

$$\frac{1}{\frac{\sqrt{\text{bookratio}}}{1.443375673}}$$

The number in the denominator is used to let the formula start at 40% in case of a bookratio of 3.0. As the bookratio increases the formula will go down from 40%. In case of issuances the number in the denominator is 0.769800358.

#### 1.1.4 Timeframe

Corporate loans, bond and share issuances are considered credit activities. They fall within the remit of different departments within a bank and, as such, are governed by relevant bank policies. The scope of this research for credit activities is from January 2008 to July 2019. Bond- and shareholdings were researched at their most recent filing dates in July 2019. Bond- and shareholdings held by pension funds and ethical banks were researched at their most recent publication dates in August 2019.

#### 1.1.5 Data sources

The financial data was gathered through financial databases Bloomberg, Thomson Reuters, and Thomson EMAXX. Furthermore, data was gathered from project finance database IJGlobal, and trade finance database Trade Finance Analytics.

Next, the collected data were checked and adjusted with information in annual reports of the companies in scope, plus information on the company websites, followed by information from a general media search. It was checked whether additional information could be retrieved from national company and mortgage registers.

In a separate analysis, the investments of selected pension funds and ethical banks in HeidelbergCement, LafargeHolcim, and their subsidiaries, were investigated. The selection was based on known disclosure of investment portfolios.

Lastly, it was checked whether additional project finance was provided by several (global, regional and bilateral) international finance institutions.

## 1.2 Desk research

The objective of the desk research was to provide an overview of the business activities and a controversy scan of Heidelberg Cement and LafargeHolcim, as a basis to conduct future in-depth analysis on their activities and labour rights commitments for lobby, campaign and support work.

### 1.2.1 Scope

The Middle Eastern and Northern African (MENA) countries and territories that are of interest for Mondiaal FNV are based on the Dutch Ministry of Foreign Affairs' *Dutch Good Growth Fund (DGGF)* list, which includes:

- Algeria
- Egypt
- Iraq
- Jordan
- Lebanon
- Libya
- Morocco, including Western Sahara
- Occupied Palestinian territories (oPt)
- Tunisia
- Yemen

Additionally, Syria is included in the scan due to the interest of Mondiaal FNV.

The research focusses on the two leading cement companies in the MENA region, HeidelbergCement Group (Germany) and LafargeHolcim (Switzerland).

### 1.2.2 Research approach

Information on company activities in general and in the MENA region specifically was researched in company publications, industry and media databases and other relevant sources. Coverage of controversies is predominantly researched from company publications, media, CSO publications and other relevant sources. Wherever possible, it is aimed to triangulate information on controversial activities from more than one source.

## 1.3 Field research

A research team of Profundo and local consultants conducted a labour compliance assessment for each of the five cement plants and one concrete plants by interviewing various stakeholders and visiting the project sites.

### 1.3.1 Selection of projects for field research

To select projects relevant for this research project BWI and the local trade union affiliates investigated the possibility to involve the unions in lobby and campaign activities as well as facilitating the field research on the ground. Based on the input from the local trade unions, a final selection of projects in three countries was made to be the target of the field research.

### 1.3.2 Data collection

A research team of Profundo and the BWI Project Coordinator for the MENA region conducted a labour compliance assessment for each of the six plants. The labour compliance assessment ascertains, amongst others, the extent to which labour and social risks were being addressed at the project sites, the degree to which the project implementers were compliant with the national law, the provisions of core labour standards and the IFIs social and labour policies.

The research team consisted of:

- Linnea Wikström, Profundo,
- Diana Quiroz, Profundo, and
- Wassim Rifi.

Fieldwork was conducted in Jordan from November 18 to 23, in Egypt from 8 to 13 December, and in Lebanon from 16 to 20 December 2019. During this period, the research team conducted face-to-face interviews and focus group discussions (FGDs) with workers, and other stakeholders including trade union officials, government officers, and representatives from national and international non-governmental organisations (NGOs).

Interviewees and FGDs participants were identified in close collaboration with the local trade union affiliates. These interviews took place at different plants of Lafarge-Holcim Group and Heidelberg Cement in Jordan, Egypt, and Lebanon. The interviews were complimented with transect walks to the different working stations in each of the visited plants. The list and number of persons interviewed, were applicable, at each of the plants are presented in Table 2.

**Table 2 List of stakeholder groups and number of persons interviewed**

Stakeholder group	Egypt		Jordan			Lebanon	General	Total
	Sokhnah	Suez	Fuheis	Sweileh	Rashadiyah	Chekka		
Management Staff	2	3	N.a.	1	N.a.	1		7
Supervisors at project level	2	2	N.a.	2	2	2		10
Construction workers / Union members	10	13	34	2	10	10		79
Union leaders	2	4	2	1	2	5	3	19
Government officials	N.a.	N.a.	N.a.	N.a.	N.a.	0	3	3
NGO representatives	N.a.	N.a.	N.a.	N.a.	N.a.	2	6	8
<b>Total</b>	<b>16</b>	<b>22</b>	<b>36</b>	<b>6</b>	<b>14</b>	<b>20</b>	<b>12</b>	<b>126</b>

Focus group discussions (FGDs) were conducted for workers and union members at most of the projects. When this was not possible, a more significant number of interviews were held at the worksite due to lack of access to organise workers independently. Participants at each FGD were split into smaller groups of 5 or 6, to ease communication and discussion. Also, transect walks/site visits were conducted at all project sites visiting the worksites and, when available, the workers' accommodation facilities, the company canteen, and the company clinic.

### 1.3.3 Labour compliance assessment

The labour and social practices at the five project sites were assessed by using Better Work's Compliance Assessment Tool (CAT). This tool is covering four core international labour standards which are drawn from the eight core ILO conventions (CLS):

- Child Labour;
- Forced Labour;
- Freedom of association & collective bargaining; and
- Discrimination.

Additionally, the tool covers four issues relating to working conditions:

- Compensation;
- Contract and Workplace Relations;
- Occupational Safety and Health; and
- Working Time.

Additionally to the CAT, on the request of the client of this study, the issue of gender equality was given specific attention in our assessments of the IFI-funded projects in the MENA Region.

Related to each of these nine labour issues, several specific topics were considered during the assessments, as detailed in Table 3. For each of these topics, we assessed during site visits if the ILO conventions, and national (labour) laws were respected.

**Table 3 List of labour issues and specific topics considered**





Labour issues	Specific issues considered during the assessment
Child Labour	Child labour policy
	Child protection measures
Forced Labour	Coercion
	Violence
	Non-voluntary overtime
	Debt-bondage
	Strikes
Freedom of Association & Collective Bargaining	Freedom to join/ form unions
	Support for union operations
	Interference / Discrimination against union members and leaders
	Collective bargaining agreement (CBA)
	Strikes
Discrimination	Race and Origin
	Gender-based discrimination
	Disability
	Others; HIV & AIDs, Religion, Political affiliation,
Compensation	Minimum wage
	Overtime payment
	Deduction
	Other benefits
Working Time	Regular Hours and Overtime
	Leave
Contract and Workplace Relations	Recruitment procedures
	Contracts, Payslips
	Training



Labour issues	Specific issues considered during the assessment
Gender Equality	Gender policy (esp. including Sexual Harassment and Abuse)
	Equal opportunity for women
	Maternity leave & Nursing time
Occupational Safety and Health (OSH)	OSH management system (incl. policy & procedures)
	Health Services (esp. First Aid, Medical checks, HIV & Aids)
	Chemical and hazardous materials
	Worker safety
	Facilities
	Emergency preparedness

We used a traffic light system to define the contractor's level of compliance with the nine labour issues defined in Table 3. The colour codes used for this purpose are shown in Table 4.

**Table 4 Colour codes for levels of labour compliance**

Colour code	Level of compliance	Definition
	Very low	The main contractor does not comply on several key topics relevant to the labour issue and does not appear to be taking any concrete action towards compliance.
	Low	The main contractor does not comply on some key topics relevant to the labour issue. The company is conscious of the problems but is still lax on concrete actions towards compliance.
	Medium	The main contractor complies on several key topics relevant to the labour issue with concrete actions. However, it still needs to make some efforts towards continuous improvement.
	High	The main contractor complies on most key topics relevant to the labour issue with concrete actions and has established suitable continuous improvement measures.

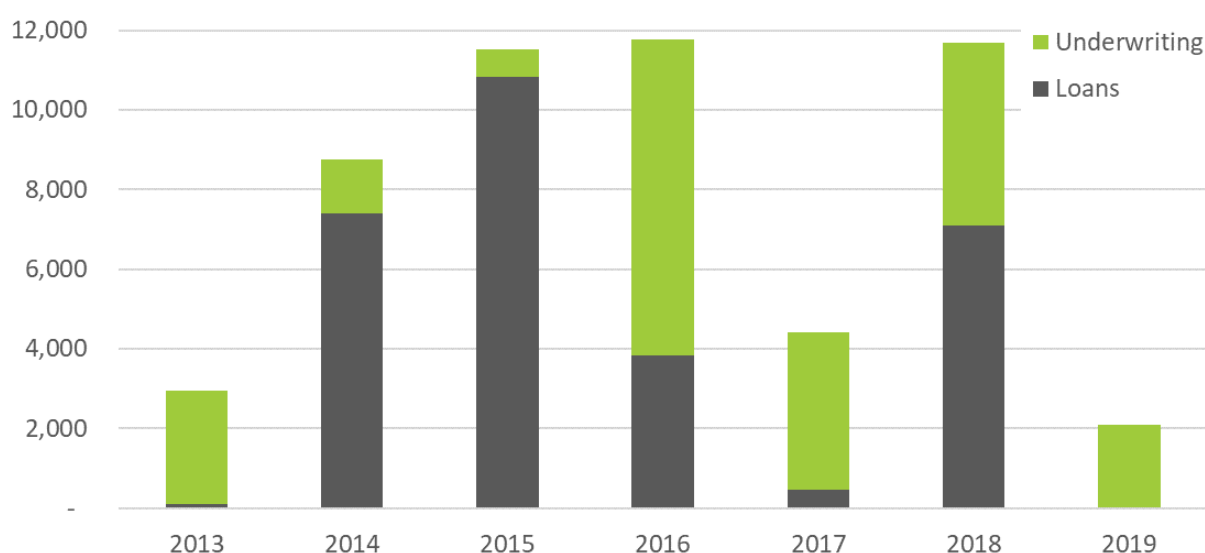
## Chapter 2 Financial stakeholders of the LafargeHolcim and HeidelbergCement

### 2.1 Creditors

Creditors – providers of loans and underwriting services – provided a total of US\$ 53.2 billion to the selected companies in the period January 2013 - July 2019. The credit consisted of loans with a value of US\$ 29.7 billion, and underwritings with a value of US\$ 23.5 billion.

Figure 1 shows the annual levels of credit attracted by the selected companies. The credit varies over the years with a maximum of US\$ 11.8 billion in 2016.

**Figure 1 Annual loans to selected companies (US\$ mln, January 2013 - July 2019)**



Source: Thomson EIKON, *Loans*, viewed in July 2019; Thomson EIKON, *Share Issuances*, viewed in July 2019; Thomson EIKON (2019, July), *Bond Issuances*; Bloomberg (2019, July), *Loan Search*; Bloomberg (2019, July), *Aggregated Debt*.

Table 5 presents the credit attracted by the selected companies. HeidelbergCement attracted the highest level of financing (US\$ 34.3 billion), while LafargeHolcim attracted less (US\$ 18.9 billion).

**Table 5 Loans and underwritings per company (US\$ mln, January 2013 - July 2019)**

Group	Loans	Underwritings	Total
HeidelbergCement	23,797	10,550	34,347
LafargeHolcim	5,885	12,938	18,824
<b>Total</b>	<b>29,683</b>	<b>23,489</b>	<b>53,171</b>

Source: Thomson EIKON, *Loans*, viewed in July 2019; Thomson EIKON, *Share Issuances*, viewed in July 2019; Thomson EIKON (2019, July), *Bond Issuances*; Bloomberg (2019, July), *Loan Search*; Bloomberg (2019, July), *Aggregated Debt*.

Table 6 lists the top 10 loan providers per group. Largest lenders involved in HeidelbergCement are Morgan Stanley (United States) and Deutsche Bank (Germany). Largest lenders involved in LafargeHolcim are Société Générale and Mitsubishi UFJ Financial.

**Table 6 Top 10 loan providers per group company (US\$ mln, January 2013 - July 2019)**

Group	Creditor	Country	Value
HeidelbergCement	Morgan Stanley	United States	3,510
	Deutsche Bank	Germany	3,510
	BNP Paribas	France	965
	Intesa Sanpaolo	Italy	965
	Mediobanca Banca di Credito Finanziario	Italy	965
	Landesbank Baden-Württemberg (LBBW)	Germany	862
	Danske Bank	Denmark	862
	Landesbank Hessen-Thüringen	Germany	862
	Commerzbank	Germany	862
	Skandinaviska Enskilda Banken	Sweden	862
	Citigroup	United States	862
	Standard Chartered	United Kingdom	862
	Bank of America	United States	862
	ING Group	Netherlands	862
LafargeHolcim	Société Générale	France	318
	Mitsubishi UFJ Financial	Japan	307
	UniCredit	Italy	307
	BNP Paribas	France	307
	Royal Bank of Scotland	United Kingdom	307
	Commerzbank	Germany	307
	HSBC	United Kingdom	307
	ING Group	Netherlands	307
	Santander	Spain	279
	Banco Bilbao Vizcaya Argentaria (BBVA)	Spain	279
	Citigroup	United States	279
<b>Total</b>			<b>20,976</b>

Source: Thomson EIKON, *Loans*, viewed in July 2019; Thomson EIKON, *Share Issuances*, viewed in July 2019; Thomson EIKON (2019, July), *Bond Issuances*; Bloomberg (2019, July), *Loan Search*; Bloomberg (2019, July), *Aggregated Debt*.

Table 7 lists the top 10 underwriters per group. Largest underwriters involved in LafargeHolcim are UBS (Switzerland) and Commerzbank (Germany). Largest underwriters involved in HeidelbergCement are Deutsche Bank (Germany) and Morgan Stanley (United States).

**Table 7 Top 10 underwriters per group company (US\$ mln, January 2013 - July 2019)**

Group	Creditor	Country	Value
HeidelbergCement	Deutsche Bank	Germany	1,203
	Morgan Stanley	United States	1,121
	Intesa Sanpaolo	Italy	702
	BNP Paribas	France	699
	Danske Bank	Denmark	630
	ING Group	Netherlands	598
	Bank of America	United States	586
	Citigroup	United States	473
	Commerzbank	Germany	463
	Skandinaviska Enskilda Banken	Sweden	412
LafargeHolcim	UBS	Switzerland	2,565
	Commerzbank	Germany	756
	Credit Suisse	Switzerland	741
	Goldman Sachs	United States	732
	UniCredit	Italy	591
	Mitsubishi UFJ Financial	Japan	589
	HSBC	United Kingdom	571
	Morgan Stanley	United States	542
	BNP Paribas	France	530
	JPMorgan Chase	United States	518
<b>Total</b>			<b>15,541</b>

Source: Thomson EIKON, *Loans*, viewed in July 2019; Thomson EIKON, *Share Issuances*, viewed in July 2019; Thomson EIKON (2019, July), *Bond Issuances*; Bloomberg (2019, July), *Loan Search*; Bloomberg (2019, July), *Aggregated Debt*.

The map in Figure 2 displays the countries of origin of the creditors of both companies. Darker shading indicates a higher value financial relationship. Financiers from Germany and the United States provided the largest shares (20% each), followed by France (10%), Italy (8%), and the UK (8%). The Netherlands provided 4% of the credit. The only credit finance from within MENA countries comes from Jordan (0.07% or US\$ 37 million).

**Figure 2 Map of countries of origin of creditors (US\$ mln, January 2013 - July 2019)**



Source: Thomson EIKON, *Loans*, viewed in July 2019; Thomson EIKON, *Share Issuances*, viewed in July 2019; Thomson EIKON (2019, July), *Bond Issuances*; Bloomberg (2019, July), *Loan Search*; Bloomberg (2019, July), *Aggregated Debt*.

Nearly all credit was provided to the group companies and to the intermediary holding companies and finance vehicles. Just one direct financing of a subsidiary in a MENA country has been identified: LafargeHolcim's subsidiary Jordan Cement Factories received a US\$ 43 million loan, provided by Arab Bank (Jordan), Housing Bank (Jordan), Société Générale (France), and Bank al Etihad (Jordan).

## 2.2 Investors

This chapter describes the investors in bonds and shares issued by HeidelbergCement and LafargeHolcim. The analysis is split in two. Section 2.2.1 describes the investments by regular institutional investors for which the data can be retrieved from financial database. Section 2.2.2 describes the investments by Dutch pension funds, where Section 2.2.3 describes the investments by other pension funds and ethical banks that disclose investment information.

### 2.2.1 Investments by regular institutional investors

Investors provided a value of US\$ 21.5 billion to the selected companies by buying their bonds and shares. The total investments consisted of bonds with a value of US\$ 4.6 billion, and shares with a value of US\$ 16.9 billion. HeidelbergCement received investments worth US\$ 8.9 billion, LafargeHolcim investments worth US\$ 12.6 billion, see Table 8.

**Table 8 Bond- and shareholding investments, per group (2019 July, most recent filing date, in US\$ million)**

Group	Bondholding	Shareholding	Total
HeidelbergCement	1,626	7,230	8,856
LafargeHolcim	2,953	9,687	12,639
<b>Total</b>	<b>4,578</b>	<b>16,917</b>	<b>21,495</b>

In total 296 investors in bonds of the two companies have been identified. The largest bondholders of HeidelbergCement are BlackRock (United States), Crédit Agricole (France), and BNP Paribas (France). The largest bondholders of LafargeHolcim are Prudential (United Kingdom), BlackRock (United States), and Allianz (Germany). The top 10 bondholders per group are presented in Table 9.

**Table 9 Top 10 bondholders per group (US\$ mln, January 2013 - July 2019)**

Group	Investor	Country	Value
HeidelbergCement	BlackRock	United States	237
	Crédit Agricole	France	209
	BNP Paribas	France	139
	Deka Group	Germany	76
	DZ Bank	Germany	52
	Vanguard	United States	51
	New York Life Insurance	United States	44
	Allianz	Germany	43
	UBS	Switzerland	40
	Anima	Italy	39
LafargeHolcim	Prudential (UK)	United Kingdom	179
	BlackRock	United States	150
	Allianz	Germany	130
	UBS	Switzerland	117
	MassMutual Financial	United States	112
	Credit Suisse	Switzerland	107
	Zürcher Kantonalbank	Switzerland	101
	United Services Automobile Association	United States	100
	TIAA	United States	90
	Lord, Abbett & Co	United States	82
<b>Total</b>			<b>2,096</b>

Source: Thomson EIKON, *EMAXX*, viewed in July 2019; Thomson EIKON, *Shareholdings*, viewed in July 2019.

In total, 453 investors in shares of the two companies have been identified. The largest shareholders of HeidelbergCement are BlackRock (United States), Crédit Agricole (France), and First Eagle Investment Management (United States). The largest shareholders of LafargeHolcim are BlackRock (United States), BPCE Group (France), and the Norwegian Government Pension Fund – Global (Norway). The top 10 shareholders per group are presented in Table 10.

**Table 10 Top 10 shareholders per group (US\$ mln, January 2013 - July 2019)**

<b>Group</b>	<b>Investor</b>	<b>Country</b>	<b>Value</b>
HeidelbergCement	BlackRock	United States	894
	Crédit Agricole	France	715
	First Eagle Investment Management	United States	658
	Black Creek Investment Management	Canada	424
	Vanguard	United States	353
	Deutsche Bank	Germany	322
	First Pacific Advisors	United States	259
	Capital Group	United States	227
	Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	Morocco	211
	Caisse de Dépôt et de Gestion	Morocco	172
LafargeHolcim	BlackRock	United States	1,126
	BPCE Group	France	913
	Norwegian Government Pension Fund - Global	Norway	763
	Vanguard	United States	663
	Dodge & Cox	United States	645
	Capital Group	United States	603
	UBS	Switzerland	413
	Credit Suisse	Switzerland	359
	Artisan Partners	United States	356
	Janus Henderson	United Kingdom	327
<b>Total</b>			<b>10,403</b>

Source: Thomson EIKON, *EMAXX*, viewed in July 2019; Thomson EIKON, *Shareholdings*, viewed in July 2019.



The map in Figure 3 displays the countries of origin of the investors of both companies. Darker shading indicates a higher value financial relationship. Nearly half of the investments is coming from the United States (49.8%), followed by France (12%), and Switzerland (10%).

**Figure 3 Map of countries of origin of investors (US\$ mln, most recent filing date)**



Source: Thomson EIKON, EMAXX, viewed in July 2019; Thomson EIKON, Shareholdings, viewed in July 2019.

