

SAINT-GOBAIN UK AND IRELAND 2012 SUSTAINABLE DEVELOPMENT REVIEW



A REVIEW OF SUSTAINABLE DEVELOPMENT IN THE UK AND IRELAND



EIGHT CRITICAL SUCCESS FACTORS HAVE BEEN SELECTED AS THE MAIN FOCUS OF THIS REVIEW. THEY HAVE BEEN CHOSEN BECAUSE OF THEIR IMPORTANCE TO ENHANCING SAINT-GOBAIN'S LICENCE TO OPERATE.

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35% OF THE ELECTRICITY WE USED IN 2012 CAME FROM LOW CARBON SOURCES
ENERGY AND CARBON

ZERO GYPSUM PRODUCTION WASTE TO LANDFILL WAS ACHIEVED IN 2012
WASTE

GLASSOLUTIONS HAS REDUCED ITS WATER WITHDRAWALS BY **33%** SINCE 2011
WATER

99% OVER OF TIMBER CAME FROM KNOWN SOURCES IN 2012
RESOURCE AND PRODUCT STEWARDSHIP

VOC LEVELS IN BUILDINGS CAN BE REDUCED BY **70%** BY ACTIVAIR TECHNOLOGY
ECO-INNOVATION

SAINT-GOBAIN BECAME THE **1ST** COMPANY TO OFFER GREEN DEAL ADVISOR COURSES
TRAINING AND SKILLS DEVELOPMENT

144 OF OUR EMPLOYEES MOVED BETWEEN ROLES IN DIFFERENT SAINT-GOBAIN BUSINESSES IN 2012
DIVERSITY AND CAREER MOBILITY

25 BUSINESSES OR SITES HAD ACHIEVED 1,000,000 HOURS WITHOUT A LOST-TIME ACCIDENT BY THE END OF 2012
WORLD CLASS HEALTH AND SAFETY PERFORMANCE

A YEAR OF SIGNIFICANT PROGRESS



The past year has seen major developments across many of our businesses, as well as in the broader sustainable habitat arena. The launch of the much anticipated Green Deal towards the end of 2012, the growing importance of product life cycle analyses and the wider adoption of a responsible sourcing standard kept sustainable development very much in the minds of many of Saint-Gobain's larger customers.

2012 has, again, been characterised by a tough and highly competitive market. A continued backdrop of restricted credit flow, and low business confidence meant our core construction markets in the housing, commercial and public construction sectors continued to struggle affecting many of our businesses. In spite of this backdrop, 2012 saw us continue to grow through the acquisition of Celotex and Build Center. These two businesses are strong and complementary businesses to our existing structure and portfolio.

As well as the larger contractors and construction companies who rely on Saint-Gobain to supply high quality materials manufactured to sustainable standards, we work very closely with independent builders, plumbers and the public who make up an important part of the customer base for our building distribution business. Over the past 12 months, 2,379 tradesmen and tradeswomen have benefitted by receiving training from our Greenworks Training Academy. Customers can buy responsibly, and with confidence, thanks to our global supplier audit programme, and the development of new products continues to focus on eco-innovation.

The structure of this Review draws on our roadmap for sustainable development. During 2012 the roadmap became more firmly embedded in the way we think and act. It provides us with a means for

monitoring progress across the three pillars of environmental challenge, economic growth and social commitment. It gives us a framework within which to set targets, measure and report progress; not purely at an organisational level but also within each of our individual businesses.

Leadership and the development of individuals continues to be at the heart of what we do. This Review includes plenty of examples. I am convinced that the high level of commitment to employee training, health and wellbeing helps us to deliver not only better, more sustainable products and services to customers, but also enables Saint-Gobain in the UK and Ireland to remain resilient, successful and forward-looking. Sustainable development is not a project. It is not something that is owned by a particular department. For all 16,750 people who work at our 1,000 sites in the UK and Ireland, it forms part of the structure and fabric of our business.

This Review highlights the progress that has been made in 2012, as well as focusing on some of the challenges we face. As part of our on-going commitment to report openly and comprehensively, this 2012 Sustainable Development Review will be supported by an online resource, Saint-Gobain UK and Ireland's Sustainable Development Hub, which will provide regular updates on performance and action throughout the coming year.