An investment value of 698 million originates from investors in MENA-countries (3% of the total investment value), all concerning shareholding investments. In total, eight investors from MENA countries were identified, seven from Morocco, one from the United Arab Emirates, see Table 11.

**Table 11 Shareholding investors from MENA countries (2019 July, most recent filing date, in US\$ million))**

Investor	Country	Value
Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	Morocco	211
Caisse de Dépôt et de Gestion	Morocco	172
Caisse Marocaine des Retraites	Morocco	139
Abu Dhabi Fund for Development	United Arab Emirates	122
Attijariwafa Bank	Morocco	39
Banque Centrale Populaire	Morocco	9
CFG Group	Morocco	5
Morocco Services Intermediation (MSIN)	Morocco	1
<b>Total</b>		<b>698</b>

## 2.2.2 Investments by Dutch pension funds

In a separate analysis, the investments of nine selected Dutch pension funds in HeidelbergCement, LafargeHolcim, and their subsidiaries were investigated. In total the Dutch pension funds invested US\$ 237 million in the two companies, from which US\$ 139 million in HeidelbergCement, and US\$ 98 million in LafargeHolcim. Pensioenfond Detailhandel and Pensioenfond Vervoer disclose that they invest in both the companies; however, the investment values are not disclosed. The results are shown in Table 12.

**Table 12 Investments by Dutch pension funds in selected companies  
(2019 August, most recent publication date, in US\$)**

Group	Investor	Bondholding	Shareholding	Total
<b>HeidelbergCement</b>	Algemeen Burgerlijk Pensioenfond	27	26	53
	Bedrijfstakpensioenfond voor de Bouwnijverheid	4	3	7
	BPL Pensioen	-	-	-
	Pensioenfond Detailhandel	n.d.	-	n.d.
	Pensioenfond Horeca & Catering	-	-	-
	Pensioenfond Metaal en Techniek	7	9	16
	Pensioenfond van de Metalektro	10	3	14
	Pensioenfond Zorg en Welzijn	47	3	50
	Pensoenfond Vervoer	-	n.d.	n.d.
<i>HeidelbergCement Total</i>		<i>95</i>	<i>44</i>	<i>139</i>
<b>LafargeHolcim</b>	Algemeen Burgerlijk Pensioenfond	-	-	-
	Bedrijfstakpensioenfond voor de Bouwnijverheid	-	-	-
	BPL Pensioen	-	-	-
	Pensioenfond Detailhandel	n.d.	-	n.d.
	Pensioenfond Horeca & Catering	-	-	-
	Pensioenfond Metaal en Techniek	27	0.37	27
	Pensioenfond van de Metalektro	19	7	26
	Pensioenfond Zorg en Welzijn	40	5	44
	Pensoenfond Vervoer	n.d.	n.d.	n.d.
<i>LafargeHolcim Total</i>		<i>86</i>	<i>12</i>	<i>98</i>
<b>Total</b>		<b>181</b>	<b>56</b>	<b>237</b>

Legend: "n.d." = not disclosed; "-" = no investment.

Sources: ABP (2019), *Beursgenoteerde beleggingen ABP per 31 maart 2019*; ABP (2019), *Overzicht bedrijfsobligaties ABP per 31 maart 2019*, bpfBouw (2019), *Aandelenportefeuille bpfBOUW per 31 maart 2019*, bpfBouw (2019), *Overzicht bedrijfsobligaties bpfBOUW per 31 maart 2019*, Pensioenfond Detailhandel (2019), *Beleggingen Pensioenfond Detailhandel per 30 juni 2019*, Pensioenfond Metaal en Techniek (2018), *Aandelenlijst per 31/12/2018*, Pensioenfond Metaal en Techniek (2018), *Lijst Investment Grade Bedrijfsobligaties per 31/12/2018*, Pensioenfond van de Metalektro (2018), *Aandelenoverzicht per 31 December 2018*, Pensioenfond van de Metalektro (2018), *Obligatieoverzicht per 31 December 2018*, Pensioenfond Vervoer (2019), *Aandelen per 30-06-2019*, PFZW (2018), *Transparantielijst Aandelen per 31-12-2018*, PFZW (2018), *Transparantielijst Obligaties per 31-12-2018*.

### 2.2.3 Investments by other selected financial institutions

In a second separate analysis, the investments by other financial institutions (additional pension funds, insurance companies, and ethical banks), that publish their investment portfolios, were researched. To this end, the investment portfolios of 62 financial institutions have been reviewed.

Investments were identified for 12 of these 62 financial institutions with a total investment value of US\$ 50 million in the two companies, from which US\$ 20 million in HeidelbergCement, and US\$ 31 million in LafargeHolcim. Some financial institutions disclose that they invest in either one of the companies, but do not disclose the investment values. The results are shown in Table 13.

**Table 13 Investments by other financial institutions in selected companies  
(2019 August, most recent publication date, in US\$)**

Group	Investor	Country	Bondholding	Shareholding	Total
<b>HeidelbergCement</b>	AP-4	Sweden	-	4	4
	AP-7	Sweden	-	9	9
	ASR	Netherlands	3	0.4	3
	Lægernes Pension	Denmark	-	0.1	0
	Länsförsäkringar	Sweden	2	-	2
	Menzis	Netherlands	-	n.d.	0
	Pensioenfonds Openbaar vervoer	Netherlands	-	n.d.	0
	Pensioenfonds voor de woningcorporaties (SPW)	Netherlands	-	1	1
	PKA	Denmark	-	1	1
	Spoorwegpensioenfonds	Netherlands	-	n.d.	0
<i>HeidelbergCement Total</i>			4	15	20
<b>LafargeHolcim</b>	Achmea	Netherlands	-	2	2
	AP-7	Sweden	-	23	23
	ASR	Netherlands	0.1	-	0
	Lægernes Pension	Denmark	-	0.2	0
	Länsförsäkringar	Sweden	3	-	3
	Menzis	Netherlands	-	n.d.	0
	PenSam	Denmark	-	1	1
	Pensioenfonds Openbaar vervoer	Netherlands	-	n.d.	0
	PKA	Denmark	-	2	2
	Spoorwegpensioenfonds	Netherlands	-	n.d.	0
<i>LafargeHolcim Total</i>			3	28	31
<b>Total</b>			<b>7</b>	<b>43</b>	<b>50</b>

Legend: "n.d." = not disclosed; "-" = no investment.

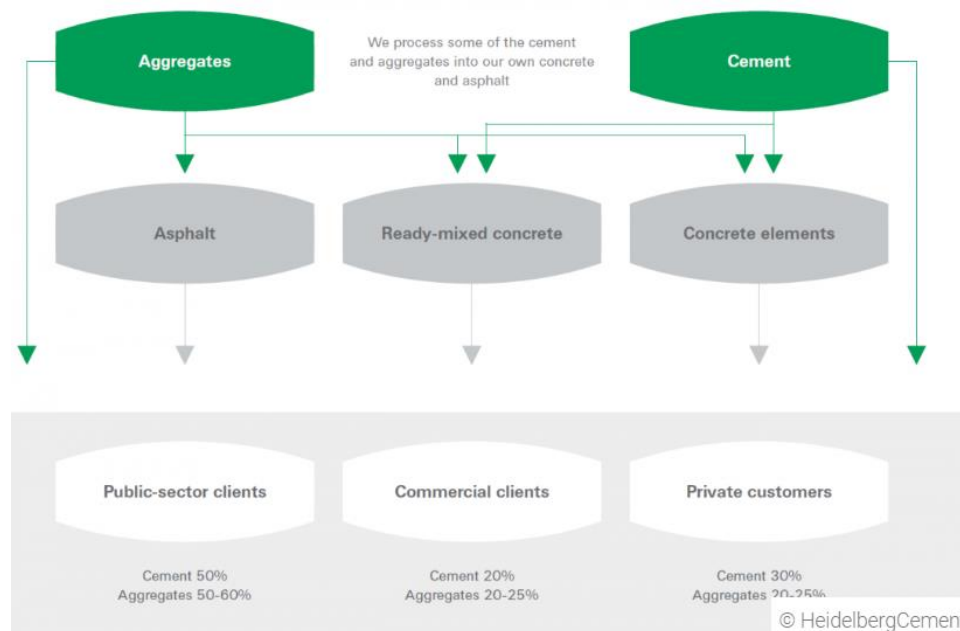
Sources: Achmea Investment Management (2018), *Jaarverslag 2017 Beleggingspool Achmea Aandelen Wereldwijd*, AP4 (2018), *Fjaerde AP-Fonden 2018 Listed shares and participations 2018-06-30*, AP7 (2019), *Holding AP7 Equity Fund 2018 as of 26 Febr 2019*, ASR (2018), *Jaarverslag ASR ESG IndexPlus Institutionele Fondsen 2017*, Laegerness Pension (2019), *Laegerness Aktieliste 31.12.2018*, Länsförsäkringar (2018), *Länsförsäkringar Fondförvaltning 2017*, Menzis (2018), *Menzis portefeuille aandelen ontwikkelde markten 2018Q2*, PenSam (2019), *Aktiebeholdning pr. 31.12.2018*, Pensioenfonds Openbaar Vervoer (2019), *Fondsenoverzicht Stichting Pensioenfonds Openbaar Vervoer d.d. 31-12-2018*, PKA (2019), *PKA's aktieliste februar 2019*, Spoorwegpensioenfonds (2019), *Fondsenoverzicht Stichting Spoorwegpensioenfonds d.d. 31-12-2018*, SPW (2019), *Aandelenportefeuille SPW per 31 december 2018*.

## Chapter 3 HeidelbergCement

### 3.1 Company activities

HeidelbergCement is a multinational building materials company headquartered in Germany. Its core activities comprise the production and distribution of cement, aggregates, ready-mixed concrete, and asphalt. As a vertically integrated company, it is involved in all stages of the process from upstream raw material production and distribution to downstream ready-mixed concrete and asphalt. These products are used by public-sector and commercial clients as well as private customers (Figure 4). The company also offers services such as worldwide trading in cement and coal by sea.<sup>1</sup>

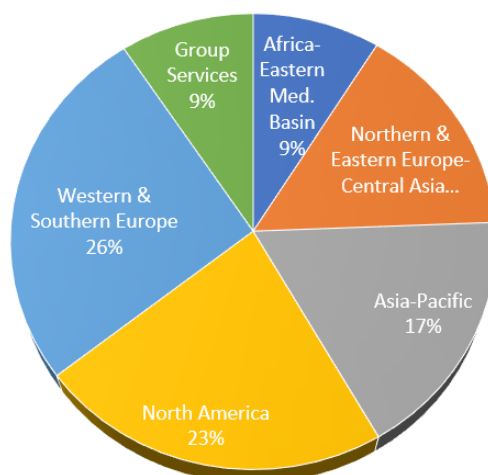
**Figure 4 HeidelbergCement product range and vertical integration**



Source: HeidelbergCement (n.d.), "Products and services", online: <https://www.heidelbergcement.com/en/products-and-services>, viewed in July 2019.

In financial year 2018, the group reported total revenues of € 18.1 billion and a profit of € 1.3 billion. Cement contributed around 49% of revenues, aggregates around 21% and asphalt around 28%. Geographically, Western and Southern Europe accounted for the largest share of revenues at around 27%, followed by North America with approximately 24%; Africa and the Eastern Mediterranean Basin, which includes activities in MENA countries, contributed approximately 9% (Figure 5).<sup>2</sup>

**Figure 5** Geographic segmentation of HeidelbergCement's revenues 2018

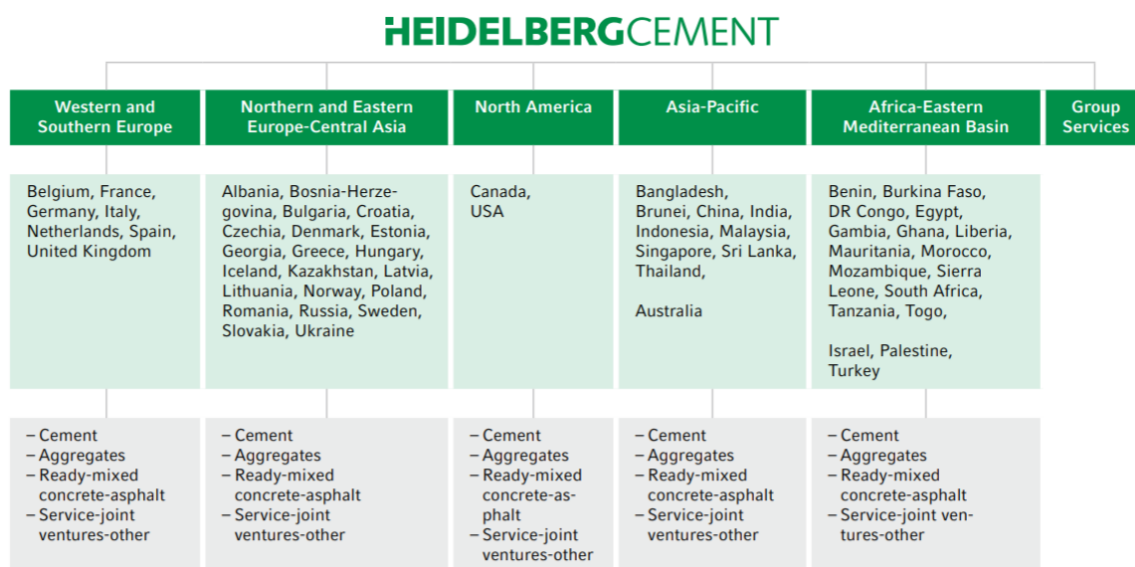


Note: Not including €-723 million in reconciliation.

Source: HeidelbergCement (2019, March), *Annual Report 2018*, pp. 114-115.

The geographic spread of the group's activities is also illustrated in Figure 6, showing that HeidelbergCement is only active in three of the countries or territories selected for this analysis: Egypt, Morocco, and the occupied Palestine territories (oPt). The company sold its non-controlling interest in a cement plant in Syria in 2018.<sup>3</sup>

**Figure 6** HeidelbergCement organisational structure



Source: HeidelbergCement (2019, March), *Annual Report 2018*, p. 20.

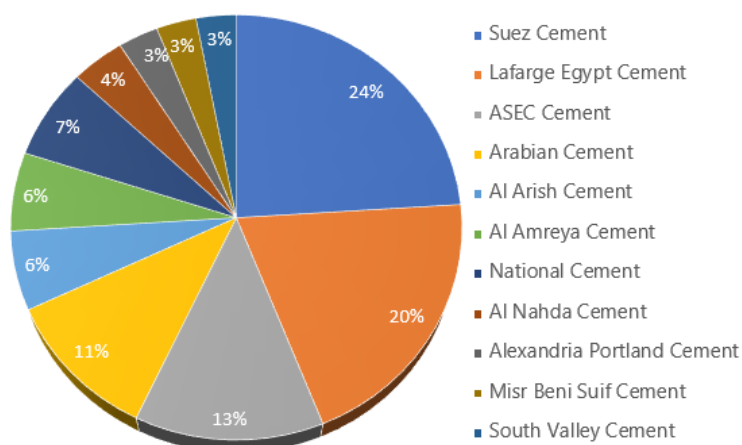
### 3.1.1 Egypt

#### Country profile

Notwithstanding rising excess capacities in the Egyptian national industry, HeidelbergCement's sales volume slightly increased, and the market share of the company expanded in 2018.<sup>4</sup> The company holds a leading market position in Egypt, which is among the largest markets in the Africa-Eastern Mediterranean group area.<sup>5</sup> Figure 7 shows the capacity share of cement producers in Egypt, with HeidelbergCement's subsidiary Suez Cement (including its subsidiary Helwan Cement (formerly ASEC Cement)) accounting for around 37% in 2017.<sup>6</sup>

Overall, the Egyptian cement market is seen as being oversupplied.<sup>7</sup> Namely, the Egyptian army invested in additional cement capacities in recent years. HeidelbergCement sees a medium strategic risk with a moderate impact that these additional capacities will lead to price pressure in the market, with resulting adverse effects on its revenue and earnings position.<sup>8</sup>

**Figure 7 Share of total capacity of cement producers in Egypt, 2017**



Note: Suez Cement is part of HeidelbergCement (Germany); ASEC Cement, now operating as Helwan Cement, is also part of HeidelbergCement via Suez Cement; Lafarge Egypt is part of LafargeHolcim (Switzerland).

Source: Abdou, D.M.S. and N. S. El Adaway (2018, July 25), "Application on game theory: Cement industry in Egypt - Arabian Cement Company", *American Journal of Business, Economics and Management*, Vol. 6(3): 49-56, p. 52.

As of end of year 2018, HeidelbergCement had ten shareholdings in Egypt (Table 14).

**Table 14 Shareholdings of HeidelbergCement in Egypt (Dec. 31, 2018)**

Company name and location	Group ownership (%)	Last fiscal year for financial statements	Equity in € million	Net income in € million
<i>Subsidiaries</i>				
DECOM Egyptian Co for Development of Building Materials <sup>a</sup> , Cairo	26.46%	2017	7.2	3.0
Helwan Cement Company, Helwan	50.64%	2017	54.9	-18.7
Interbulk Egypt for Export, Cairo	100.00%	2017	0.3	0.1
Suez Cement Company, Cairo	50.88%	2017	229.9	-21.9
Suez for Transportation & Trade <sup>a</sup> , Cairo	49.60%	2017	1.0	0.4
Tourah Portland Cement Company <sup>a</sup> , Cairo	39.45%	2017	-10.4	-27.1
Universal Company for Ready Mix Concrete Production <sup>a</sup> , Cairo	26.46%	2017	15.8	3.0
<i>Associates</i>				
Tecno Gravel Egypt, Egypt	22.89%	2017	2.4	0.8
<i>Immaterial Subsidiaries</i>				



Suez for Import & Export Co <sup>a</sup> , Cairo	49.60%	2017	0.0	0.0
<i>Immaterial JVs and associates</i>				
Suez Lime, Cairo	25.32%	2017	0.3	0.0

Note: <sup>a</sup>Controlling influence through contractual arrangements and/or legal regulations.

Source: HeidelbergCement (2019, March), *Annual Report 2018*, pp. 183-205.

HeidelbergCement subsidiaries produce cement in four plants and ready-mixed concrete in 19 plants in Egypt. The group had a presence in Egypt since 2016 when it purchased Italcementi Group. Italcementi had been a principal shareholder in Suez Cement since 2005, together with a consortium of local and international investors.<sup>9</sup>

Suez Cement Group of Companies (SCGC) is the largest cement producer in Egypt.<sup>10</sup> It has more than 2,500 employees in an industrial network of four production facilities in Suez, Kattameya, Tourah and Helwan. The group states that it supplied building materials to some of Egypt's most well-known landmarks.<sup>11</sup> It is mainly composed of Suez Cement Company (SCC), Tourah Portland Cement Company (TPCC), Helwan Cement Company (HCC), Ready Mix Concrete Al-Alameya (RMCA), and Hilal Cement in Kuwait.<sup>12</sup>

For the financial year ending December 31, 2018, SCGC reported sales of EGP 7.4 billion (€ 361.6 million) and a net profit of EGP 121.4 million (€ 5.9 million). In 2017, the company had still reported a loss of 1.1 billion (€ 52.3 million), against net sales of EGP 6.5 billion (€ 302.8 million).<sup>13</sup>

To optimise its portfolio, Helwan Cement sold its white cement plant in El Minya to Emaar Industries. The sale was explained with the fact that the standalone production of white cement as a niche product with small volumes no longer fits the strategic efficiency focus of the company.<sup>14</sup> The transaction was closed in early 2019. It also sold Suez Bags Company, a paper bag factory in Egypt, in 2018. It furthermore plans to sell the site of a former cement plant in the Cairo metropolitan area.<sup>15</sup>

In June 2019, SCGCs subsidiary Tourah Cement Company said that it has "*suspended production because of financial distress caused by oversupply in the Egyptian market and is considering liquidation*".<sup>16</sup> Earlier in 2019, the Tourah Cement Company cancelled the results of an auction held to sell its unutilized assets, because the auction winner did not comply with the terms and conditions of the acquisition.<sup>17</sup>

### 3.1.2 Morocco

HeidelbergCement produces cement and ready-mixed concrete and is active in the aggregates business in Morocco.<sup>18</sup> The company describes its activities in Morocco as follows:

*"HeidelbergCement has been present in Morocco since the second half of 2016, when it purchased the Italcementi Group. In Morocco we operate through Ciments du Maroc 3 cement plants in Aït Baha, Safi, and Marrakech, 2 grinding centers in Laâyoune (Indusaha) and Jorf Lasfar, 5 quarries, and 30 concrete batching plants".*<sup>19</sup> Ciments du Maroc is listed at the Casablanca Stock Exchange.<sup>20</sup>

As of 2019, Ciments du Maroc is the second largest cement producer in Morocco, and it employs 813 people.<sup>21</sup>

In 2018, the cement production capacity of HeidelbergCement in Morocco was 4.8 million tonnes, and the clinker production capacity was 3.1 million tonnes.<sup>22</sup>

In February 2019, HeidelbergCement reduced its shareholding in the Moroccan subsidiary Ciments du Maroc with 7.8%. In November 2019, it again lowered its shareholding. It now holds majority participation of 51.0% in Ciments du Maroc.<sup>23</sup>

As of the end of the year 2018, HeidelbergCement had eight shareholdings in Morocco (Table 15).

**Table 15 Shareholdings of HeidelbergCement in Morocco (Dec. 31, 2018)**

Company name and location	Group ownership (%)	Last fiscal year for financial statements	Equity in € million	Net income in € million
<i>Subsidiaries</i>				
Africim, Casablanca	62.33%	2017	0.4	0.0
Ciments du Maroc, Casablanca	51.00%*	2017	442.6	70.6
Industrie Sakia El Hamra "Indusaha", Laayoune	56.72%	2017	54.0	26.7
Procimar, Casablanca	100.00%	2017	68.3	9.9
<i>Associates</i>				
Asment Temara, Témara	37.01%	2017	88.5	31.4
<i>Immaterial Subsidiaries</i>				
Agadir Atlantique, Casablanca	62.29%	2017	0.0	0.0
<i>Immaterial JVs and associates</i>				
Ceval GIE, Casablanca	24.84%	2017	0.0	0.0
Maestro Drymix, Casablanca	31.17%	2017	-0.3	-0.5

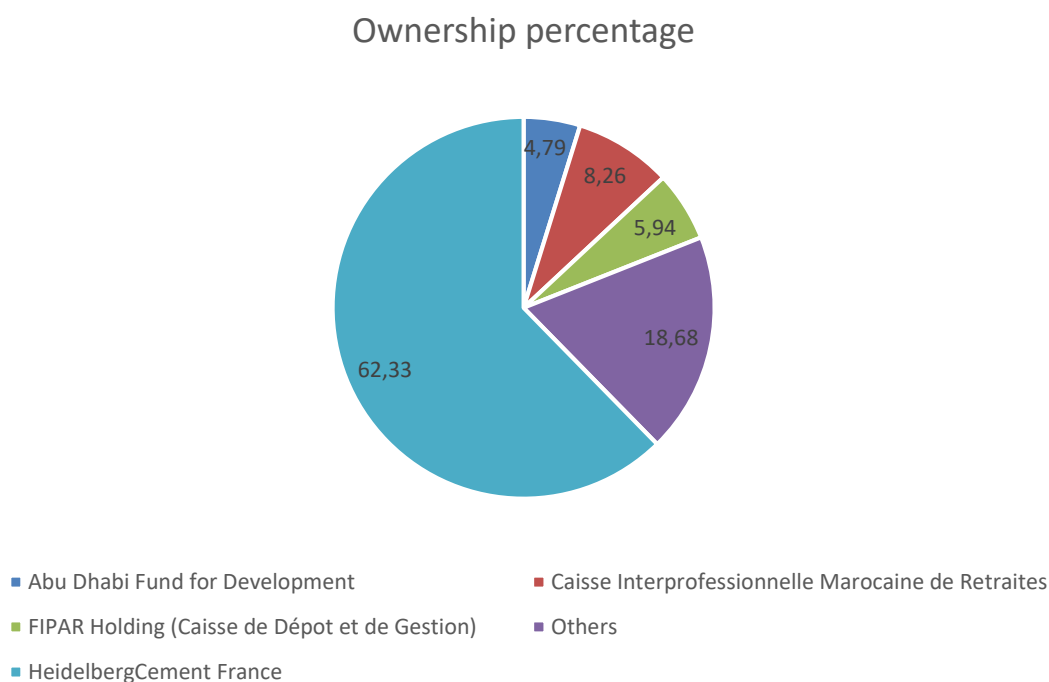
Note: \*Controlling influence through contractual arrangements and/or legal regulations.

\* = As of 29 November 2019.

Sources: HeidelbergCement (2019, March), *Annual Report 2018*, pp. 183-205; HeidelbergCement (2019, 29 November), *HeidelbergCement further reduces its stake in Ciments du Maroc*.

For its main subsidiary in Morocco, Ciments du Maroc, HeidelbergCement is sharing ownership with the parties presented in Figure 8.

**Figure 8 Ownership Ciments du Maroc (31 Dec. 2018)**



Ciments du Maroc (2019), *Rapport Annual 2018*, p. 15.

Beside cement production, HeidelbergCement in Morocco is also involved in CO<sub>2</sub> recycling for the manufacture of fish food and other animal feed. In 2018, the company invested €1.2 million in the development of a demonstration project to produce algae for fish food at the Safi cement plant.<sup>24</sup>

### 3.1.3 Occupied Palestinian Territories

In 2007, HeidelbergCement Group acquired the Hanson Group (Israel), with Hanson Israel as part of the acquisition.<sup>25</sup>

In 2016, HeidelbergCement installed a subsidiary, HeidelbergCement Palestine, in the Occupied Palestinian Territories and started to operate a cement import business to Gaza and the West Bank.<sup>26</sup> In 2019, the company was *"in the process of setting up quarry operations in Palestine"*.<sup>27</sup>

As of the end of the year 2018, HeidelbergCement had four shareholdings in the Occupied Palestinian Territories (Table 15).

**Table 16 Shareholdings of HeidelbergCement in Israel and OPT (Dec. 31, 2018)**

Company name and location	Group ownership (%)	Last fiscal year for financial statements	Equity in € million	Net income in € million
HeidelbergCement Mediterranean Basin Holdings Palestine, Ramallah	100.00%	2017	-0.4	0.2
Hanson (Israel), Ramat Gan	99.98%	2017	234.4	19.8
Hanson Quarry Products (Israel), Ramat Gan	99.98%	2017	231.7	17.8
Hanson Yam, Ramat Gan	99.98%	2017	3.1	0.1

Source: HeidelbergCement (2019, March), *Annual Report 2018*, pp. 183-205.

Hanson Israel produces aggregates, asphalt, and ready-mixed concrete in 26 concrete and mortar production plants, three quarries and two asphalt plants.<sup>28</sup> The operations of Hanson Israel in Area C consist of the Nahal Raba quarry with an integrated asphalt plant.<sup>29</sup> Two ready-mixed concrete plants (Modi'in Illit and Atarot) located in the occupied West Bank have been closed in respectively Q4 2017 and Q1 2018.<sup>30</sup>

In 2014, Hanson Israel extracted approximately 3 million tonnes from the Nahal Raba quarry.<sup>i,31</sup> In that year, Hanson Israel reportedly paid US\$ 467,000 (€ 384,000) in municipal taxes to the settlement Samaria Regional Council for the use of the Nahal Raba quarry, and US\$ 3.53 million (€ 2.90 million) in royalties to the Israeli Civil Administration, the branch of the Israeli military that governs the West Bank.<sup>32</sup> In a letter to Human Rights Watch, HeidelbergCement defended its activities as fully complying with international law, arguing that the land was not privately owned and pointing to the jobs provided to Palestinians.<sup>33</sup> In a reaction to this report, the company stresses that *"[...] taxes and royalties paid by the quarry exclusively reach the Civil Administration and are used by them to finance local projects. Proof of such projects of the past can be found on the Internet, e.g. 'Projects in area C 2012'."*<sup>34</sup> However, the company is not able to earmark specific projects benefitting from royalties paid by the Nahal Raba quarry.<sup>35</sup>

The majority of dolomite obtained from quarry Nahal Raba, located close to the settlement Elkana, is sold to the Israeli market. The German parent company HeidelbergCement explained this in a 2015 letter to Human Rights Watch with the fact that *"[...] the Israeli market has the higher demand and that the Palestinian Authority prevents deliveries to Area A and B by means of a boycott policy. We would also like to clarify that Hanson Israel does not sell construction materials for the construction of Israeli settlements in the West Bank or the security barrier."*<sup>36</sup>

A declaration as "state land" would only be allowed under international law if it was confiscated for genuine military reasons and continued to be used for that. However, according to Human Rights Watch, Israel declared the land on which the quarry is located as "state land" by way of an *"[...] aggressive interpretation of an Ottoman law whereby land, even if privately owned, reverts to the state if not cultivated or otherwise used for three consecutive years. Israel built its separation barrier to encompass the quarry from the east, unlawfully diverting the route of the barrier into occupied territory from the pre-1967 armistice line. The barrier seamlessly connects the quarry to Israeli territory and separates the nearby Palestinian village of Zawiyah from its lands."*<sup>37</sup>

The company believes though that the operations are in-line with international norms as *"i) the quarry provides significant advantages for the local Palestinian population in the West Bank and ii) the impact on the overall reserve position in Palestine is very small."* In regards to i), the company stresses that the majority of quarry employees are Palestinians from the West Bank, working under equal conditions as Israeli employees, constituting an important source of income for this area of the West Bank. It further states that it is *"[...] working on a constructive solution [...] has founded a Palestinian subsidiary called 'HeidelbergCement Palestine' in December 2015 with the goal to set up a building materials business in Palestine. The operations shall also include aggregates quarry activities with the goal to move production of aggregates for the region to Palestine in the mid-term."*<sup>ii, 38</sup>

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<sup>i</sup> Based on information provided by HeidelbergCement to Human Rights Watch, stating that the company paid royalties of € 3.25 million for the operation of the Nahal Raba quarry, with standard royalty rates of € 1.10 per tonne produced.

<sup>ii</sup> HeidelbergCement Palestine operates as a wholly-owned subsidiary of HeidelbergCement Group (Germany).

## 3.2 Labour and human rights policy assessment

### Labour and human rights policies

HeidelbergCement states that it is committed to the principles of the following internationally recognized standards:<sup>39</sup>

- The Universal Declaration of Human Rights;
- The eight-core labour standards of the International Labour Organization (ILO);
- The OECD Guidelines for Multinational Enterprises;
- The United Nations Guiding Principles for Business and Human Rights ("Protect, Respect and Remedy"-Framework).

The company expects its employees and business partners to comply with those key guidelines and recommendations.<sup>40</sup> However, in its Human Rights Position, HeidelbergCement makes clear that it considers local laws to be of more importance than the ILO Standards: *"This will also apply to the extent that applicable law does not prohibit application of the ILO core labour standards. Should this be the case, we will make every effort to observe the underlying principles reliably and adequately. Where we need to base labour and welfare standards on local circumstances, we will observe the national industry standard as a minimum".*<sup>41</sup>

HeidelbergCement maintains a three-part monitoring system to comply internationally recognized work and social standards:

- *"An intensive dialogue with the employee representatives.*
- *A compliance hotline where all employees may report deficiencies related to violation of work and social standards anonymously and confidentially.*
- *Regular reporting in the form of a general Group Compliance Report and Compliance Incident Report, in order to check/ensure compliance with our own duties in everyday business. The results will be presented to the Audit Committee of the Supervisory Board."*<sup>42</sup>

In addition, the company states that *"regular audits at our sites ensure uniformly high standards in all areas of environmental protection, health and safety protection within the HeidelbergCement Group".*<sup>43</sup>

HeidelbergCement also maintains a *Human Rights Position*.<sup>44</sup> It does not contain additional information that is of relevance for this report.

### Occupational Health and Safety policies

The company has published a set of cardinal rules on occupational health and safety (OHS) that are mandatory for its employees and contractors (Figure 9).

**Figure 9 HeidelbergCement cardinal rules on OHS**



HeidelbergCement (2015), *Cardinal Rules*.

The OHS Policy further details these cardinal rules. It makes some notable exceptions to the universal applicability at company sites:<sup>45</sup>

- "This Policy applies to all locations and operations of the HeidelbergCement Group where we exercise management control;
- Local management has to specify any exemptions and to define the product specifications, based on results of risk assessments"; and
- Regarding the Permit to Work for entry into confined spaces, "exemptions from this rule and defining 'non-permit confined spaces' must be authorized by the local management based on results of risk assessments".

The organisation and processes of the OHS Policy are described by the company as follows:<sup>46</sup>

*"At HeidelbergCement, all management levels are responsible for occupational health and safety. Our occupational safety organisation is subordinate to the Chairman of the Managing Board, to whom the Director Group Human Resources, who is responsible for Group Health & Safety, reports directly. The Managing Board members responsible for the different Group areas are in turn supported by H&S advisors who report directly to them.*

*Each country also has an H&S advisor reporting directly to the country manager, who coordinates the measures within the relevant country. The line managers at regional and local management level in a country are also supported by H&S advisors. Occupational safety measures form part of the personal goal agreements for all managers. Last but not least, each individual employee, contractor, and visitor is responsible for following the occupational safety regulations.*

*Work management systems, such as those in accordance with the internationally accepted OHSAS 18001 standard, have already been implemented in 88% of our operational locations. These systems require a structured approach from the location managers with planning, clear work regulations, responsibilities, and controls to ensure an ongoing improvement process and thus prevent accidents".*



HeidelbergCement has published its *Sustainability Commitments 2030*, which build on and succeed the *HeidelbergCement Sustainability Ambitions 2020*. The commitments are, according to the company, aligned with the United Nations Sustainable Development Goals.<sup>47</sup>

One of the commitments is related to labour rights: *Achieving Excellence in Occupational Health and Safety*. "We are committed to continuously enhancing the occupational health and safety conditions of our employees, contractors, and third parties".<sup>48</sup>

This commitment is broken down into two measurable criteria:

- Achievement of zero fatalities; and
- Achievement of zero time lost due to injuries.

In its *Leadership Principles*, HeidelbergCement repeats the above and adds some additional principles on labour issues.<sup>49</sup>

- "We regard employee diversity as a success factor. That is why we rely on a balanced mixture of people with different personalities, skills and experiences when composing a team.
- We treat our employees fairly and do not favour anyone on the basis of personal preference.
- We communicate company goals comprehensively and on a regular basis. We timely inform employees of organisational and personnel changes that affect their work".

### Community relationships

Another commitment is related to community relations: *Being a Good Neighbour*. "We are committed to supporting the social and economic development of our neighbouring communities and ensure transparent communication to all our stakeholders".<sup>50</sup>

This commitment is broken down into three criteria – only the third criterium is measurable:

- Maintaining open and transparent communication about activities and performance;
- Helping improve the level of education and living conditions in neighbouring communities;
- Offer one hour of voluntary community work per full-time employee per year.

### Gender

Regarding gender diversity in the work force, HeidelbergCement reports that "[...] women made up 13% of the total workforce and held 10% of the upper management positions in 2018".<sup>51</sup>

#### 3.2.1 SCGC - Egypt

SCGC signed on to the UN Global Compact in 2013 – before the acquisition of Italcementi by HeidelbergCement.<sup>52</sup> According to its website, SCGC "[...] has an active safety and environmental policy, which is essential in building a sustainable environment for employees and the communities in which it operates. In 2006, the Group entered the concrete sector through the acquisition of RMB (Ready Mix Beton) and Decom. All SCGC's plants have renewed their ISO 14001 certificates and applied the new version of ISO 14001/2015 standards. Each plant has its own certification. Recently Kattameya plant received the EnMS ISO 50001 certificate. The ultimate goal of the Group's environment policy is to promote the sustainable use of resources, long-term economic growth and improving the quality of life for the generations to come. SCGC is currently applying CSI guidelines."<sup>53</sup>

In July 2019, the Suez Cement Group of Companies (SCGC) received its ISO 45001 Certification.<sup>54</sup> In September 2019, SCGC organised an "Occupational Health & Safety Week".<sup>55</sup>



### 3.2.2 HeidelbergCement Morocco

The Moroccan subsidiary, Ciments du Maroc, reported over its OHS activities in 2016:<sup>56</sup>

- operational audit of all cements and materials production sites: 2,120 completed actions;
- training of all Ciments du Maroc staff on risk behavior;
- training of 524 drivers of our customers on 5 modules on driving;
- 20,000 hours of safety training for all our staff and subcontractors;
- completion of 774 safety inspections; and
- World Safety Day program: 533 participants and 278 actions completed.

### 3.2.3 HeidelbergCement Palestine and Hanson Israel

HeidelbergCement does not publish country level policy information for either the Occupied Palestinian Territories or Israel.

### 3.2.4 Gaps and shortcomings in the policies

Based on this policy analysis, Table 17 identifies the gaps and shortcomings of the HeidelbergCement group and local policies on labour and human rights.

**Table 17 Gaps and shortcomings in the HeidelbergCement policies**

Issue	Group or local	Gap
ILO Conventions	Group	The group allows for deviations of the ILO Conventions if required by local law or national industry standards.
Permit to Work for entry into confined spaces	Group	Allows for deviation of group policy based on local assessments.
Gender	Group	The percentage of women in the upper management is lower (10%) than in the total workforce (13%).
Reporting	Group	There is no group-level reporting on OHS issues.
Reporting	Morocco	The reporting on labour rights is outdated (2016 data).
Reporting	OPT and Israel	No reporting on labour and human rights issues at all.

The group level labour rights and human rights policies of HeidelbergCement are in line with the most important international standards.

### 3.3 Controversies in the selected countries

This Section describes the social and environmental controversies involving HeidelbergCement between 2014 and 2019 in the selected countries.

#### 3.3.1 Egypt

##### Environment and pollution

In 2014, the Suez Cement Company - then owned by Italcementi but later acquired by HeidelbergCement – converted two of its cement factories (in Suez and Kattameya) from gas-fuelled to coal-fuelled. Coal is more polluting and causes higher CO<sub>2</sub>-emissions than gas, but the company wanted to address the power shortage as the national government had reduced natural gas supply to factories. In 2016 and 2017, the other two cement factories (Helwan and Torah) were scheduled for an overhaul to coal.<sup>57</sup> The current status is unknown.

Environmental activists, led by the Habi Center for Environmental Rights warned that the burning of coal to produce cement would lead to an increase in the already high level of air pollution in Egypt.<sup>58</sup>

In a response, Suez Cement claimed it complied with environmental regulations and maintained an *"[p]roactive approach focused on the prevention and mitigation of negative environmental impacts as well as the preservation of natural resources in the development and management of our five production facilities"*.<sup>59</sup>

#### 3.3.2 Morocco

##### Human rights

HeidelbergCement set up business in Laâyoune (Indusaha) in Western Sahara, a contested territory. Ciments du Maroc runs a grinding plant in Laayoune. NGO campaigns regularly target multinational companies operating in Western Sahara for profiting from human rights violations.<sup>60</sup>

#### 3.3.3 Occupied Palestinian Territories

##### Human rights

The activities of Hanson Israel in the Occupied Palestinian Territories are under the scrutiny of human rights organisations. See sub-section 3.1.3 for a more detailed description of the case.

### 3.4 Labour compliance assessment: HeidelbergCement

A field visits was made the HeidelbergCement owned Suez Cement plant in Egypt to assess the level of compliance with international labour standards and national laws. Each subsection presents the findings concerning nine key labour issues for each of the plants visited.

#### 3.4.1 Suez Cement plant

HeidelbergCement has 1,540 direct employees (FTEs) spread over its four plants in Egypt. Out of these 1,540 direct employees, 243 work at the Suez plant. In addition to the direct employees, 231 subcontracted employees<sup>iii</sup> work at the plant.

Since 2018, HeidelbergCement is reducing the number of staff (i.e. not extending the contract of fixed-term workers). This is done as a measure to reduce losses (2000 workers lost their job since, which represent ca. 50% of the total workforce). Upon dismissal, each of the conditions was negotiated on an individual basis. The workers did not want to go to the union because they were content with the compensation they received from the company. The company is trying to coerce workers to go into early retirement.

#### Child labour

The Egyptian government has established laws and regulations related to child labour *ILO C. 138, Minimum Age* and *ILO C. 182, Worst Forms of Child Labour*. No evidence suggests underage workers at the plant sites. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorized from entering the premises. There are no active programs to provide benefits for employees with children such as childcare, But there is a scholarship program to support excelling students through high school and university.

#### Forced labour

Egypt has ratified *ILO Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>61</sup> There is no evidence of forced labour taking place at the Suez Cement plant.

#### Freedom of association and collective bargaining

Egypt has ratified both *C098 - Right to Organise and Collective Bargaining Convention, 1949* and *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948*. All direct employees at the plant are unionised. When it comes to subcontracted workers, there is no right to join the union. However, the union assists them if they face problems at the workplace.

#### Discrimination

There are signs of gender discrimination as there are only 10-12 women employed at the plant conducting finance, HR, talent management, laboratory tasks. However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

There are no demonstrated efforts by the company to change the gender quotas among the employees.

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<sup>iii</sup> The term service providers and its contracted labour is used within the HeidelbergCement group.

There is significant but hidden discrimination between direct and subcontracted employees. There is no clear division of the activities that are performed by subcontracted employees. However, there are still considerable differences in employee benefits provided, from wages, right to leave, access to health care, and ethical hiring practices. There is no freedom of association for subcontracted workers. Financially, the system has set subcontracted and regularly hired workers against each other (i.e. there is no incentive for stable workers to fight for the rights of subcontracted workers). The unions argue that they have very little room for action, and by fighting for the subcontracted workers' rights, they would be jeopardising these workers' job security. Subcontractors do not fall into the jurisdiction of HR either and are therefore not covered by actions taken to improve the conditions of the human resource.