Dr Peter Hindle MBE
General Delegate for Saint-Gobain in the UK, Ireland & South Africa

OUR PARTNERS ARE IMPORTANT TO US



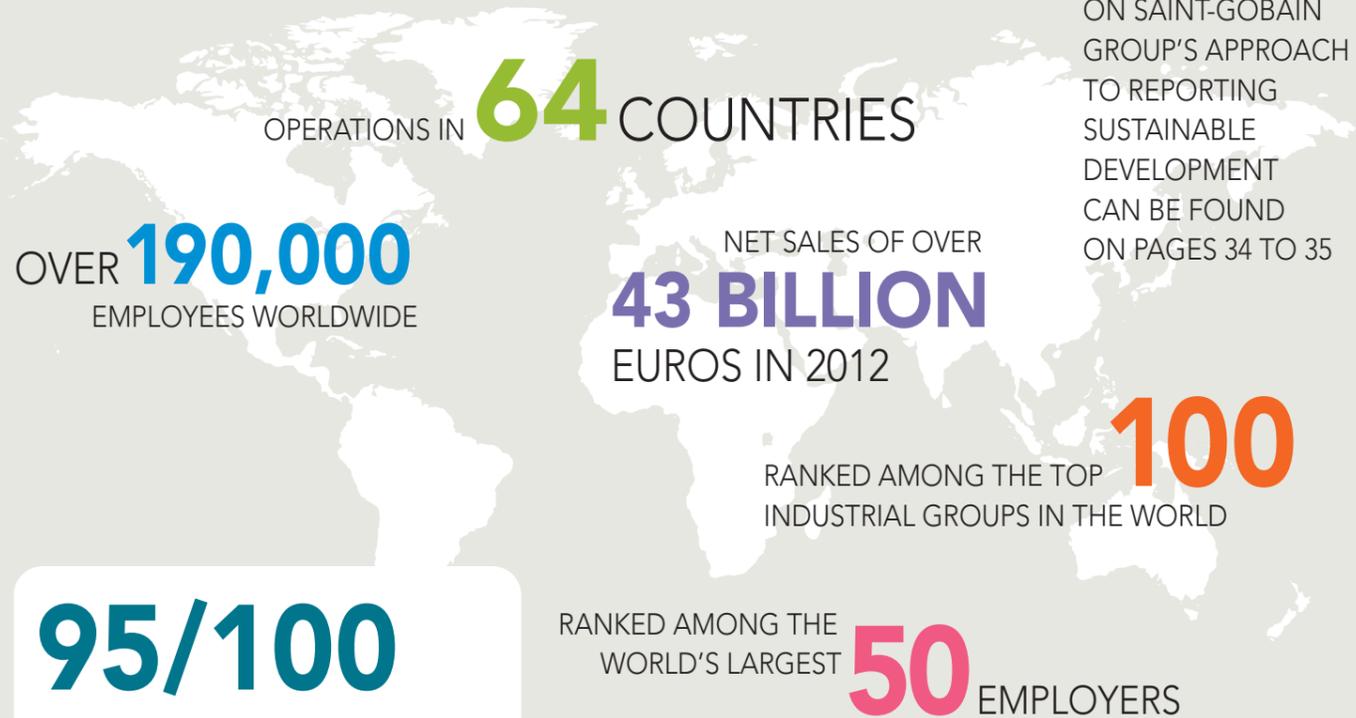
Saint Gobain is proud to be a Gold Leaf member of the UK Green Building Council (UK-GBC). It demonstrates our commitment to the UK-GBC and our desire to play a clear and leading role in the campaign for a sustainable built environment.

SAINT-GOBAIN GROUP OVERVIEW



Saint-Gobain Group, a world leader in the habitat and construction markets, designs, manufactures and distributes building materials, providing innovative solutions to the challenges of growth, energy efficiency and environmental protection. The Group has operations in 64 countries and reports its progress in sustainable development annually.