## **Wages**

The direct employees are all receiving a salary substantially higher than the Egyptian minimum wage. It is paid regularly by a monthly bank transfer, and there is a clear payslip given to each employee. Additional benefits that are provided by the company includes a daily meal and medical insurance that also covers their family members (up to 24 years of age).

For subcontracted employees, the wages keep close to the national minimum wage of 2000 Egyptian pounds,<sup>62</sup> for a 42h work week (7 hours a day 6 days a week). This is a breach of *ILO C. 100 Equal Remuneration*, which Egypt has ratified.

## **Working hours and overtime**

Working days are of eight hours, five days a week, 40 hours in total for direct employees. Workers are not obliged to do overtime, but the regular overtime reaches a maximum of 2-4 hours a day which is compensated with a 200% salary compensation.

Subcontracted workers work six days a week with seven paid working hours as per the Egyptian Labour Law.<sup>63</sup> For packers, the work is built up in a special way where teams work for one hour and then have a one-hour break interspersed throughout a 14-hour shift. This is a particular practice of shift work which, arguably, has implications for the workers' health, but it is seen to be on the legal side within the grey zone of the labour law.

## **Ethical hiring and contracting**

There is a transparent HR process when it comes to direct employees of Heidelberg cement. Every employee receives an individual contract. There are two types of contracts: temporary (for one year) and permanent. As of the last 5 years, all new contracts are renewed yearly. This is because companies want to reduce costs and this way, they can dismiss workers easier. Also, early retirement is increasingly encouraged by the companies.

There is a transparent payroll system from where every employee receives a payslip at the end of the month.

For direct employees, there are open grievance mechanisms in place. Individual complaints are solved in collaboration between HR and the union. The workers can go to direct management which refers to HR. Other workers go to the union, which conveys the problems to HR. The HR aims to settle disputes discretely, but if this doesn't work, the disputes go to court, which is a very long drawn process.

For subcontracted employees, the hiring practices differ significantly. The HR is not involved in the employment of subcontracted workers, not the implementation of any policies concerning their labour conditions. Subcontracted workers interviewed by the research team, did not have any individual contracts but were instead given the news about their work prospects each month. One man gave accounts of working under this routine for more than 10 years. As the responsibility of contract compliance lays at the department of contracting, there is no transparent system of grievance for the subcontracted workers. However, accounts were given by management that contracts of subcontractors have been suspended due to lack of compliance to labour clauses in the contract. These subcontractors are excluded from joining future tendering processes.

### **Gender equality**

As mentioned earlier, there are signs of gender discrimination as there are only 10-12 women who work at the plant (finance, HR director, talent manager, laboratory). However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

### **Occupational Safety and Health (OSH)**

The cement sector is seen as a hazardous sector and therefore requires extensive OSH measures. These are generally duly respected at the Suez Cement Plant. There are security checks to enter the plant vicinity. Before accessing the area, all visitors must undergo a security induction, and there are clear demarcations for walking and non-walking areas. A LOTOTO system was introduced during the year of 2019 but still not fully functional on a personal level and for subcontracted workers.

With regards to social security and access to healthcare, there are significant differences between the direct employees of HeidelbergCement and subcontracted employees. For direct employees, a private health insurance is provided, and there is a clinic on site. In case of an accident, workers go to the company clinic where they can receive first aid. There are two doctors and two nurses per shift, and two ambulances at the clinic. Still, if it is a more severe accident, the ambulance takes them to the nearest hospital (15-minute drive away – Airforce hospital). The employees' direct manager writes an email explaining the accident to the doctor and the safety department. Workers who cannot return to their functions are given another task, and they get a compensation (according to Egyptian law, workers are entitled to all their benefits, plus compensation, and the company pays for medical costs).

For subcontracted workers, access to healthcare looks different. They have access to health insurance but cannot use the onsite clinic. When it comes to social security, many subcontracted workers face issues because they need to be given a social security number from their employers, which they do not have.

Not having a social security number is not only a constraint to organise in unions, but also to access other benefits. In the public sector, employers are very reluctant to give this to workers, and this is possible because different laws apply to this sector. In the private sector, women are more affected by regulation: if they get any number at all, this goes to men. Most companies are SMEs (between 80-90 percent) each with an average of 12 workers. The atomization of SMEs makes it challenging to enforce the workers' rights to social security. While healthcare is part of the workers' benefits by law, this one is very basic and not very efficient.

Weekly toolbox meetings are held. PPE, vest, glasses, helmet, earplugs, safety shoes, is distributed and obligatory for all workers but also here there is a difference in quality between the equipment received by direct and subcontracted employees.

Health checks are performed by the Ministry of Manpower (MoM), quarterly or yearly, depending on the risk assessment of the work that the employee performs. HeidelbergCement reports accidents to MoM for direct workers every 6 months, and subcontractors are responsible for reporting about their workers. Checks are random.

### 3.4.2 Conclusions from labour compliance assessment

In Table 18 an overview of the compliance to international and national labour standards is presented for the Heidelberg cement plant visited. Overall, it shows that the level of compliance is to a great extent med-level in the sense that there is an awareness of issues. However, there is still work to be done to reach full compliance with international labour standards and to show continuous improvement of the labour situation at the plant. The most severe non-compliance observed was connected to the use of subcontractors and the lack of implementations of labour policies and standards by these subcontractors and the lack of control mechanisms within the HeidelbergCement operation to monitor these actors.

**Table 18 Level of labour compliance at Suez plant**

Labour issues	Level of compliance
Child labour	Green
Forced labour	Yellow
Freedom of association and collective bargaining	Yellow
Discrimination	Yellow
Wages	Orange
Working hours	Orange
Ethical hiring and contracting	Yellow
Gender equality	Yellow
Occupation safety and health (OSH)	Orange

Below are several recommendations on each of the topics assessed. HeidelbergCement should endeavour to work in partnership with independent experts and union leaders to develop an action plan for addressing the issues identified and implementing the recommendations outlined.

#### Child labour

- HeidelbergCement should ensure that there are childcare facilities and support the education of its workers' children.

#### Freedom of association and collective bargaining

- HeidelbergCement should implement higher standards of labour compliance for subcontracted workers, including the right to freedom of association and collective bargaining.

### **Discrimination**

- HeidelbergCement should ensure equal treatment and the provision of similar welfare facilities for workers irrespective of their type of contract.
- HeidelbergCement should take concrete steps to ensure women's access to all positions within the company.

### **Wages**

- HeidelbergCement should strive to pay decent living wages to all workers on the project, based on well-researched studies on living wages in the construction sector in Egypt. The company should commence the implementation of a wage scale for all categories of workers.
- HeidelbergCement should ensure that workers can earn a decent wage within ordinary working hours, without engaging in extensive overtime.

### **Working Hours and Overtime**

- HeidelbergCement management should establish and enforce a policy that workers' overtime should not exceed the legally allowed maximum. A mechanism for recording and monitoring workers' overtime should be established.
- Prior to engaging the workers in any overtime work, HeidelbergCement should ensure that workers provide written and signed consent. Workers should be informed of their rights to refuse over time and should not be punished for refusal. Records of this written consent must be kept.
- Subcontracted workers should only be tied to their workplace for 8 hours on an ordinary shift. If the work is heavy-duty breaks should be included in these shifts. If the worker is working every second hour, the hour of the break should also be considered working time.

### **Ethical hiring and contracting**

- HeidelbergCement should ensure that all agreements of subcontractors have clauses on labour conditions and specific requirements for adherence to the labour law and company policies on human resources.
- HeidelbergCement should ensure that subcontracted workers are allowed annual leave and sick leave according to the law.
- HeidelbergCement should ensure that the company directly hires the subcontracted workers that perform core activities.

### **Gender**

- HeidelbergCement should establish a gender policy that indicates its commitment to gender equality and the maximum participation of women on equal terms with men in all aspects within the project. The policy should be in line with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979.
- HeidelbergCement should ensure that there is proper documentation of all reported cases of sexual harassment or violence against women at project sites.
- HeidelbergCement should establish a formal complaint and grievance system and procedure for reporting all cases of sexual harassment and domestic violence, explicitly including steps to be taken for adequate protection of victims (and witnesses), appropriate medical examination and treatment. This system and procedure should be mandatorily socialised at least twice a year.

## OSH

- HeidelbergCement management should endeavour to provide PPEs with good quality. The company should ensure that all workers are entitled to and given at least four sets of PPEs per year according to the union - helmets, boots, gloves, clothing (full overall), reflectors, earplugs, eye protection etc. The company should ensure that it has adequate stock of PPEs and can replace them in no less than a couple of days after the worker makes a request.
- HeidelbergCement should comply with regulations on first aid in the workplace, by making sure that each location or plant site has adequate first aid box with facilities in the form of necessary equipment, supplies, and materials used in administering first aid.
- HeidelbergCement should ensure that all workers, including subcontracted workers, have access to the same health benefits and are subjected to periodical health checks.
- HeidelbergCement should ensure that all subcontracted workers have the right to sick leave and compensation to any work-related injury or health issue.



## Chapter 4 LafargeHolcim

### 4.1 Company activities

LafargeHolcim is a multinational, building materials company headquartered in Switzerland.

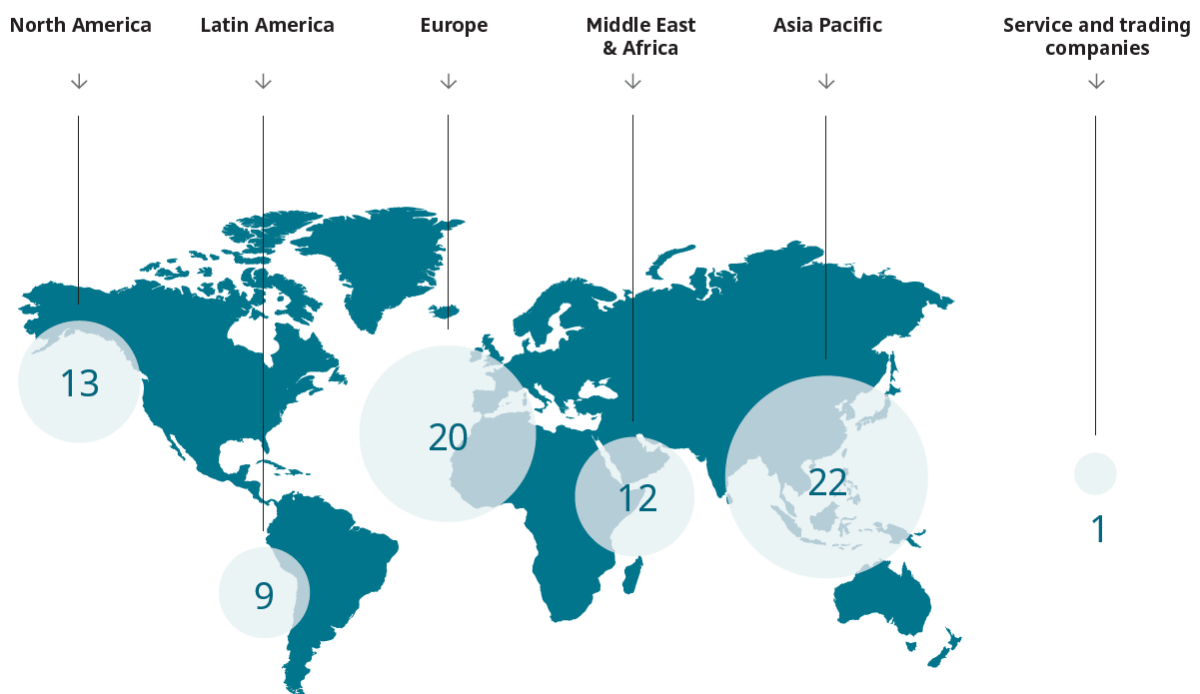
LafargeHolcim is active in four business segments.<sup>64</sup>

- Cement - 45,000 employees;
- Aggregates ("aggregates that serve as raw materials for concrete, masonry and asphalt as well as the foundation for buildings, roads and landfill") – 10,000 employees;
- Ready-mix concrete – 13,000 employees; and
- Solutions & products (dry mortar, precast concrete, asphalt, paving and services) – 8,000 employees.

In 2018, LafargeHolcim employed 77,000 people<sup>65</sup>, in 2019 this number have fallen to 72,000 people<sup>66</sup>. As shown in Figure 10, 12,000 employees were working in the MENA region in 2018<sup>67</sup>, while in 2019 this fell with 700 people<sup>68</sup>:

**Figure 10 LafargeHolcim employees by regions in thousands (2018)**

Group employees  
by region (thousands)



LafargeHolcim (2019, March), *Annual Report 2018*, p. 61.

In 2018, LafargeHolcim reported a global market share of 8% in the cement sector, 2% in the aggregates sector and 3% in the ready-mix concrete sector.<sup>iv69</sup>

### 4.2 MENA region

Figure 11 shows LafargeHolcim's grinding and cement plants in the MENA region in 2018.

<sup>iv</sup> Data for the global market without China.

**Figure 11 LafargeHolcim grinding and cement plants in MENA (2018)**



LafargeHolcim (2019, March), *Annual Report 2018*, p. 29.

Table 19 shows the cement grinding capacity in the selected countries in the MENA region.

**Table 19 Consolidated cement grinding capacity (million tonnes per year)**

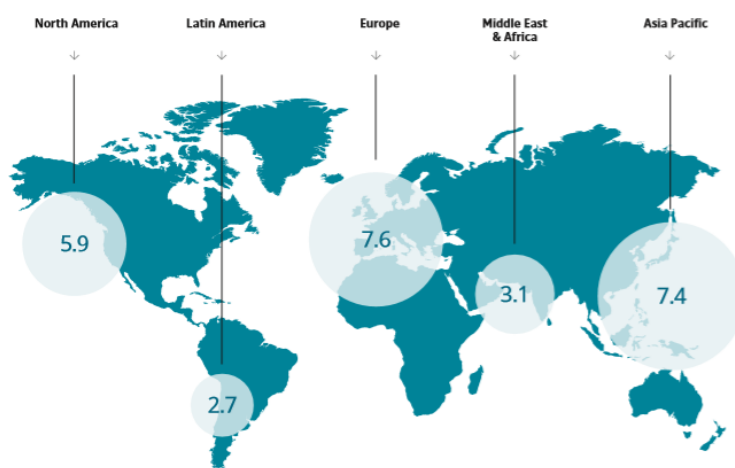
Country	Capacity
Algeria	12.4
Morocco	11.8
Egypt	8.9
Iraq	5.7
Jordan	3.9
Lebanon	2.5

LafargeHolcim (2019, March), *Annual Report 2018*, p. 154.

The company reports that for Middle-East/ Africa the 2018 net sales went down with 4.3% from 2017. The company reports that this decrease in net sales was primarily driven by price pressure and lower volumes in oversupplied markets, particularly Algeria, Iraq and Jordan, and by the slowdown in Lebanon and Egypt in the second half of 2018. LafargeHolcim states that net sales developed favourably in Nigeria, Egypt and countries in East Africa.<sup>70</sup>

In 2018, LafargeHolcim's net sales amounted to CHF 27,5 billion (Figure 12).<sup>71</sup>

**Figure 12 LafargeHolcim's net sales per region in 2018 (CHF billion)**



LafargeHolcim (2019, March), *Annual Report 2018*, p. 10.

Sales in the MENA region were decreasing in 2018: *"Net Sales for the region were down by 4.3% on a like-for-like basis. This decrease in Net Sales was largely driven by price pressure and lower volumes in oversupplied markets, particularly Algeria, Iraq and Jordan, and by the slowdown in Lebanon and Egypt in the second half of 2018. Net Sales developed favourably in Nigeria, Egypt and countries in East Africa".*<sup>72</sup>

For 2019 and onwards, LafargeHolcim expects a *"challenging but stabilizing market conditions in Middle East Africa"*.<sup>73</sup>

Table 20 lists LafargeHolcim's subsidiaries in the selected countries as of 2018.

**Table 20 LafargeHolcim principal consolidated companies in the selected countries (2018)**

Country	Municipality	Company	Cement/ Aggregates/ Ready-mix	Effective participation	Listed company
Algeria	Algiers	Lafarge Ciment de M'sila (LCM)	Cement	100.0%	No
Algeria	Algiers	Lafage Béton Algérie (LBA)	Aggregates, Ready-mix	99.5%	No
Algeria	Algiers	Lafarge Ciment d'Oggaz (LCO)	Cement	100.0%	No
Algeria	Algiers	Lafarge Logistique Algérie (LLA)	Cement	99.5%	No
Algeria	Algiers	Cilas Spa	Cement	49.0%	No
Egypt	Cairo	Lafarge Cement Egypt S.A.E.	Cement	97.4%	No
Egypt	Cairo	Lafarge Ready Mix S.A.E.	Ready-mix	100.0%	No
Iraq	Sulaimaniyah	Bazian Cement Company Limited	Cement	70.0%	No
Iraq	Baghdad	Karbala Cement Manufacturing Ltd	Cement	51.0%	No
Jordan	Amman	Jordan Cement Factories Company P.S.C.	Cement, Ready-mix	50.3%	Yes
Lebanon	Beirut	Holcim (Liban) S.A.L.	Cement, Ready-mix	52.1%	Yes

LafargeHolcim (2019, March), *Annual Report 2018*, p. 178.

In Morocco, the company is only active via a non-consolidated 50% stake in its joint venture Lafarge Maroc S.A.S. *"Lafarge Maroc S.A.S. is the parent company of LafargeHolcim Maroc S.A., a publicly listed company in Morocco"*.<sup>74</sup> The other 50% is owned by Al Mada, a privately owned pan-African investment fund based in Casablanca.<sup>75</sup>

In the MENA region, LafargeHolcim is active in six countries (Table 21).<sup>76</sup>

**Table 21 LafargeHolcim business activities in the MENA region**

Country	Business segments
Algeria	Cement, aggregates, concrete
Egypt	Cement, aggregates, concrete
Iraq	Cement, aggregates, concrete
Jordan	Cement, concrete
Lebanon	Cement, concrete
Morocco	Cement, aggregates, concrete, gypsum

LafargeHolcim (n.d.), "Directory", online: [www.lafargeholcim.com/directory](http://www.lafargeholcim.com/directory), viewed in September 2019.