THE SAINT-GOBAIN GROUP IN NUMBERS



MORE DETAILS ON SAINT-GOBAIN GROUP'S APPROACH TO REPORTING SUSTAINABLE DEVELOPMENT CAN BE FOUND ON PAGES 34 TO 35

95/100

FOR THE THIRD YEAR RUNNING SAINT-GOBAIN GROUP WAS LISTED IN THE CARBON DISCLOSURE LEADERSHIP INDEX (CDLI)*; ONE OF ONLY 12 COMPANIES IN THE WORLD TO HAVE ACHIEVED THIS. SAINT-GOBAIN SCORED 95 OUT OF 100 IN THE 2012 CARBON DISCLOSURE PROJECT.

* The CDLI is a listing of the 10% of Global 500 companies that score highest for the quality of information provided to CDP about their greenhouse gas emissions and approach to climate change.



Building our Environment Together, Saint-Gobain Group's 2012 Sustainable Development Report, is checked by the Global Reporting Initiative and ranked A+. It includes full details of the Group's sustainable development strategy. Visit www.saint-gobain.com for a copy.

SAINT-GOBAIN UK AND IRELAND OVERVIEW



This Review looks at the progress of Saint-Gobain in the UK and Ireland during 2012, and is illustrated by examples of successes and actions from individual Saint-Gobain businesses in meeting our sustainable development ambitions. It also provides us with an opportunity to reflect on where we have made less progress than we hoped, why this might be and what lessons and actions we take from this experience.

SAINT-GOBAIN UK AND IRELAND IN NUMBERS



OUR BUSINESSES SELL AND DISTRIBUTE OVER **400,000** DIFFERENT BUILDING MATERIAL PRODUCTS

OUR VISION IS TO BE THE REFERENCE IN SUSTAINABLE HABITAT. AS THE WORLD LEADER IN THE HABITAT AND CONSTRUCTION MARKETS, WE DESIGN, MANUFACTURE AND DISTRIBUTE BUILDING MATERIALS PROVIDING INNOVATIVE SOLUTIONS TO TODAY'S CRITICAL CHALLENGES OF GROWTH, ENERGY EFFICIENCY AND ENVIRONMENTAL PROTECTION.

BUSINESS AT A GLANCE



In the **UK and Ireland**, Saint-Gobain's operations are divided into three sectors.

CONSTRUCTION PRODUCTS

Businesses that manufacture insulation, pipe, industrial mortar and gypsum products, designed to deliver a wide range of thermal and acoustic benefits.



INNOVATIVE MATERIALS

Flat Glass and High-Performance Materials, spearheads Saint-Gobain's advance into new technologies and embodies our innovation-oriented culture.