LafargeHolcim used to be active in Syria via its subsidiary Lafarge Cement Syria, but its plant in Jalabiya, in the north of the country, is no longer operational. LafargeHolcim stopped operations at the factory in September 2014, when it evacuated its personnel due to safety issues related to the terrorist organisation IS.<sup>77</sup> Later, the coalition fighting IS had captured the property and used it as a headquarters. However, when the anti-IS coalition retreated from the area in October 2019, the United States Army declared it had bombed the plant.<sup>78</sup>

In 2018, LafargeHolcim was indicted in France on charges of complicity in crimes against humanity, financing of a terrorist enterprise, and endangerment of people's lives for its activities in Syria.<sup>79</sup> As of October 2019, the case is still under investigation.<sup>80</sup>

#### 4.2.1 Algeria

The company states that it owns "two cement plants [M'Sila and Oggaz] and the Cilas cement plant in Biskra in partnership with the Souakri Group for a total production capacity of 11.5 Mt / year. The Ready-Mix Concrete business operates 19 plants across the country for a capacity of 1 m / year".<sup>81</sup> The Djemorah Cement Factory (Cilas) in Biskra is jointly owned by Souakri Group (51%) and LafargeHolcim (49%).<sup>82</sup> In addition, "Lafarge Algérie manages in partnership with GICA the cement plant SCMI Meftah 1.5 MT / year".<sup>83</sup>

Lafarge Algérie employs 5,500 people.<sup>84</sup> Of those, 700 are working in more than 30 concrete production centres managed by Lafarge Béton Algérie<sup>85</sup>, and 600 are working in the Cilas factory.<sup>86</sup> The cement factory in Oggaz exports white cement.<sup>87</sup>

#### 4.2.2 Egypt

Lafarge Cement Egypt claims that its cement plant in Sokhna, near the city of Suez, is one of the largest plants in the world.<sup>88</sup> It has more than 2,000 employees.<sup>89</sup>

"Geocycle Egypt is a member of LafargeHolcim, the global building materials and solutions company. Geocycle started operating in Egypt in 2011, under the brand name "Ecocem" with the objective of feeding Lafarge cement plant with Refused-derived Fuel (RDF) as an alternative to fossil fuel to respond to disruptions of the local energy sector".<sup>90</sup>

#### 4.2.3 Iraq

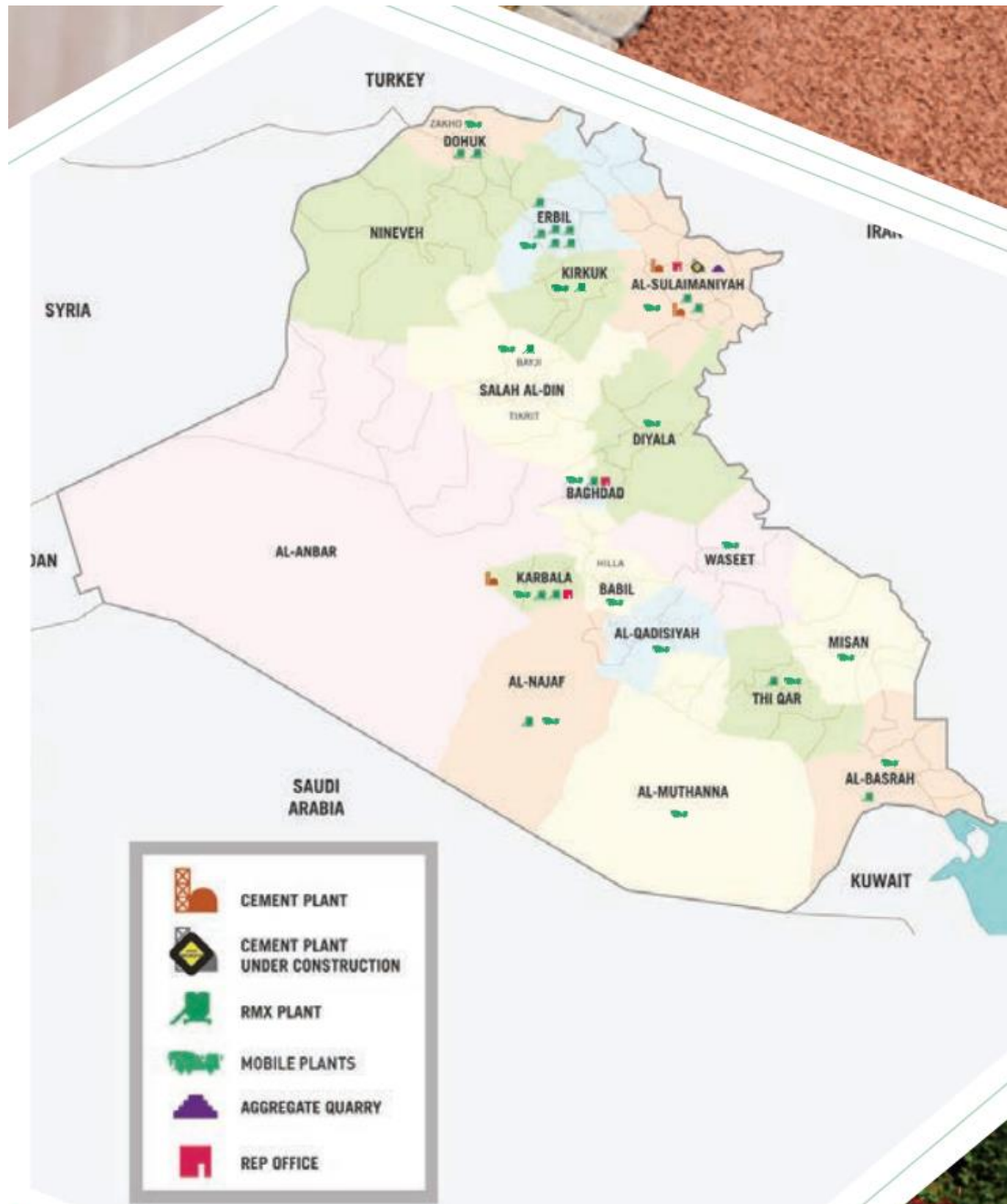
"Lafarge Iraq operates two cement plants: Bazian cement plant located in Sulaimani, Iraqi Federal Region of Kurdistan, and Karbala Cement Plant located close to Karbala province. Fifteen Ready Mix-concrete manufacturing sites located in North, Middle and South of Iraq serving private and public organizations as well as the general public."<sup>91</sup>

The Ready Mix-concrete manufacturing sites are located in:<sup>92</sup>

- North: Erbil, Sulaimani;
- Centre: Baghdad, Karbala, Najaf, Hilla, Wasit;
- South: Basra, Nasiriya.

Lafarge Iraq published this overview of its locations in 2016:

**Figure 13 Lafarge Iraq locations in Iraq (2016)**



Lafarge Iraq (n.d.), *VAP Product Booklet*.

In September 2010, the state-owned Karbala Cement Plant was leased to LafargeHolcim and its partner MerchantBridge for 25 years. LafargeHolcim has renovated the plant for USD 270 million and trained 1,229 government employees as part of the rehabilitation process of the plant.<sup>93</sup>

Between 2010 and 2014, the 300 employees in the Karbala Cement Plant were under a contract of the Chinese company Sinoma, Lafarge Iraq states. It is unknown if this subcontracting still takes place in 2019.<sup>94</sup>

The Lafarge Academy in Iraq trains workers in the construction sector. This is not limited to Lafarge's employees.<sup>95</sup>

Lafarge Iraq states it cooperates "with local business partners such as Faruk Group (cement), 77 Construction & Trading Company (concrete) in Kurdistan and MerchantBridge (cement) in Karbala".<sup>96</sup>

#### 4.2.4 Jordan

"Lafarge has 2 cement plants in Jordan: one in Fuhais and one in Rashadeya, and has 9 concrete plants spread throughout the Kingdom".<sup>97</sup> Lafarge owns a cement export terminal in Aqaba.<sup>98</sup>

Lafarge Jordan Cement employs 609 people in different locations (Table 22).

**Table 22 Lafarge Jordan Cement employees per location**

Location	Headcount
Head office – Amman	125
Fuhais Plant - Fuhais	174
Rashadeya Plant – Tafila	306
Aqaba sales Office – Aqaba	4
Eritrea & Sudan Terminals	-
<b>Total</b>	<b>609</b>

Lafarge Cement Jordan (2019), *Annual Report 2018*, p. 22.

The cement plant in Fuhais stopped production in 2013, after complaints of nearby communities about the environmental and health impact of the company. The packing and grindings operations in Fuhais were stopped in 2016.<sup>99</sup>

Lafarge Jordan Concrete employs 336 people in different locations (Table 23).

**Table 23 Lafarge Jordan Concrete employees per location**

Location	Headcount
Head office	29
Abu Alanda plant	38
Shafa Badran plant	39
Irbid plant	34
Dleil plant	26
Sweileh plant	39
Jerash plant	19
Mada plant	11
Aqaba plant	16
Tafila plant	14

Maintenance department	43
Quality department	25
Safety, Health & Environment dep.	3
<b>Total</b>	<b>336</b>

Lafarge Cement Jordan (2019), *Annual Report 2018*, p. 22.

Lafarge Jordan does not appear to export its products. It claims that "*it's a limited market due to high production cost, which does not fit with global markets*".<sup>100</sup> The two main customers of Lafarge Jordan are Arabia Company for Concrete Industries (35,9% of sales) and Kawasmi Trading & Land Transportation (11,9% of sales).<sup>101</sup>

#### 4.2.5 Lebanon

"Holcim Lebanon was established in 1929 as one of the leading cement companies in Lebanon. Holcim Lebanon combines the production and marketing activities, for grey and white cement, through its grey cement plant in Chekka and its subsidiaries Société Libanaise des Ciments Blancs (SLCB) and Bogaz Endustrive ve Madencilik (BEM). Holcim (Liban) s.a.l. and its subsidiary SLCB are listed at the Beirut Stock Exchange".<sup>102</sup>

Bogaz Endustri Ve Madencilik Ltd is operating in Northern-Cyprus.<sup>103</sup>

"Holcim Liban sold 1.749 million tons of grey cement in 2018 which, compared to 2017, is a decrease of -8.6% (0.143 million tons). The local market of white cement declined by -3.8 % compared to 2017. Consequently, sales reached 53 364 tons against 55 499 tons in 2017".<sup>104</sup>

"Holcim Beton has been suffering from the fierce competition in a non regulated Ready-Mix Concrete [RMX] market, which negatively impacted the results throughout the years. **Therefore the decision to stop the RMX activity was taken and implemented in June 2018**".<sup>105</sup>

Holcim Lebanon reports the following on its exports: "*In order to concentrate on the supply of the local market and to maintain a certain stock level, the company decided not to export grey cement. White cement exports have increased by 23.7% compared to the previous year*".<sup>106</sup>

In 2017, Holcim Liban had 275 employees, working in the following regions:

**Table 24 Holcim Liban employees distribution per region (2017)**

Region	Employees	%
Chekka	67	24
Anfeh	13	5
Hery	11	4
Kefraya	13	5
Kfarhazir	0	0
Other northern cities	135	49
Others	36	13
<b>Total</b>	<b>275</b>	<b>100</b>

Holcim Liban (2019), *Sustainable Development Report 2018*, p. 28.

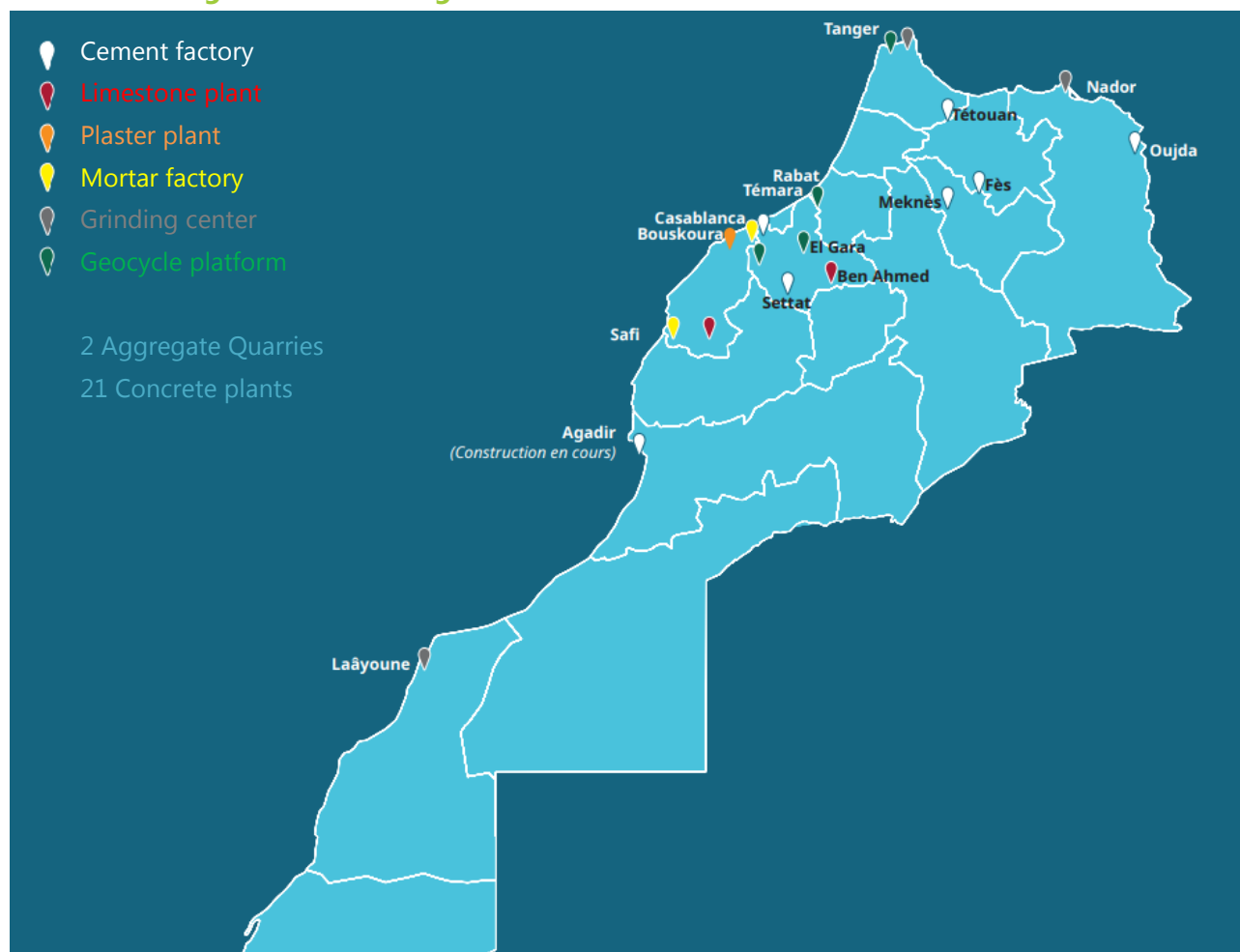


#### 4.2.6 Morocco

LafargeHolcim Maroc employs 2,500 workers, including subcontracted workers.<sup>107</sup>

The company operates various plants throughout Morocco (Figure 14).<sup>108</sup>

**Figure 14 LafargeHolcim Maroc: activities and locations in 2019**



LafargeHolcim Maroc, *Rapport Annuel 2018*, p. 19.

Table 25 lists LafargeHolcim Maroc's subsidiaries.

**Table 25 LafargeHolcim companies in Morocco (2019)**

Company	Activity	Percentage owned
LafargeHolcim Maroc	Cement, Concrete, Granulate	100.00%
Geocycle Maroc	Other	100.00%
Centrale Marocaine de Construction	Other	100.00%
Lafarge Ciments Sahara	Cement	100.00%
Andira	Other	100.00%
Lubasa Maroc	Cement	100.00%



Lafarge Calcinor	Other	50.00%
CBM	Cement	50.00%
SDGT	Granulate	50.00%
MATEEN	Other	33.33%
Ecocim	Other	45.00%
Ceval	Other	33.33%

LafargeHolcim Maroc, *Rapport Financier Semestriel au 30 juin 2019*, p. 15.

LafargeHolcim Maroc reports that it is exporting cement clinkers to South America and West Africa.<sup>109</sup>

### 4.3 Labour and human rights policy assessment

#### Labour and human rights policies

In its human rights policy, LafargeHolcim commits to adhere to the principles of:<sup>110</sup>

- the Universal Declaration on Human Rights;
- the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises;
- the International Labour Organization's Fundamental Conventions on Labour Standards; and
- the UN Global Compact.

LafargeHolcim does not tolerate discrimination, and regarding diversity, the company strives "to create an environment in which personal dignity, privacy, freedom of association and collective bargaining, and the personal rights and safety of every individual are part of our everyday work experience. We believe respect in the workplace is fundamental to performance and engagement".<sup>111</sup>

Regarding human rights, LafargeHolcim "prohibits the following practices and will not knowingly do business with any individual or company that participates in the following.

- *The exploitation of children, including child labour;*
- *Physical punishment;*
- *Violence towards employees, specifically when based on gender, origin, religion or sexual orientation;*
- *Forced or compulsory labour;*
- *Unlawful discrimination in employment and hiring practices;*
- *Provision of unsafe working conditions;*
- *Salary payments (or deductions) that illegally leave the worker below minimum wage; and*
- *Illegal overtime regulations".*<sup>112</sup>

As of 2016, LafargeHolcim operates an internal integrity line for its employees. The company states that it "does not tolerate retaliation against any employee who reports a concern in good faith".<sup>113</sup>

LafargeHolcim also assesses its suppliers on high environmental, social and governance (ESG) impact. The assessment criteria include:<sup>114</sup>

- Decent working conditions;
- Health and safety;
- Environment regulations and impact management;
- No discrimination and freedom of association;

- No child or forced labour; and
- Anti-bribery and corruption.

LafargeHolcim maintains a human rights management system, which categorises countries into low, medium, or high business risk, using the UN Human Development Index and the Freedom House Freedom in the World Index. *"Where an issue has been identified as a medium or high risk, a mandatory remediation plan is enforced. The most commonly raised issues in assessments relate to working conditions and community impacts. By the end of 2018, assessments had been conducted in 41 out of 59 countries where we have operational sites, 17 of which were full impact assessments in 25 high-risk countries. Action plans to address potential issues were developed in 20 countries where medium or high risk were identified".*<sup>115</sup> All assessments cover fourteen indicators (Table 26), as well as any additional issues relevant at a local level.

**Table 26 Indicators Human Rights Impact Assessment**

Employment practices	Community impact
Child labour	Community impact
Forced labour	Land management
Freedom of association	Security guards
Non-discrimination	Bribery and corruption
Working conditions	Support of armed actors
Minimum wage	Grievance mechanisms
Health and safety	
Contract workers	

LafargeHolcim (2019), *Sustainability Report 2018*, p. 45.

The company states that working conditions, community impacts and contractor management are the most commonly raised issues in assessments.<sup>116</sup> It is unknown how LafargeHolcim classifies its operations in the MENA region.

The criteria are presented in more detail in the *Code of Business Conduct for Suppliers*.<sup>117</sup>

The company states that *"qualification is initially done through self-assessments predominantly conducted by independent qualification platforms such as Avetta or Damstra, and supplemented with fact-finding and onsite audits where issues are flagged"*.<sup>118</sup>

### **Occupational Health and Safety policies**

In its health and safety policy, LafargeHolcim has formulated five commitments:<sup>119</sup>

- *"Conduct our business with a goal of zero harm;*
- *Provide safe, healthy and secure work conditions for employees and contractors;*
- *Maintain a global Health and Safety Management System designed to continuously improve our performance and actively manage risk in our business;*
- *Comply with applicable legal, regulatory, industry and corporate requirements; and*
- *Communicate openly with all stakeholders on relevant health and safety issues"*.

In addition to the health and safety policy, the LafargeHolcim operating principles include three criteria that are relevant for this report:<sup>120</sup>

- *"All sites will ensure access to safe Water, Sanitation and Hygiene at the workplace for employees as well as for contractors;*
- *All countries will adhere to human rights, fully aligned with the UN Guiding Principles on Business and Human Rights; and*
- *Every country will have formal stakeholder engagement plans in place covering all our cement sites and our most material aggregate and concrete sites. These plans will be developed in collaboration with local stakeholders such as municipal officials and community associations. These plans will be reviewed and updated every three years".*

In its *Code of Business Conduct*, LafargeHolcim further details its OHS policy into five rules for the workplace (Figure 15).

**Figure 15 LafargeHolcim Health and Safety Rules**

<b>Rule 1</b>	I assess and control risks before starting any task.
<b>Rule 2</b>	I only perform activities for which I am authorized.
<b>Rule 3</b>	I never override or misuse health and safety devices, and I always use the required PPE.
<b>Rule 4</b>	I do not work under the influence of alcohol or drugs.
<b>Rule 5</b>	I report all incidents.
Living by these rules is a condition of employment.	

LafargeHolcim (n.d.), *Building with Integrity: Our Code of Business Conduct*, p. 10.

The health and safety rules are illustrated with workplace examples.<sup>121</sup>

## OHS results

In the MENA region, LafargeHolcim has trained 50% of its drivers in road safety, which according to the company, reduced road fatalities by 47% compared to 2017.<sup>122</sup>

LafargeHolcim published its health and safety key performance indicators (KPI) over 2018 (Table 27).

**Table 27 LafargeHolcim's health and safety KPIs (2018)**

Health and safety KPI	Result
Number of fatalities per 10'000 directly employed	0.13
Number of fatalities (third party)	17
Number of lost time injuries (directly employed)	148
Total Number of lost time injuries	348

LafargeHolcim (2019), *Additional Key Performance Indicators 2018*.

The company also reports its injury rate and the number of fatalities per region (Figure 16).

**Figure 16 LafargeHolcim injury rates and fatalities per region (2018)**

**Injury rates (2018 only)**

Lost Time Injury Frequency Rate and Total Injury Frequency Rate for employees and contractors on-site

Region	LTIFR [1]	TIFR [2]
Asia Pacific	0.49	2.15
Latin America	1.07	2.56
Europe	1.78	5.33
North America	0.54	7.77
Middle East Africa	0.59	2.13
Corporate	0.44	2.21
<b>Group total</b>	<b>0.79</b>	<b>3.22</b>

**Fatalities (number) [3]**

Region	Employees	Contractors
Asia Pacific	0	8
Latin America	0	5
Europe	0	2
North America	0	0
Middle East Africa	1	3
Corporate	0	0
<b>Group total</b>	<b>1</b>	<b>18</b>

**Notes**

1: Number of lost time injuries per million hours

2: Number of injuries, including fatal injuries, except first aid, per million hours

3: Consolidated to IFRS Scope and GCCA rules

LafargeHolcim (2019), *Sustainability Report 2018*, p. 56.

LafargeHolcim states that it is involved in a social dialogue with global unions, in line with the ILO Conventions. In addition, in 2018 the company engaged with the European Works Council's Health and Safety Working Group to contribute to the LafargeHolcim Ambition "0" H&S Group Strategy.<sup>123</sup>

In 2018, the company reported only one strike that lasted longer than one week.<sup>124</sup>

The 2019 global OHS theme of LafargeHolcim is *7 Minimum Safe Behaviors* (Figure 17).

**Figure 17** LafargeHolcim's 2019 global OHS theme



Lafarge Iraq (2019, June), *Lafarge Iraq Corporate Magazine*, p. 5.

## Gender

Regarding gender diversity in the workforce, LafargeHolcim reports that in 2018 the management consisted of 20 percent female and the non-management of 11 percent female.<sup>125</sup>

### 4.3.1 Algeria

In 2018, LafargeHolcim Algérie stated that it implements a Transport Policy that "is followed to reduce the risk of accidents."<sup>126</sup>

- groups together all our rules on Health & Safety;
- Strict compliance with the rules of the road;
- Driver training;
- Truck tracking and compliance; and
- Geolocation and respect of rolling loads".

In 2010, LafargeHolcim Algérie adhered to the *Responsible Supplier Relations Charter* drawn up by the Mediation of Enterprises and the National Purchasing Council (CDAF). The Charter regulates the power relations between a large multinational and its SME suppliers. "To meet this commitment, Lafarge has appointed an Internal Mediator-SME Correspondent to examine supplier requests".<sup>127</sup>

### 4.3.2 Egypt

Lafarge Egypt maintains an Occupational Health and Safety (OHS) Vocational Training Program in Suez. The training program, which according to the company has reached 28,000 students in 2 years' time, "aims to develop and enhance OHS knowledge and soft skills of students in Suez, in order to prepare them to join the workforce after graduation".<sup>128</sup>

Lafarge Egypt published an Arabic translation of the *Code of Business Conduct of LafargeHolcim Group* on its website.<sup>129</sup>

### 4.3.3 Lebanon

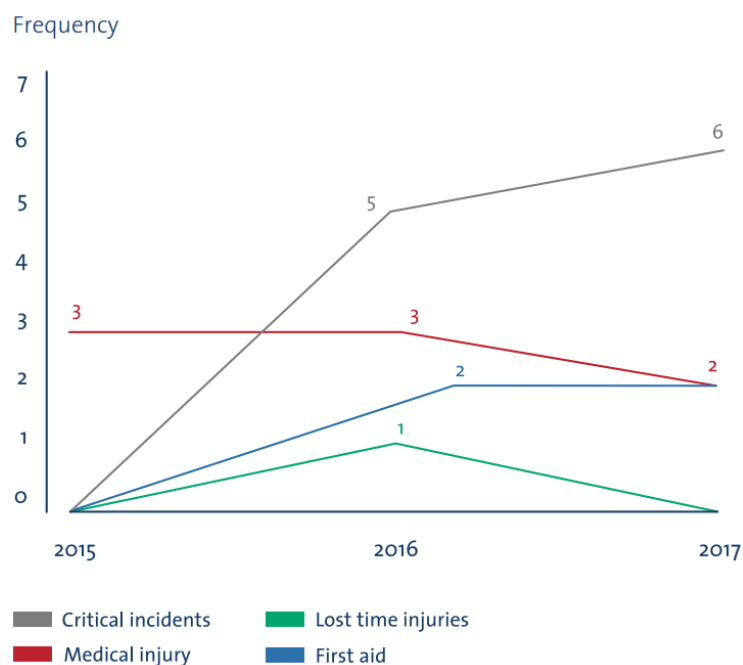
Holcim Liban's OHS policies and implementation consist of:<sup>130</sup>

- fitness-for-work management process is implemented with the support of medical service providers who carry out continuous check-ups for the workforce;
- industrial hygiene measurements; and
- a medical emergency response program.

In 2017, a total of 362 safety observations were conducted by managers.<sup>131</sup> Holcim Liban also participates in the LafargeHolcim programmes on road safety.<sup>132</sup>

Holcim Liban reports on the number of injuries sustained during its operations (Figure 18).

**Figure 18 Type and number of injuries Holcim Liban (2015-2017)**

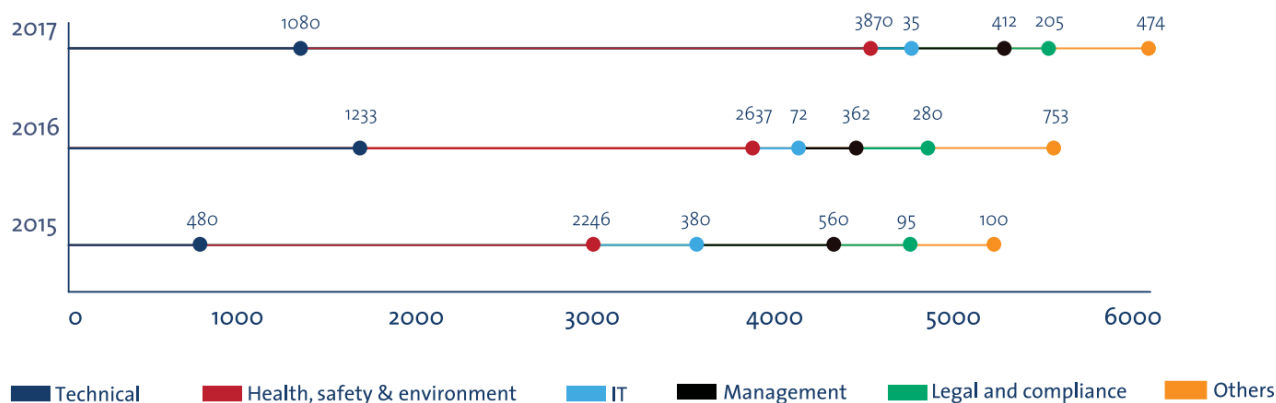


Holcim Liban (2019), *Sustainable Development Report 2018*, p. 16.

The company has the target reach zero fatalities and reduce the disease rate to less than 0.1%.<sup>133</sup>

From 2015 to 2017, Holcim Liban has increased the hours of training on Health, Safety & Environment from 2,246 to 3,870 (Figure 19).

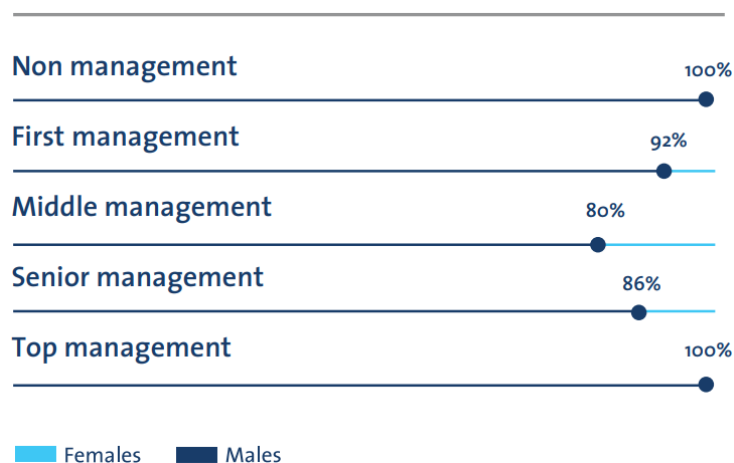
**Figure 19 Holcim Liban total number of training hours by program (2015-2017)**



Holcim Liban (2019), *Sustainable Development Report 2018*, p. 18.

There are no women working at the non-management and top-management level at Holcim Liban (Figure 20). However, the company has a target to have 30% minimum gender diversity at all management levels.<sup>134</sup>

**Figure 20 Holcim Liban: employee distribution of permanent personnel by gender (2017)**



Holcim Liban (2019), *Sustainable Development Report 2018*, p. 18.

Holcim Liban states that its grey cement plant in Lebanon is certified ISO 9001:2015 for quality management and ISO 14001 for Environmental Management Systems.<sup>135</sup>

Holcim Liban reports that “we promote a culture that respects human rights and promotes equal treatment without discrimination to gender and religion. We are committed to providing our staff with optimal support through continuous personal and professional development while providing opportunities to acquire new skills”.<sup>136</sup>

#### 4.3.4 Morocco

In its Annual Report 2018, LafargeHolcim Maroc describes some OHS issues for employees, including several OHS programmes to implement the group-level policy. One of the programmes was aimed at transporters and subcontractors.<sup>137</sup>

In addition, LafargeHolcim Maroc has a few OHS goals:<sup>138</sup>

- training of 60 percent of employees and subcontractors in first aid and external accreditation of 100% of senior managers in the field of OHS;

- implementation of an emergency plan;
- health impact assessment for employees in dangerous positions; and
- prevention of accidents.

In the supplier policy of LafargeHolcim Maroc, it is stated that suppliers should *"ensure that safe and healthy working conditions are guaranteed to their employees and their subcontractors"*.<sup>139</sup>

LafargeHolcim Maroc maintains a diversity policy that states that discrimination is not allowed.<sup>140</sup>

#### 4.3.5 Iraq

In 2015, at Lafarge Iraq's Bazian cement plant, *"the Kurdistan United Workers Union (KUWU) branch in Suleimaniya won formal union recognition and a series of other victories, including a process for grievance handling. Over the past year, the KUWU branch and the trade union committee have expanded representation to 123 cement plant workers, out of some 550 workers at the Bazian cement plant and four other contracted companies, utilizing new organizing and mobilizing skills to achieve significant victories among private-sector workers"*.<sup>141</sup>

In its corporate magazine of June 2019, Lafarge Iraq reported on its Road Transportation Health and Safety Policy. The policy consists of four road safety actions:

- Transporter Development Program;
- Driver Qualification Program;
- iVehicle Monitoring System Program; and
- Reward and Consequence Program.

The details of the policy are presented in the corporate magazine.<sup>142</sup>

#### 4.3.6 Jordan

In 2017, Lafarge Jordan reported that it is increasing ownership of OHS by the supervisory level by means of:

- *"30% of managers' individual objectives are related to safety and included in Annual Appraisals.*
- *All managers are responsible for their own safety and their staff safety performance. No compromising is acceptable.*
- *All managers perform Visible Felt Leadership (VFL) Tours and Safety Audits on site to improve workers safety behavior and plants safety conditions"*.<sup>143</sup>

#### 4.3.7 Gaps and shortcomings in the policies

Based on this policy analysis, Table 28 identifies the gaps and shortcomings of the LafargeHolcim group and local policies on labour and human rights.

**Table 28 Gaps and shortcomings in the LafargeHolcim policies**

Issue	Group or local	Gap
Reporting	Local	Several subsidiaries do not report structurally on OHS indicators. This includes Egypt, Iraq and Jordan. The reporting of Morocco is good. The reporting of Lebanon is excellent, but no data on 2018 is published.
Gender	Group	The percentage of women in the upper management is higher (20%) than in the total workforce (11%).



The group level labour rights and human rights policies of LafargeHolcim are in line with the most important international standards.

#### 4.4 Controversies in the selected countries

This Section describes the social and environmental controversies involving LafargeHolcim between 2014 and 2019 in the selected countries.

##### 4.4.1 Algeria

###### Labour rights

In 2013 and 2014, workers at the Lafarge Algérie Oggaz cement plant started a hunger strike to protest their dismissal by the company. The French Observatoire des Multinationales (ODM) reported that at the root of this conflict was the failure of social negotiations between management and the workers. *"The hunger strikers accuse the labor inspectorate and even the UGTA (the official trade union center) for putting pressure on them to put an end to their demands. They then organized a demonstration in the factory during a visit by the French ambassador and the wali (prefect) of Mascara. It was after this event that the director of the factory (Éric Delquignies, a French) would have decided to punish the leaders and initiate proceedings".*<sup>144</sup>

The Oran office of the Algerian Human Rights League (LADDH) supported the hunger strikers. The ODM reported that according to the Solidaires trade union, which has given support to Algerian workers, *"while the production of the site has steadily increased to record levels, the workers had to undergo an increase in workloads, arrogance of management and the abandonment of profit-sharing promises in the form of bonuses".*<sup>145</sup> The company issued a press release to announce that it was complying with all laws and regulations.<sup>146</sup>

After 86 days of hunger strike, the protesters accepted the company's offer of a severance payment. This decision was influenced by the decision of the regional court to convict the workers, as requested by Lafarge Algérie, for the obstruction of freedom to work.<sup>147</sup>

The details of the strike can be found at the website of the Syndicat des Enseignants du Supérieur Solidaires (SESS).<sup>148</sup>

Also in 2014, the SESS reported that 80 workers of the Lafarge Algérie managed gypsum plant in Ouled Djellal observed a day of protest. *"The workers in this plaster unit are demanding a revision of the basic salary and a freedom of initiative within the company as well as transport. Trade unionists also demand the confirmation of contract workers who have been under this status for too long".*<sup>149</sup>

##### 4.4.2 Egypt

###### Environment and pollution

In 2014, facing high gas prices and energy shortage, the Egyptian government *"[...] targeted energy-intensive cement companies for cutoffs while its priority has been to preserve gas for power generation, which would avoid blackouts and public unrest. Cement companies began petitioning for permission to use coal instead, and the cabinet approved the industrial use of coal in April".*<sup>150</sup> Lafarge Cement Egypt converted its plant to run on coal and applied for a permit to import coal. Environmental activists, led by the Habi Center for Environmental Rights, warned that the burning of coal to produce cement would lead to an increase in the already high level of air pollution in Egypt.<sup>151</sup>

Lafarge Cement Egypt claims it complies with environmental regulations by getting its Environmental Impact Assessments for the use of coal approved in 2013 and 2015.<sup>152</sup>

In 2019, the company installed a waste management platform to create a more sustainable form of fuel for its cement plant: *"non-hazardous agriculture, industrial and municipal wastes. [...] The platform promises an annual production capacity of 400,000 tons of alternative fuel in its final form that is to be used in the cement production process at Lafarge Egypt cement plant in Al Ain El Sokhna"*.<sup>153</sup>

#### 4.4.3 Iraq

##### Labour rights

In April 2015, at Lafarge Iraq's Karbala Cement Plant 350 workers *"signed a petition in April requesting representation in negotiations with management after management refused a similar request by a group of workers in February. [...] Also in April, cement workers staged a rally to urge management to meet with a committee of workers to discuss improving safety and health conditions and other key issues"*.<sup>154</sup>

According to Solidarity Center, *"some [workers] have been unfairly penalized for asking for better wages and a safer work environment. One worker was transferred and another is being investigated"*.<sup>155</sup>

#### 4.4.4 Jordan

##### Community issues

In 2013, the cement factory in Fuheis stopped operating. *"The residents of Fuheis have been protesting against the cement plant for many years, claiming that dust and chemical emissions harm their health. They have been also calling for the closure of the factory and its relocation"*.<sup>156</sup>

In 2014, the Fuheis municipality temporarily withdrew the license to operate from the Lafarge Cement Jordan factory in Fuheis, because the company failed to pay its fees to the municipality.<sup>157</sup>

In 2016, Lafarge Cement Jordan was planning to demolish its cement plant in Fuhais and replace it with an *"[...] environment-friendly urban hub, that would include shopping malls, residential and commercial properties, medical facilities and restaurants"*. Local residents of Fuhais protested against the plans of Lafarge claiming that *"from a technical perspective, the land's current situation does not allow for having a new investment project; it needs to be rehabilitated and an extensive environmental study has to be conducted"*.<sup>158</sup>

In 2017, members of the Fuheis municipal council resigned, because *"Lafarge and others [...] are pressuring them into approving the project in the absence of the required studies"*.<sup>159</sup>

In 2018, Roya News reported that landowners had filed a legal complaint against Lafarge Cement Jordan *"for illegally obtaining lands in the Fuheis area, on which the factory was built"*.<sup>160</sup> In April 2019, a social dialogue was started by the local government. As of September 2019, the case is still ongoing.<sup>161</sup>

## Labour rights

In 2017, after work had already stopped in the Fuheis cement plant, factory workers were given a three-month paid vacation by Lafarge Jordan Cement. This was met with protest by the General Association for Construction Workers, which *"requested that Lafarge provide the workers with guarantees that they will receive their full rights after the three-month paid vacation ends"*.<sup>162</sup> It is unknown what the current status of the case is.

In 2017, workers at the Rashadiyeh plant stopped working for a few days to demand better working conditions. After several days of a work stoppage, the government intervened to mediate between the association representing the workers and Lafarge.

According to the Labour Ministry Spokesperson Mohammad Khatib, a settlement seems to have been reached: *"employees will sign a collective work contract and resume work as normal, while an annual increase in salaries will be given to Rashadia factory workers based on their productivity and profits generated by the company"*.<sup>163</sup>

## Environment

In 2018, the Lafarge Cement Jordan plant in Rashadiyeh (Tafila) was accused by locals of polluting the Lahtha spring, after which their sheep died. Although the Ministry of Environment found huge amounts of olive leftovers after pressing, which is used to fuel furnaces to produce cement, it found that the spring *"does not contain 'worrying pollutants', dismissing local residents' claims that 'the poisonous water killed their sheep'"*. However, the Ministry urges Lafarge to store its olive leftovers in a more responsible way.<sup>164</sup>

## Corruption

In 2017, the Jordan Times reported that Lafarge Cement Jordan was involved in a corruption case: The Jordan Integrity and Anti-Corruption Commission (JIACC) reported that its President, Mohammad Allaf, met with local representatives from Fuheis and Mahes. *"During the meeting, the representatives presented a document demanding an investigation into alleged corruption after the privatisation and selling of the Fuheis cement factory to the French company Lafarge"*.<sup>165</sup> As of October 2019, the case seems to be ongoing.<sup>166</sup>

### 4.4.5 Lebanon

## Environment

In 2017, *"residents of the northern district of Koura, Lebanon claim Holcim's Chekka cement plant is directly responsible for the spread of cancer, along with other heart and lung diseases, throughout the region. Sulfur dioxide emissions of petroleum coke have also been reported in residential areas and around water sources, which allegedly violate Lebanon's Law No. 444 – Environmental Protection"*. The company denied any wrongdoing and replied with an overview of its emissions data and management policies.<sup>167</sup>

In 2018 and 2019, the protest was ongoing.<sup>168</sup> The protests are not only aimed at Holcim, but to the cement quarry industry in the Chekka region. In addition to the pollution, locals claim that *"widespread quarrying has condemned the ancestral cultivation of olive, fig and almond trees"*.<sup>169</sup>

#### 4.4.6 Morocco

##### Environment

In 2016, LafargeMaroc stopped the import of Italian trash. *"Lafarge Maroc had imported 2,500 tonnes of Italian rubbish to burn for energy. The government and cement producers group tried in vain to calm the protests by arguing that burning waste is kinder to the environment than dumping it in landfills. Morocco produces huge amounts of waste itself but has no system of sorting and recycling it, prompting cement plants to import trash, mainly from the European Union, to run incinerators".*<sup>170</sup>

##### Human rights

In 2016, LafargeHolcim Maroc set up business in Western Sahara, a contested territory. Lafarge Ciments Sahara runs a grinding plant in Laayoune. NGO campaigns regularly target multinational companies operating in Western Sahara for profiting from human rights violations.<sup>171</sup>

#### 4.5 Labour compliance assessment Lafarge Holcim

Field visits were made at five LafargeHolcim plants in Egypt, Jordan and Lebanon to assess the level of compliance with international labour standards and national laws. Each subsection presents the findings concerning nine key labour issues for each of the plants visited.

##### 4.5.1 Lafarge Egypt- Sokhna

Lafarge Cement Egypt cement plant in Sokhna, near the city of Suez, is one of the largest plants in the world.<sup>172</sup> It has more than 2,000 employees.<sup>173</sup> Lafarge Egypt also includes the company Redimex which produces mixed concrete in 8 plants, and DueCycle, which is a recycling plant for debris (geocycle).

##### Child labour

No evidence suggests the presence of underage workers at the plant sites. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorised individuals from entering the premises. There are no active programs to provide benefits for employees with children such as childcare.

##### Forced labour

Egypt has ratified ILO *Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>174</sup> There is a significant difference between the labour conditions of direct and indirect employees by Lafarge. There is no clear division of the activities that are performed by subcontracted employees. However, the most hazardous jobs within the plant, such as the jobs around the packing area are often performed by subcontracted workers. Statements from subcontracted packers show a form of subtle menace, where workers are compelled to participate in overtime either because of the fear of dismissal or because they feel obliged to work beyond the legal maximum because that is the only way they can earn a higher wage. It is common practice that packers work for 12 hours, seven days a week with the opportunity to take five days of paid leave during 60 days. The wage given for overtime work is also far below the living wage, and hence there is a need to continue to work the extensive hours.

## **Freedom of association and collective bargaining**

Egypt has ratified both *C098 - Right to Organise and Collective Bargaining Convention, 1949* and *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948*. Sixty percent of the direct employees at the plant are unionised. When it comes to subcontracted workers, there is no right to join the union. There is a CBA, and it is renewed every year. In it, remunerations are negotiated (salaries, bonuses, allowances, etc.), but not OHS policies.

The union is provided office space on the plant premises, and there is access to management to raise grievances. There is no institutional framework for the union officers to exchange grievances with the HR, but they report that they have a cordial relationship.