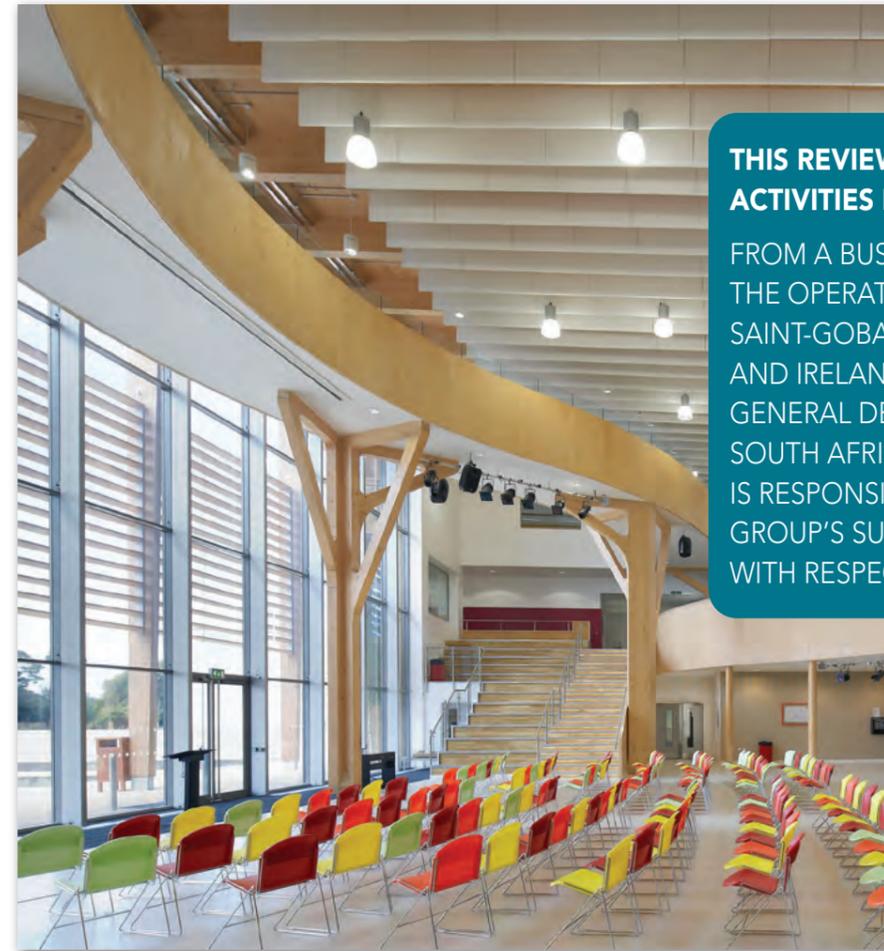


BUILDING DISTRIBUTION

General and specialist merchants that give customers access to a range of over 400,000 products and precisely tailored logistics.



ROADMAP FOR SUSTAINABLE DEVELOPMENT IN THE UK AND IRELAND



THIS REVIEW FOCUSES ON OUR ACTIVITIES IN THE UK AND IRELAND.

FROM A BUSINESS PERSPECTIVE, THE OPERATIONS AND ACTIVITIES OF SAINT-GOBAIN BUSINESSES IN THE UK AND IRELAND ARE CO-ORDINATED BY THE GENERAL DELEGATION FOR UK, IRELAND AND SOUTH AFRICA. THE GENERAL DELEGATION IS RESPONSIBLE FOR IMPLEMENTING THE GROUP'S SUSTAINABLE DEVELOPMENT POLICY, WITH RESPECT TO THE LOCAL CONTEXT.

City Academy Norwich

INDIVIDUAL BUSINESSES IN THE UK AND IRELAND

Sustainable development means different things to each of our businesses, depending on the activities they perform and the markets they serve.

Each of our UK and Ireland businesses has responded individually to the UK and Ireland Roadmap, identifying where it has the largest impact or where it could contribute most towards achieving our sustainable development objectives. These assessments – following an external critique – have been used as the basis for individual roadmaps or action plans within each business that are owned and driven at business level.

The result is a framework that assists in measuring and reporting progress against the Saint-Gobain Group targets, while also providing each business within the UK and Ireland the flexibility to focus on particular actions that are most appropriate to their own workforce, supply chain and customer base.

Many of these businesses also report separately on their progress in sustainable development, for example; Jewson, British Gypsum, Saint-Gobain PAM and Saint-Gobain Glass.

OUR ROADMAP FOR SUSTAINABLE DEVELOPMENT

Our ambition is to be the reference in the sustainable habitat market. This means developing high value-added construction and renovation solutions for customers to ensure that buildings are energy-efficient, comfortable, healthy and aesthetically superior, while at the same time protecting natural resources.

An overarching roadmap has been developed to provide a simple yet robust framework for understanding what sustainable development means to Saint-Gobain and our many businesses in the UK and Ireland. The roadmap was drawn up in 2011 and overseen by a sustainable

development steering group, chaired by Dr Peter Hindle MBE, General Delegate for Saint-Gobain in the UK, Ireland and South Africa. The steering group was supported by three cross-business working groups, each with a focus on a pillar of sustainable development – economic growth, environmental challenges, and social commitment – and comprised of representatives from across our businesses.

These working groups confirmed three priorities within each pillar of sustainable development, on which we believe it is vital that attention is focused in the UK and Ireland. For each priority, the pillar working groups have established factors in which it is critical that we succeed if we are to meet our ambition to become the reference in sustainable habitat: our Critical Success Factors.

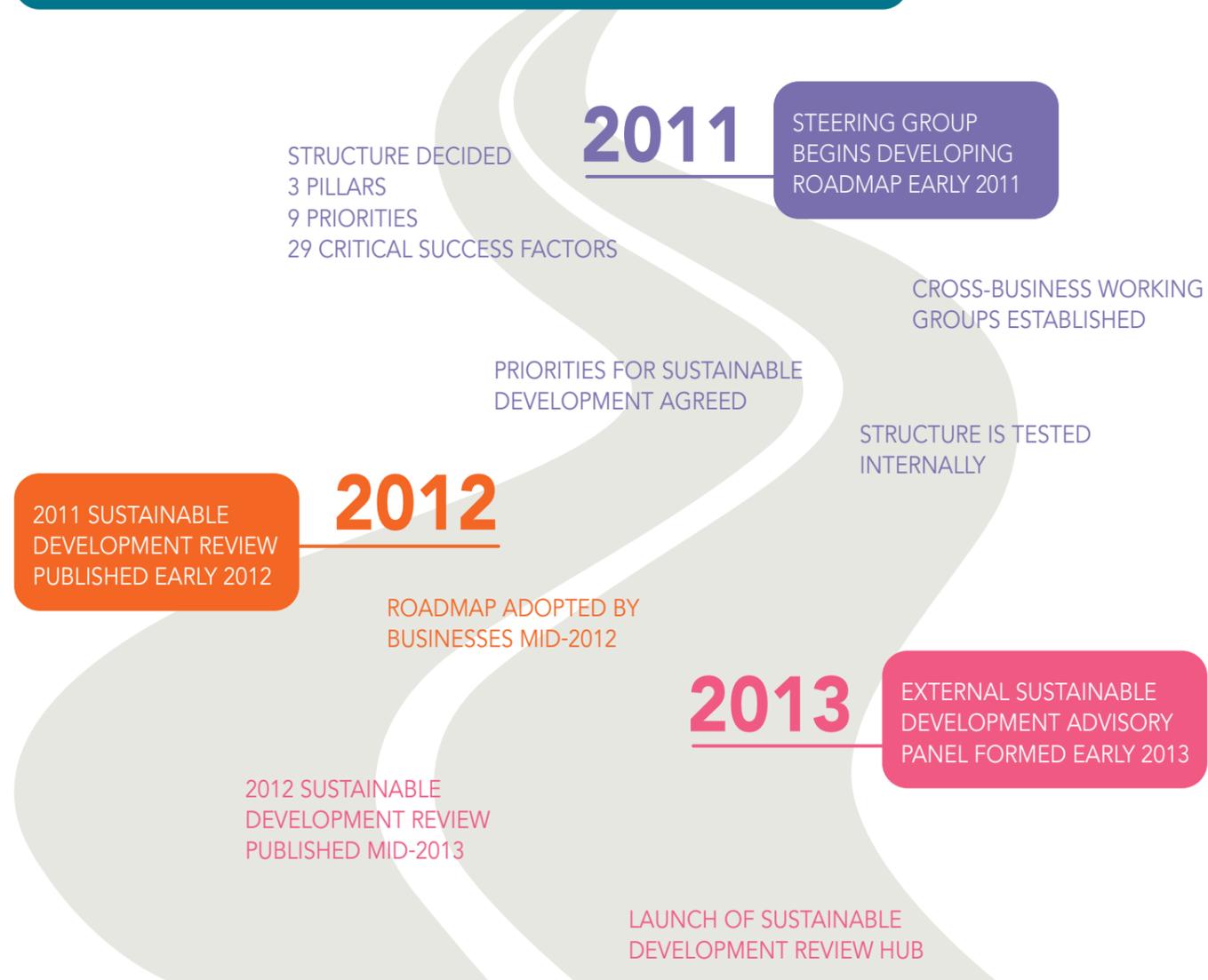
ROADMAP FOR SUSTAINABLE DEVELOPMENT IN THE UK AND IRELAND



Our Roadmap for Sustainable Development is built around three pillars. In each pillar, three priorities have been identified. Within each of these, a number of Critical Success Factors have been agreed, along with associated targets and KPIs.

In total we have agreed upon 29 Critical Success Factors. Eight of these, highlighted in colour, have been selected as a focus in this Review. This does not mean that they are any more or less important than the other Critical Success Factors in our roadmap, but rather that they have particular relevance to our progress or reflect wider trends in 2012.