## **Discrimination**

There are signs of gender discrimination as there are few women work at the plant. However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

There is significant but hidden discrimination between direct and subcontracted employees. There is no clear division of the activities that are performed by subcontracted employees. However, there are still considerable differences in all employee benefits, from wages, right to leave, access to health care and ethical hiring practices. There is no freedom of association for subcontracted workers. Financially, the system has set subcontracted and directly hired workers against each other (i.e. there is no incentive for directly hired workers to fight for the rights of subcontracted workers). The unions argue that they have very little room for action, and by fighting for the subcontracted workers' rights, they would be jeopardising these workers' job security. Subcontractors do not fall into the jurisdiction of HR either and therefore are not covered by actions taken to improve the conditions of the human resource.

## **Wages**

The direct employees are all receiving a salary substantially higher than the Egyptian minimum salary. It is paid regularly by a monthly bank transfer, and there is a clear payslip given to each employee. Worked overtime is compensated with 1.3 times the regular hourly rate during the day and 1.7 times the hourly rate at night. Additional benefits that are provided by the company include a daily meal, accommodation, commuting allowance and medical insurance.

For subcontracted employees earn 1,000 Egyptian pounds (US \$ 63.50), this is far below the national minimum wage of 2,000 Egyptian pounds.<sup>175</sup> It is also far below a living wage for an individual that is estimated to be 1,800 Egyptian pounds (US \$ 114.40) and even further from the living wage of a family that is estimated at 2,800 Egyptian pounds (US \$ 177.90). There is unclarity regarding the benefits that are provided by the subcontractors. There are reports that subcontractors are entitled to accommodation, but this is poor and below the standards of the directly employed workers. The access to health insurance was earlier provided by the subcontractor, but subcontracted workers report that they do not receive this anymore.

## **Working hours and overtime**

Among the direct employees of LafargeHolcim, 60 percent of workers are daytime workers that work from 8 AM to 4.30 PM (with an hour lunch break) with the possibility of 4 hours overtime with a maximum of 60 hours overtime per month. The rest of the workers work in shifts. These workers either spend three days at the worksite and three days off or six days at the site and six days off. The shifts are 12 hours long and there is a twelve-hour break that can be taken within the company provided accommodation. Those who work on changes do not do overtime.

## **Ethical hiring and contracting**

There is a transparent HR process when it comes to direct employees of Heidelberg cement. Every employee receives an individual contract. There are two types of contracts: temporary (for one year) and permanent. As of the last years, all new contracts given are temporary and renewed yearly. This is because companies want to reduce costs and this way, they can dismiss workers easier. Also, early retirement is increasingly encouraged by companies.

There is a transparent payroll system from where every employee a payslip at the end of the month.

For direct employees, there are open grievance mechanisms in place. Individual complaints are solved in collaboration between to direct management, plant manager HR, and if there is no solution, general manager (depending on the severity of the complaint). The workers can go to their direct management which refers to HR, alternatively go to the union, which conveys the problems to HR.

The union has no access to the contracts of subcontractors (although, the new legislation has rendered unions responsible for asserting sub-contractors' rights). Every information they get regarding subcontracted workers' situation is through word of mouth. But they do raise a concern about the subcontracted workers' labour conditions, although they are not representing these as members.

## **Gender equality**

There are signs of gender discrimination as there are few women work at the plant. However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

There are no shown efforts made by the company to change the gender quota among the employees.

## **Occupational Safety and Health (OSH)**

There is a health and safety improvement plan for the plant that is written every year. In 2019 fatalities was recorded, and only three-time missed injuries. Risk assessment of hazards is made for each part of the plant (quarry and blending, clinker manufacturing, and cement grinding and distribution) – bio-, chemical, and fire hazards. Connected to this assessment is a PPE requirement, which is made for each of the areas of the plant/ types of work. Standard PPE that is provided to all workers is high visibility vests, gloves, masks, and safety shoes. Some activities call for harness, welding mask and a breathing mask and these are provided when required. To ensure awareness of the risks of the work that will be performed, a daily toolbox meeting is held every morning.



A proactive measure that LafargeHolcim has introduced in 2019 in an app to enhance OSH. The mobile application includes a reporting system for accidents and near misses. However, it is difficult to ascertain the accessibility of this system for the employees. The data is collected at Backend (app settings are both in English and Arabic). When reporting an accident, workers can take a photograph and fill out the form. According to the health and safety officers, over 85 percent of workers have a smartphone, and for those who do not have a smartphone, there is one phone available at each department and workers who report can log in scanning their code (everybody has a code). Out of 10,000 unsafe conditions reported during the year country-wide, half were reported over the app. Reporting these conditions helped prevent accidents (specially, the number of accidents were reduced by half). Also, there is an increase in an accident or near-miss reports (in the past, there used to be, on average, around 100). This system is countrywide. But workers report that the system is not 100% effective because they report accidents and they get no feedback/response from the management.

With regards to social security and access to healthcare, there is a significant difference between the direct employees of LafargeHolcim and subcontracted employees. For direct employees, a private health insurance is provided and an onsite clinic. In case of accident workers go to the clinic (one doctor and two nurses per shift, and two ambulances), they can receive first aid. Still, if it is a more severe accident, the ambulance takes them to the nearest hospital one hour drive away from the plant. Direct employees undergo yearly health checks. If the worker is unfit to perform an activity they can be, depending on the severity of the impairment, delegated another task and in the worst case, be sent into early retirement. For subcontracted workers, there is not a right to use the onsite clinic, and some of the subcontracted workers report that their health insurance has been withdrawn to save costs by their contractor.

Reports given by workers show that accidents are more common than what the official statistic says. This is mainly due to that the accidents are just reported to occur outside the plant in order to keep down the statistics. Workers are convinced to agree to this type of reporting to direct compensation for the injury and at times it is reported that workers have received a bonus for not reporting an accident.

#### 4.5.2 Lafarge Jordan Cement Fuheis Plant

During the visit to Fuheis, the cement plant was closed due to strikes. The cement plant in Fuheis stopped production in 2013, after complaints of nearby communities about the environmental and health impact of the company. The packing and grindings operations in Fuheis were discontinued in 2016.<sup>176</sup> After that, the plant has maintained operations intermittently while slowly shutting the plant. At the moment of the research, the plant had 174 employees from which a majority were unionised.

#### Child labour

The Jordan government has established laws and regulations related to child labour (*ILO C. 138, Minimum Age* and *ILO C. 182, Worst Forms of Child Labor*). No evidence suggests underage workers were employed at the Lafarge Jordan Cement Fuheis Plant. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorised individuals from entering the premises. There are no active programs to provide benefits for employees with children such as childcare.

## **Forced labour**

The country has ratified ILO *Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>177</sup> There is no evidence of forced labour taking place at the Fuheis Plant.

## **Freedom of association and collective bargaining**

Jordan has only ratified *C098 - Right to Organise and Collective Bargaining Convention, 1949* and not *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948*. Hence, the fundamental right to freedom of association is not protected within the legal framework.

Nonetheless, it was clear that all direct employees at the plant are unionised. When it comes to subcontracted workers, there is no right to join the union. Concerning the right to strike, it is considerably limited by law. However, during the team's visit at the plant, a strike was ongoing, and workers expressed that they would continue the activity despite the legal consequences it could bring. There is a compulsory recourse to arbitration, complex conciliation and mediation procedures prior to strike actions which the union officials have taken part in. The Ministry of Labour also imposed mediation during the time of the field visit.<sup>178</sup> Strikes are prohibited during such mediation and arbitration periods, but this was not followed by the union.

## **Discrimination**

Workers have faced gender discrimination: There is a gender division between jobs at the plant. One woman informed that she was not given the possibility to apply for a position within the company for which she was qualified, but her male colleague could apply for this job.

## **Wages**

The direct employees are all receiving a salary substantially higher than the Jordan minimum wage. It is paid regularly by a monthly bank transfer, and there is a clear payslip given to each employee. However, the current strike concerns the right to benefits upon dismissal. The company has declared that they will not pay what has been agreed upon within the CBA. Hence, workers have been dismissed without fair compensation.

## **Working hours and overtime**

Working days are of 8 hours (from 7 AM to 4 PM, including one hour for lunch). Workers do occasional overtime but receive no compensation. Before the Lafarge-Holcim merger in 2015, they worked 6-8 hours a day, sometimes on the weekends as well. But after the merger, they do not work as much as the production has decreased.

## **Ethical hiring and contracting**

After the merger, many workers were demoted from their grading (from A and B to C and D degree) – however, this happened both men and women. Moreover, the workers stated that there is a practice of exchanging long-term employees for cheaper labour (through traineeships) or through subcontracting.

It was also stressed by the workers that they were feeling psychologically tortured by the management (for example, encountering the premises of the plant surrounded with razor wire in a measure to prevent employees from entering the place. This was after they had been dismissed). The workers jumped over that fence and protested for over 9 days until the Ministry of Labour intervened. At the time, the employer, with support from the social security, obliged the workers to take paid holiday. This was a move from the management to showcase the workers (using the media) as a burden to the company (they would be staying at home, ditching their jobs, while still being paid).



## Gender equality

Female workers get 90 days of paid maternity leave and one hour a day for breastfeeding, but there is no nursery at the worksite, and neither are childcare allowance or scholarships for children of school age provided. However, workers get some support to pay for the university studies of their children.

None of the female workers has been fired yet, but they expressed concern that they might have to go in the future as part of the company's restructuring plans. Women support the strike because they know that although they have not yet been threatened by dismissal, they will eventually receive a termination letter – so they want to unite with their colleagues and support the cause.

There have been no attempts by the management to coerce women to engage in sex in exchange for more favourable conditions. However, it was implied by the female workers that this practice might not be alien to the management. Nonetheless, they would know where to go to for help in case of sexual harassment.

## Occupational Safety and Health (OSH)

The cement sector is seen as a hazardous sector and therefore requires extensive OSH measures.

The company pays for yearly medical check-ups of respiratory, eye, and sinus diseases. In this context, if workers do not pass the health test, they are not entitled to paid sick leave but sent to a specialist. No one gets paid sick retirement, and the medical checks are very basic. Other workers get PEP and, although the equipment is of good quality, the workers report feeling in danger at work due to the anxiety caused by the perspective of losing their jobs and their benefits. All the workers have access to health insurance, but their access to health care differs between their type of contract. The union do have representation within the health and security officers.

The company provides full coverage in case of accidents in the workplace, but only for the first 90 days. After the 90 days, the employees receive 50 percent of their salary. One of the latest fatalities was by fall from a scaffold. The case is in court as the employee's family (subcontractor) did not receive compensation for their loss. One of the cancer patients received his 90-day paid sick leave, and when this ended, he was requested by the manager to return for a few days to work so that he could receive another 90 days of paid sick leave.

One of the workers interviewed has worked at the X-ray department for more than 20 years, with daily exposure to X rays of 8 hours a day. The worker never received special equipment to work under those conditions, even though two of his colleagues have passed away because of cancer. The families of the deceased did not receive any compensation from the company either, only from the social security fund.

About 50 percent of the workers interviewed reported facing respiratory problems as a result of working at the cement company, and they indicate that 70 percent of the total workforce at Lafarge suffers from asthma. One of the workers reported having such a severe condition that if he stops taking his medication, he will go immediately into a comma. The company pays for his medication.

### 4.5.3 Lafarge Concrete Jordan Sweileh Plant

This plant has 55 workers, of which 12 are women conducting administrative tasks. Six of the employees are migrant workers from Egypt, and few employees are Jordanian nationals of Palestinian origin. All the workers in this plant are unionised. The plant is independent of Lafarge Cement, and therefore the relation between the union and the management is different (reportedly more positive), compared to order plants.

## Child labour

The Jordan government has established laws and regulations related to child labour (*ILO C. 138, Minimum Age and ILO C. 182, Worst Forms of Child Labor*). No evidence suggests underage workers at the Lafarge Concrete Jordan Sweileh Plant. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorized from entering the premises. There are no active programs to provide benefits for employees with children such as childcare.

## Forced labour

The country has ratified *ILO Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>179</sup> According to the plant's management, workers have the freedom to decide the way they want to work (all in the context of the tasks that need to be achieved and OSH measures). This is due to the relative freedom of the management from Lafarge headquarters and ME office.

## Freedom of association and collective bargaining

Jordan has only ratified *C098 - Right to Organise and Collective Bargaining Convention, 1949* and not *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948*. Hence, the fundamental right to freedom of association is not protected within the country's legal framework.

There is one CBA that covers all the concrete plants (11 plants, with a total of 500 employees) and one CBA for the cement plants. When asked about their relationship to workers and the union, the management perceives itself very flexible and accessible to workers: "the workers feel free to request cash advances and holidays". However, when speaking to union representatives from the plants, it was reported that the collective bargaining agreement (CBA) had not been negotiated for three years and that the current strikes are recurrent due to the immense pressure put on the union and the workers.

## Discrimination

There is hidden discrimination between national and migrant employees. There is no clear division of the activities that are performed by the employees. However, there are still differences in all employee benefits, from wages, right to leave, access to health care and ethical hiring practices. There is no freedom of association for migrant workers.

## Wages

The company provides the workers with monthly payslips, and CBA negotiated salaries. A question that was not answered to the research team was, however, if there was any difference in wages given to migrant workers and the national workers.

Overtime is compensated with 1.5 times the value of a regular hour.

## Working hours and overtime

The regular working times are from 7 AM to 3 PM. Any work conducted after 3 PM is counted as overtime. Some workers get to work up to 14 hours a day, in that case, workers are asked to come later to their next shift and a rest day is mandatory as soon as possible (mostly in the course of the same week). All overtime work is paid.

The company abides by Jordanian labour law which stipulates that mandatory overtime is 2 hours maximum. However, if it is the workers' choice, they might work up to 8 hours overtime a day.

There are no night shifts at the plant (they close at 7 PM). However, the plant might be open as late as 10 PM to wait for drivers that transport materials in and out of the plant. The drivers remain within a radius of 35 kilometres.

### **Ethical hiring and contracting**

All national workers have a fixed contract. Workers who cannot longer perform their tasks as a result of an accident are not dismissed but given a task that conforms to their capabilities. For the migrant workers from Egypt, their contract is renewed yearly on the condition that their work permit is also renewed as required by the immigration office.

With concerns to mechanisms of grievance, there are two avenues for the workers to file complaints: the employee can go directly to the management, or he/she can put his/her anonymous complaint in a grievance box. Employees also have the possibility to send complaints directly to Lafarge's headquarters in France. In this context, the most common grievances concern the distribution of safety shoes. In the past, the company used to provide these twice a year, but the workers requested new shoes every two months. The management currently provides safety shoes every three months.

### **Gender equality**

From discussions with the HR, it does not appear that the company has clear gender policies, including a policy on sexual harassment at the workplace. Women get 90 days of maternity leave and two paid hours daily for breastfeeding. In 2019, the union signed an agreement to give fathers a 2-day paid paternity leave.

### **Occupational Safety and Health (OSH)**

With regards to OSH, the interviewed plant managers highlighted some of the measures taken to offset dust. In addition to assuring that the workers wear masks, workers are required to drink milk twice a day. However, except for one worker who is most exposed to dust, the company does not provide the milk to the workers.

The company faces a maximum of 4 road accidents a year. These are not at all severe, mostly scratches when pulling in or out of parking or by-passing another car. These accidents are usually other drivers' fault. Every month, the union sends a trainer to accompany the driver in its driving and to provide training on safety measures on the road. Every car has a speedometer and a GPS that tracks their trajectory.

One of the laboratory workers interviewed for this study stated not wearing ear protection regularly, although having been provided with this.

The company demands and provides regular health check-ups for all workers. The Ministry of Public Health conducts trimestral check-ups (focused on eyes, lungs, and ear health). Moreover, the Ministry requires an additional yearly check-up for migrant workers to extend these workers' work permit. From the company side, there are biannual health check-ups and a quarterly drug check. Workers who are deemed unfit after the test are moved to other positions within the company (e.g. recently, a driver had a dislocated disk and was reassigned to the scale).

Other OSH practices include notice boards around the compound and security demarcation. There is a reward of 50 JOD (ca. \$ 70 USD) for workers who report near-miss (accidents), and yearly awards to workers that show the most commitment to work safety.

The company's management claims being rigorous regarding OHS policies. A significant challenge, however, is to address workers' cultural belief in destiny (that has them believe they will only suffer an accident if it is in their destiny) prevailing over any OHS preventive measure. To address this situation, the management has tried approaches such as rewarding workers who comply with safety measures. All workers wear safety shoes and vests, but they are hesitant to wear helmets and glasses. The management first gives a verbal warning, then a written notice, if workers fail to comply, then they receive a fine (i.e. a discount on a portion of their salary).

#### 4.5.4 Lafarge Jordan Cement Rashadiyah Plant

The Rashadiyah plant has 270 employees, of which 65 are currently threatened by loss of employment. Therefore, the workforce, which is fully unionised, is striking (however, production has not stopped during the strikes).

Before the year 2000, this plant belonged to the national cement company. Then Lafarge came with the stated purpose to increase employment and help the development of the region. However, instead of doing as promised, they started reducing the number of personnel to 260. The workers are convinced that the company's purpose is to sell the plant and, to increase their profits due to the high value of the land where the plant is located, they will try to reduce the workforce as much as possible. These developments came very suddenly, and this attributable to the increased competition in the national cement industry, which has reduced profits for Lafarge.

The dismissal is planned in two phases: the first one will include 200 workers at the Rashadiyah plant, the second one should consist of 300 workers in three locations (Rashaydah, Feheis, and the HQs in Amman). In each plant, there is a union committee representative (at this plant, there are two representing the workers at the negotiations between the MoL and the plant's management).

Rashayda plant used to have two production lines, one of them has stopped. This is due to the decrease in production. In 2000, there used to be 2,500 workers. The remaining workers got overloaded with work. The MoL allowed the establishment of more plants saying that there was a need for this, but this drove the unviability of the oldest-existing plant. The workers also complain about the lack of transparency in the decisions that will affect them. Also, they see the government has no intention to lay pathways to secure the workers' future employment.

#### Child labour

No evidence suggests underage workers at the Lafarge Jordan Cement Rashadiyah Plant. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorized individuals from entering the premises. There are no active programs to provide benefits for employees with children such as childcare.

#### Forced labour

The country has ratified *ILO Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>180</sup> There is no evidence of forced labour taking place at the Rashadiyah Plant.

#### Freedom of association and collective bargaining

Workers are unionised by default by the union due to its considerable influence at the worksite once they obtain employment. The workers are classified into two groups: contractual workers (temporary workers) and permanent contract workers. Workers belonging to the second group become union members immediately as soon as they are hired, but they might opt not to be union members. Membership fees are 1 JOD per month. Sixty percent of this fee goes directly to the Jordanian Federation of Unions, and the remaining 40 percent goes to the GTUCW.

At this plant, 264 workers have a fixed contract, and 25 are subcontracted. None of the 25 subcontracted workers are union members; they are scared because the management is against the union, so they are afraid to lose their job. These contractors are engineers and production workers.

### **Discrimination**

There are salary differences between regular and temporary workers. Apart from salary, the difference between these two employment categories is, in general, temporary workers can get the same positions as fixed workers, but they are not entitled to overtime compensation. The management decided that if these workers were to become fixed workers, they would not be entitled to several benefits: health insurance, housing loan, additional salaries (13 and 14 month – plus other bonuses), and university scholarships.

### **Wages**

The direct employees are all receiving a salary substantially higher than the Jordan minimum wage. It is paid regularly by a monthly bank transfer, and there is a clear payslip given to each employee.

### **Working hours and overtime**

The working day is of 8.5 hours (starting from 7 AM to 3.30 PM), six days a week. There are three shifts (including night shifts), each of 8.5 hours. All workers do the same shifts (thus, there is no rotation). Maximum overtime work is 8 hours. The law stipulates a maximum of 2 hours overtime, but workers may choose to work a maximum of 8 hours of overtime per day. This means that workers were doing overtime work through two shifts. When people do two shifts in a row, they are obliged to take a rest day. When workers do two consecutive shift days, they do not get extra time off. Payment for extra time or work conducted during the holidays is worth 1.25 the normal per-hour work rate. Those workers who do extra shifts get 40 JOD according to the CBA per day more than workers who do not do overtime.

### **Ethical hiring and contracting**

The temporary workers have been working at the company for three years. Some renew their contracts yearly, others every six months. In the past, workers would be hired for a year, after which they would be offered a permanent contract. The last worker employed under this scheme was hired nine years ago. After then, no new permanent contracts have been given. There used to be 31 temporary workers, but as of March 2019, there are only 25. Some workers worry that they will not manage to complete the number of years needed to have access to social security, as they will be dismissed years before their actual retirement age.

### **Gender equality**

From discussions with the HR, it does not appear that the company has clear gender policies, including a policy on sexual harassment at the workplace. 9 women are working in this plant, conducting high skilled positions. Four of these women have permanent contracts.

### **Occupational Safety and Health (OSH)**

There have not been any significant accidents, but rather mishaps that required first aid help (cuts). The latest of such accidents happened two months ago. The protocol to deal with these accidents (which is based on social security regulations) involves an assessment of the situation by the social security which determines if the worker is to receive compensation for the accident. The plant gets yearly health checks from the Ministry of Public Health (this is the same systems as in the cement sector). Workers also undergo random drug checks.