SAINT-GOBAIN DEFINES VISION: 'TO BE THE REFERENCE IN SUSTAINABLE HABITAT'



OUR ROADMAP FOR SUSTAINABLE DEVELOPMENT IS ORGANISED AROUND THREE PILLARS, NINE PRIORITIES AND 29 CRITICAL SUCCESS FACTORS

ENVIRONMENTAL CHALLENGES

OPERATIONS

ENERGY AND CARBON
WASTE
LOCAL ENVIRONMENTAL IMPACTS
WATER



RESOURCE AND PRODUCT STEWARDSHIP

RESOURCE AND PRODUCT STEWARDSHIP



SUSTAINABLE CONSTRUCTION

OUR BUILDINGS

ECONOMIC GROWTH

PRODUCTS AND SOLUTIONS

ECO-INNOVATION
ENVIRONMENTAL LABELS
ECO-DESIGN
ENABLING SUSTAINABLE CONSTRUCTION



ENGAGING WITH KEY STAKEHOLDERS

ADVOCACY
TRAINING AND SKILLS DEVELOPMENT
RAISING AWARENESS AND EDUCATION



RESPONSIBLE PROCUREMENT

ENERGY
SUPPLIER SELECTION
SUPPLIER PERFORMANCE

SOCIAL COMMITMENT

EMPLOYEES

DIVERSITY AND CAREER MOBILITY
TALENT, KNOWLEDGE AND SKILLS
BRAND VALUES
LEADERSHIP
ENGAGEMENT, MEASUREMENT AND IMPROVEMENT



HEALTH AND SAFETY

WORLD CLASS HEALTH AND SAFETY PERFORMANCE
HEALTH AND WELLBEING
FLEXIBLE WORKING PRACTICES



COMMUNITY

CHARITY PARTNERSHIPS
INVESTING TIME AND RESOURCES LOCALLY

FOCUS OF THIS REVIEW



In the pages that follow, we will be reviewing our progress in sustainable development for 2012. Space doesn't permit a full report on every Critical Success Factor, or indeed on every business or brand represented within Saint-Gobain's operations in the UK and Ireland.

Eight **Critical Success Factors** have therefore been selected as the main focus of this Review. They have been chosen either because they are particularly important to enhancing Saint-Gobain's licence to operate in the UK and Ireland, or because they demonstrate areas of strength, or indeed weakness, in our approach to sustainable development.



Establishing an External Sustainable Development Advisory Panel is an important step for us. It's part of our genuine desire to engage in open, honest and frank exchange about the issues of most importance to us and our stakeholders. It's also a clear sign that we wish to listen, learn, develop and constantly evolve our approach to sustainable development.



Richard Batley
HR Director Saint-Gobain UK, Ireland and South Africa

improving the relevance and transparency of reporting in the future. It is hoped that the panel will be able to provide feedback and comment on our 2013 Sustainable Development Review.

A significant improvement in communicating and reporting progress is the new Saint-Gobain UK and Ireland sustainable development hub; an online resource for stakeholders – internal and external – which was launched simultaneously with the publication of this Review. Regular updates on progress, performance, business actions and roadmap progress will be posted on the hub.

DEVELOPING A MORE TRANSPARENT REVIEWING PROCESS

A reformed and refocused steering group, which met through 2012 to discuss sustainable development, has ultimate ownership of the roadmap.

In an important move for the business in early 2013, we invited a small number of external stakeholders to form an Advisory Panel. The purpose of the Panel is to challenge our progress and areas of action and focus, as well as give advice on our Review; thereby



BALANCING LOCAL WITH GLOBAL

BECAUSE OF THE DIVERSE NATURE OF ITS OPERATIONS AND ITS AREAS OF INFLUENCE, THE GROUP'S PRIORITIES FOR ACTION VARY FROM REGION TO REGION.

TRANSLATING GLOBAL TARGETS, PRIORITIES AND KEY PERFORMANCE INDICATORS TO LOCAL ACTIONS CAN OFTEN BE CHALLENGING; PARTICULARLY FOR A GROUP AS LARGE AND DIVERSE AS SAINT-GOBAIN.

OUR UK AND IRELAND ROADMAP FOR SUSTAINABLE DEVELOPMENT ENABLES US TO MAKE OUR CONTRIBUTION TO IMPORTANT GROUP TARGETS, WHILE ALSO PROVIDING THE FLEXIBILITY TO TAKE ACTION IN AREAS OF IMPORTANCE ACCORDING TO OUR LOCAL MARKETS, REGULATIONS AND BUSINESS PRIORITIES.