The interviewed workers expressed feeling expectant that accidents any time gave the workers' mental situation, which is exacerbated by the perspective of losing their jobs. To alleviate this situation, the supervisory staff regularly asks workers not to work long hours to avoid accidents. Some employees use their own cars (not the company's transportation) and the risk of accident increases also because of this situation.

Late 2019, this threat was also felt amongst higher ranking staff, as they were also informed of their impending dismissal. Adding to this is the stigma around mental health, so workers cannot freely speak about the psychological issues posed by this situation and must, therefore, deal with it on their own. Half of the workers have bank loans, and if they lose their jobs, they will not be capable of repaying these loans (thereby facing jail). HR provides no psychosocial help to the workers (these staff members also face the issues workers face).

#### 4.5.5 Holcim Liban S.A.L. Chekka Plant

Located in Chekka Bay, Holcim Lebanon, known previously as "Société des Ciments Libanais" (Lebanese Cement Society), was established in 1929 as the first cement factory in Lebanon.<sup>181</sup> Within two decades, one more company was established in the Chekka Bay area: Cimenterie Nationale S.A.L. Afterward, the Lebanese cement sector expanded quickly. However, this growth took place without any form of control, ignoring health and environmental standards, through several practices that were authorised by the Lebanese government.<sup>182</sup>

#### Child labour

The Lebanese government has established laws and regulations related to child labour (*ILO C. 138, Minimum Age* and *ILO C. 182, Worst Forms of Child Labor*). However, gaps exist in Lebanon's legal framework to adequately protect children from the worst forms of child labour, including the prohibition of debt bondage, which affects mostly migrant children.<sup>183</sup> Moreover, neither Lebanon's Code of Labour nor its Social Security Act makes provisions relating to child care.<sup>184185</sup> Accordingly, Holcim Liban has not set childcare facilities at the disposal of plant workers. Children of working parents are sent to the daycare outside the company, but the company does not cover the expenses incurred for this. Nonetheless, there was no presence of children at the plant, and neither was there evidence that suggests persons under 18 years of age are employed at Holcim Liban Chekka Plant.

#### Forced labour

Article 8.3 (a) of Decree No. 3855, Articles 586.1, 586.5, and 569 of Lebanon's Penal Code prohibit human trafficking in Lebanon.<sup>186</sup> Moreover, the country has ratified *ILO Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.<sup>187</sup> However, according to the US Department of Labor, laws related to forced labour are not sufficient because it is not clear that there are criminal penalties for the exaction of forced labour, and debt bondage is not criminally prohibited.<sup>188</sup> Nonetheless, during the field visit to Chekka Plant, the team did not encounter evidence to suggest that Holcim Liban submits its workers to forced labour.



## Freedom of association and collective bargaining

Lebanon has not yet ratified all the relevant international conventions to safeguard workers' right to free association and collective bargaining. Against this backdrop, provisions in the Lebanese Code of Labour convey the Ministry of National Economy the authority to allow the forming of unions and to approve the results of all trade union elections. Moreover, the law permits the administrative dissolution of trade unions and forbids them to engage in any political activity.<sup>189</sup> Despite the restrictive legislation, all workers of Holcim Liban are unionised, and Collective Bargaining Agreements are negotiated every two years.

When asked about their relation, both the union representatives as well as the HR manager stated that both parties are capable of reaching consensus about significant developments at the company. This relation, nonetheless, is not exempted from tensions which arise now and then. In this context, the union president perceives the union as one of the most influential unions of Holcim in the MENA region. The company knows that the union is capable of stopping production, if necessary. In the past, the union has held strikes twice (2000 and 2003), in addition to several protests. These took place despite the Lebanese Code of Labour, which also legally restricts strike rights.<sup>190</sup> In 2016, the workers held the last large demonstration. Back then, the company wanted to dismiss one employee, and the union pushed for a severance payment of 35 months' worth of salary. The strike in 2003 concerned the company's plan to dismiss some workers, and the union managed to secure 43 months' worth of severance payments for those who accepted to be fired (150 workers).

## Discrimination

With regards to labour discrimination, the workers interviewed expressed feeling discriminated at the Chekka plant. Specifically, they felt they were assigned to their positions according to how much they were liked (or not) by the management. According to Holcim Liban's HR, there is a clear framework to the grading of positions. However, they accept that the system needs to be revised as it includes policies that existed before the merger but are no longer of relevance under the company's current setting.

Work discrimination is a breach of *ILO C. 111 Discrimination (Employment and Occupation)*, which Lebanon has ratified. However, proving that the system for the assignment of work functions is discriminatory would require further evidence, which neither the union, nor this project, have been able to gather.

Nonetheless, there is evidence of discrimination regarding the wages of subcontracted and fixed workers. According to the Holcim union, the subcontractors conduct all kinds of work functions (also core production functions), and some have been working at the plant for more than five years. They follow the rules of Holcim, but they earn less. This is a breach of *ILO C. 100 Equal Remuneration*, which Lebanon has ratified.

## Wages

Lebanon's Code of Labour includes a stipulation that overtime pay is 50 percent higher than the payment for regular hours. While not fully in line with the law, there is an agreement between the union and the plant management regarding over time: Half of it is paid at the lawful rate, and half of it is taken as leave (some workers work at the harvest of olive and therefore welcome this measure).

Regular employees receive a 13th-month salary. While salaries for the same function are different, both regular workers and subcontractors profit equally from benefits stipulated by Lebanese labour law. Still, only regular workers get perks directly from the company (in 2019, they got a \$ 160 USD coupon from a local shopping centre). Under an agreement between Holcim and the union, 15 subcontractors will obtain regular employment every year.

### **Working hours and overtime**

The Code of Labour of Lebanon also prescribes a working week of 48 hours with a weekly rest period that must not be less than 36 consecutive hours. A 12-hour day is permitted under certain conditions, but there are no legally set limits on compulsory overtime.<sup>191</sup> In line with these stipulations, all workers at Holcim Liban follow regular working days of eight hours, six days a week (thus, 48 hours a week). Administrative staff work five days a week (but also cover 48 hours, which means working days of 9 - 10 hours). There are three shifts of 8 hours each (6.30 AM to 2.30 PM; 2.30 PM to 10.30 PM; and 10.30 PM to 6.30 AM). Currently, the production line is down because the company is not selling enough, and they have enough stock. Workers still go to work and are given other tasks such as cleaning. Only clinker workers keep on doing their job.

After the merger with Lafarge, overtime did not become more common despite the work overload. Holcim Liban has a strategy in place to reduce overtime, and this is only done when necessary. In the context of the overtime agreement explained earlier, some people take between 10 and 50 hours of extra working time a month. Although there is no limit as to the number of extra hours to be worked, all workers are allowed to engage in maximum overtime of four hours a day.

### **Ethical hiring and contracting**

Regarding contracting, Lebanon's Code of Labour stipulates that work contracts may be written or oral as long as they are submitted to the Authority of Common Law. All workers at Holcim Liban received a written contract upon employment and a monthly payslip.

The hiring process is not ethical in terms of the limited oversight the company has on the subcontracted workers' contracting. There are two families of subcontracted workers working at the plant: temporary but recurring (specialised workers – e.g. maintenance) and temporary (like cleaners). At the group level, this distinction is not made (both types of subcontractors count the same). HR is only responsible for controlling the subcontractors' time attendance (there is a special system for them although they punch in the same machines as fixed workers), and this information about is sent to the procurement department for invoicing. The subcontractors' working conditions (in terms of OSH) are the same as those for regular workers. HR makes sure the subcontracting company registers employees in the National Social Security Fund (NSSF) and that they receive perks (although not the same as fixed workers). However, they never audit (other than affiliation to the NSSF, because there is a liability). HR and the union are working together to absorb subcontractors into the regular workforce.

Likewise, after the merger, Lafarge brought its management-level personnel. This created a problem for the plant workers. Workers expected to be promoted after some years of work, which was no longer possible after the external staff was brought to fill higher positions (thereby also blurring any perspectives of future upward mobility). Many workers were moved across departments, and many times workers did not perform well in their new positions. Some of the workers were not given new positions but were given extra tasks. The workers interviewed for this project have the feeling that Lafarge does not care about the welfare of workers as they do not ask about the workers' work interests or provide trainings. The presence of the union has helped stop many, but not all of these adverse developments after the merger.



Moreover, whenever a position is closed (because of retirement), the position is not filled again. This makes a low turnover (not many new, younger staff) and reduces the workforce. To bridge the capacity, the company merges positions, so workers who remain take on some of the tasks left by the outgoing staff. This poses OSH risks by the increase in mental health burden to workers with a heavier workload.

With regards to grievance mechanisms, these are not in place and grievance is informal. However, anonymous complaints can be filed through whistleblowing procedures (there is a phone number of workers can call to do this). There is a yearly training on compliance in the workplace. Every two years, there is a face-to-face training (otherwise training is web-based). Holcim's HR, regards this situation to have positive and negative aspects: If the relation between HR and union is not good, not having a system works against the company. At present, the relationship is good, with its tensions, but generally good. According to Holcim's HR, there are barely any grievances as sexual harassment or intimidation are not part of the Lebanese culture. Usually, complaints have to do with unrecorded overtime, and often, an agreement is reached. Every subcontracted worker who has an issue goes to the union as HR does not see them as not part of the union. Through the union, both parties discuss and solve disputes.

### **Gender equality**

From discussions with the HR, it does not appear that the company has clear gender policies, including a policy on sexual harassment at the workplace (as stated in the previous point, HR assures that sexual harassment is not part of the Lebanese culture). Nonetheless, there are women working at the company (15), usually conducting administrative tasks, and there is one female engineer at the workshops. Women are represented by the union as well. When asked about their appraisal of the situation, the interviewed female workers expressed that there is no gender discrimination.

Women at Holcim Liban get 70 days of paid maternity leave, whereas men only get one day of paid paternity leave. This is in agreement with the Lebanese Code of Labour. As stated earlier, the company does not provide support for childcare. However, they provide time and space for breastfeeding.

### **Occupational Safety and Health (OSH)**

The Code of Labour of Lebanon mandates biannual medical check-ups. In this context, workers at Holcim Liban are checked against five criteria, and an assessment is made regarding their fitness to conduct their work. The results of the tests are confidential (even to the HR department); only workers can access this. If necessary, the company recommends suitable specialists to treat severe conditions detected during the check-ups (usually, the medical centres where the tests are taken try to address the workers themselves in an attempt to increase their client base). Workers who are fit but not suitable for specific jobs are flagged, and workers are made aware of their (physical) capabilities. According to Holcim's HR, at the inception of this preventive health policy, workers thought the company was trying to screen them for firing but have in the meantime come to accept and appreciate the system.

In the cement sector, the most significant OSH risks have to do with respiratory diseases. With this in mind, respiratory illnesses are part of this preventive health programme. When workers feel ill, they go to the company's doctor, who is every day at the plant. The company is self-insured. Holcim Liban contributes to the NSSF and workers have access to this system. The company doctor also makes referrals for workers. The NSSF does not cover preventive medicine. Thus, the company pays for it. Despite its right to outsource labour force, the company is still liable for subcontracted workers' OSH and for that reason makes sure that subcontractors provide their workers with medical check-ups.

Between 2010-2017 this procedure (or recordkeeping) stopped. In 2017, when the new CEO came, the system was reactivated. After this, new cases of work-related diseases were screened that were not previously detected under regular health checks. During 2010-2017, the mandatory tests were conducted in compliance with national legislation but not for internal record keeping. However, because longitudinal health records were not kept, there was very poor screening for health conditions getting worse. Currently, workers are categorised according to the health risk of their position: Those working at the clinker belong to one category, those in administration belong to another category. The company's drivers also have to go through this medical check. Workers are reluctant to go to the doctor because they are afraid that they will not be fit for the job and will lose their source of income. This is especially true for subcontracted workers, who have less job security.

Regarding accidents, the last serious one occurred in 2011 (death). According to HR, serious accidents are infrequent. The union has no access to accident records, and therefore it is a big issue between the management and the union. One of the duties of the committee is to write these reports, but under the current setting, the company's OSH personnel writes these on its own. These reports are not shared with the union unless it is a severe accident. Whenever there is an accident, however serious, workers usually do not report to the union. This is because it is the duty of the company to provide healthcare to workers. Sometimes, the company avoids reporting simple accidents, and this is agreed upon with the workers. To compensate for this, the company gives the workers paid leave. Likely, minor accidents go unreported and the union is unaware of this.

Moreover, the interviewed workers report receiving Personal Protective Equipment (yet, no specification as to the number of times this is replaced) that are reportedly adequate for the type of job that is being conducted. Also, workers receive yearly OSH trainings.

#### **4.5.6 Conclusions concerning the labour compliance assessments at the five LafargeHolcim Plants**

In Table 29, an overview of the compliance to international and national labour standards is presented for each of the LafargeHolcim plants visited. Overall, it can be seen that the level of compliance greatly differs between the different countries. This was observed to be tied to a great extent to the management of the plant and the operations in the country. It can be concluded the most severe noncompliance observed was all connected to the use of subcontractors and the lack of implementations of labour policies and standards by these subcontractors and the lack of control mechanisms within the LafargeHolcim operation to monitor these actors.

**Table 29 Level of compliance to labour standards at LafargeHolcim in the three countries visited**

Labour issues	Sokhnah plant	Fuheis Plant	Sweileh Plant	Rashadiyah Plant	Holcim Liban S.A.L. Chekka Plant
<i>Country</i>	<i>Egypt</i>	<i>Jordan</i>	<i>Jordan</i>	<i>Jordan</i>	<i>Lebanon</i>
Child labour					
Forced labour					
Freedom of association and collective bargaining					
Discrimination					
Wages					
Working hours					
Ethical hiring and contracting					
Gender equality					
Occupation safety and health (OSH)					

Below are a number of recommendations on each of the topics assessed. LafargeHolcim should endeavour to work in partnership with independent experts and union leaders to develop an action plan for addressing the issues identified and implementing the recommendations outlined.

### Child labour

- LafargeHolcim should ensure that there are childcare facilities and support the education of its workers' children.

### Forced labour

- LafargeHolcim should ensure that a living wage can be earned during regular working hours.
- The company should establish and enforce a policy that subcontracted workers' overtime should not exceed the legally allowed maximum. Subcontracted workers should also have the same rights to leave as direct employees.

### Freedom of association and collective bargaining

- CBA negotiations should be done in a periodical manner.
- A social dialogue needs to be active between the management and union.

## **Discrimination**

- LafargeHolcim should ensure equal treatment and the provision of similar welfare facilities for workers irrespective of their type of contract.
- LafargeHolcim should take concrete steps to ensure women's access to all positions within the company.
- LafargeHolcim must stop attacking trade union leaders.
- LafargeHolcim must comply with labor agreements and labor court decisions.

## **Wages**

- LafargeHolcim should strive to pay decent living wages to all workers on the project, based on well-researched studies on living wages in the construction sector in Lebanon. DMC should commence the implementation of a wage scale for all categories of workers.
- LafargeHolcim should ensure that all workers regardless of contract type or contractor, can earn over minimum wage within ordinary working hours, without engaging in extensive overtime.
- LafargeHolcim should ensure that all workers are given adequate compensation for their overtime work according to the legal minimum. A transparent mechanism for recording and monitoring workers' overtime should be established.

## **Working Hours and Overtime**

- LafargeHolcim management should establish and enforce a policy that workers' overtime should not exceed the legally allowed maximum. A mechanism for recording and monitoring workers' overtime should be established.
- Before carrying out any overtime work, LafargeHolcim should ensure that workers provide written and signed consent. Workers should be informed of their rights to refuse over time and should not be punished for refusal. Records of these written consents must be kept.

## **Ethical hiring and contracting**

- LafargeHolcim should ensure that upon dismissal, there is a legal and fair process.
- LafargeHolcim should ensure that upon dismissal, and retirement CBA negotiated compensation is provided for all workers.
- LafargeHolcim should ensure that there are mental support accessible for workers through HR in connection to dismissals and changes within the work at the plant.
- LafargeHolcim should ensure that all agreements of subcontractors have clauses on labour conditions and specific requirements for adherence to the labour law and company policies on human resources.
- LafargeHolcim should ensure that the company directly hires the subcontracted workers that perform core activities.

## **Gender**

- LafargeHolcim should establish a gender policy that indicates its commitment to gender equality and the maximum participation of women on equal terms with men in all aspects within the project. The policy should be in line with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979.
- LafargeHolcim should ensure that there is proper documentation of all reported cases of sexual harassment or violence against women at project sites.

- LafargeHolcim should immediately establish a formal complaint and grievance system and procedure for reporting all instances of sexual harassment and domestic violence, explicitly including steps to be taken for adequate protection of victims (and witnesses), appropriate medical examination and treatment. This system and procedure should be mandatorily socialized at least twice a year.

## OSH

- LafargeHolcim management should endeavour to provide PPEs with good quality. The company should ensure that all workers are entitled to and given at least four sets of PPEs per year - helmets, boots, gloves, clothing (full overall), reflectors, earplugs, eye protection etc. LafargeHolcim should ensure that it has adequate stock of PPEs and can replace them in no less than a couple of days after the worker makes a request.
- LafargeHolcim should comply with regulations on first aid in the workplace, by making sure that each location or plant site has adequate first aid box with facilities in the form of necessary equipment, supplies, and materials used in administering first aid.
- LafargeHolcim should ensure that each work area at the plant has visible safety warning and emergency signs.
- LafargeHolcim should ensure that all workers, including subcontracted workers, have access to the same health benefits and are subjected to periodical health checks.
- LafargeHolcim should ensure that workers are informed about the health risks of their employment and take all possible measures to minimise the risks to workers health.
- LafargeHolcim should ensure that all subcontracted workers have the right to sick leave and compensation to any work-related injury or health issue.
- LafargeHolcim should ensure that dismissed workers and workers that have received retirement are entitled to health insurance.
- The company should also set up a transparent process to ensure that all workers and ex-employees with work-related health issues get proper medical help.

## Chapter 5 Recommendations

This chapter introduces general recommendations for topics of importance and methods that can be used by BWI in their cooperation with LafargeHolcim and Heidelberg Cement to improve labour conditions within the cement sector in the MENA region.

### 5.1 Engagement with LafargeHolcim and Heidelberg Cement

The operations of LafargeHolcim and Heidelberg Cement in the region show that the companies are major stakeholders within the sector of the region. The policies of the companies show awareness on a group level to international labour standards. However, through the labour compliance assessments and the country level policy assessment, the implementation of these policies on a country and plant level have been observed to be limited.

The lobby of local trade unions towards the local management of cement plants should focus on building their capacity on implementing the requirements of labour issues as stipulated in national law, ILO conventions and company policies. Specifically, trade unions could focus on the following:

- To convince national and local management involved of the benefits of compliance with labour standards, local trade unions could organise stakeholder workshops and trainings, and provide tools for implementation, including working examples of contract documents, checklists, indicators and guidance documents;
- Trade unions could lobby for giving labour standards a more influential role in the contracting of sub-contractors. Trade unions could specifically advocate the following steps:
  - In the bidding phase, the evaluation of sub-contractors should also include criteria on their performance regarding labour issues;
  - In the contracting phase, clauses on labour issues should be included in all contracts with sub-contractors;
  - Throughout the contracting, the implementation of labour clauses should be monitored, and breaches should be addressed.

At the international level, through BWI and the trade union networks for union affiliates at LafargeHolcim and Heidelberg Cement establishment, lobby and advocacy efforts are recommended to focus on the following:

- Streamline implementation of company policies;
  - It was observed, throughout the labour compliance assessments as well as through the controversy scans within the MENA region, that there is a significant difference from country to country when it comes to the implementation of labour policies made at a group level. It was observed that the conditions at each of the plants had been primarily tied to the management of the plant and hence that there is little to no monitoring of the implementation of group-level policies at a national level.
- Stop the use of subcontracting for core activities;
  - At all plants visited, the research team observed that core activities at the plants were undertaken by subcontracted labour. This creates a situation where workers conducting the same job receive different labour conditions without a clear motivation and hence is a breach of international standards on the elimination of discrimination. To avoid the precarious working situation of subcontracted workers, unions should lobby towards that all core activities of the cement plant shall be performed by direct employees of the plant.

## 5.2 Strengthen union presence and membership within the cement sector

There are considerable differences in the level of unionisation of workers at the different plants in the region. However, where unions represent workers and have a successful engagement with the local plant management, there are improved labour conditions for workers at the plants. Next to this, it was also observed that at none of the plants in the region, subcontracted workers were represented by the union. As the use of subcontracted labour is a common practice within the sector, it is crucial that local unions start working with subcontracted workers to improve these workers conditions. As well as to protect the unions' current members by making sure that the cost of subcontracted labour correlates with directly employed labour through guaranteeing the same rights and conditions for all worker despite the type of contract.

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