OUR MAIN IMPACTS



A business review of activities in the UK and Ireland has identified the following main impacts in terms of: resources, operations and outputs. (Critical Success Factors highlighted below are reviewed in detail in the following pages).

RESOURCES

RAW MATERIALS

Our businesses take a responsible approach to the use of natural resources in the production of timber, glass, cast iron and gypsum products. Sourcing the raw materials creates social and environmental impacts. We manage these by making our processes more efficient, using more recycled materials wherever possible, developing new materials that have less impact and, where there are no viable alternatives, extracting or obtaining raw materials in a more responsible way (**resource and product stewardship**).

PEOPLE

As a diversified business, we are able to offer rewarding and varied career paths, whilst at many of our sites a significant proportion of our employees come from and reflect the local community (**diversity and career mobility**). Many of our operations involve manufacturing processes, machinery, or a large number of vehicle movements – of heavy mobile plant and other machinery such as fork lift trucks. For this reason the health and safety of all our employees remains our number one priority and an area in which we focus daily attention (**world class health and safety performance**).

OPERATIONS

MANUFACTURING

Our businesses manufacture the building materials that are used in construction projects across the UK and Ireland including; insulation, plasterboard, timber, wall-coverings, pipework and glazing. Some of these products are made using large-scale industrial processes that consume energy, water and waste. For this reason we are committed to focusing on reducing emissions, producing less waste and using less water and energy (**waste, water, energy and carbon**).

DISTRIBUTION

Our businesses sell and distribute a wide range of building materials products, with customers ranging from large contractors and house-builders to individual tradespeople, self-builders and the general public. Distribution of these products requires careful packaging and depends on a nationwide network of vehicles (**waste, energy and carbon**).

OUTPUTS

SUSTAINABLE HABITAT SOLUTIONS

Our role as the designer, manufacturer and distributor of building materials means we are uniquely placed to understand and reduce the life cycle impacts of our products and to move the sustainable construction agenda forwards (**eco-innovation, resource and product stewardship, training and skills development**).

SOCIAL IMPACT

We operate over 1,000 sites across the UK and Ireland, giving us the ability to have a positive social impact within a large number of local communities (**training and skills development**).

ENERGY AND CARBON



ENERGY AND CARBON

The issues of climate change and energy use are among the biggest challenges our planet will face in the decades ahead. It's up to us to address these challenges in the way we manage our sites and buildings on a daily basis.

We have established an energy strategy for the UK and Ireland that provides a framework for the way in which we manage our energy use. It is based around three main principles – **reducing** our energy use, **decarbonising** our energy supplies, and smarter **purchasing** of energy to secure our future supply.



REDUCING OUR ENERGY USE

Many of our manufacturing businesses rely on industrial processes, and energy is typically one of their biggest costs. Consequently, energy efficiency is a key component in the environmental and financial performance of our industrial sites. We are striving to reduce our energy use by optimising existing facilities, replacing old equipment, conducting energy audits and developing energy management systems at our sites. The deployment of World Class Manufacturing (WCM), a comprehensive management system designed to improve company performance by eliminating losses, is also driving progress.

We are looking to expand the progress made through WCM to include the ISO 50001 Energy Management Standard. This provides a structured framework for managing energy use and is a public commitment that we want to be leaders in energy efficiency. We intend that all our businesses attain ISO 50001 by 2017.

GAS CONTROL SYSTEM

Following a successful trial at three Jewson branches last year, a new gas control system has now been installed in 50 branches. The system monitors external and internal temperature, controlling all aspects of the heating system and its operation, regardless of fuel type. It is controlled centrally by a web-based system so all sites are visible and adjustable. The system will enable us to target energy efficiency improvements by providing vital site performance data in respect to time taken for heating and cooling, demonstrating insulation efficiency of sites. Across the initial 50 branches fitted with the gas control system, there have been daily consumption savings of 51% and 1,106kg of CO₂.

Our Building Distribution businesses have been trialling various energy efficient technologies, including a new gas control system, LED lighting and voltage optimisation.

DECARBONISING OUR ENERGY SUPPLY

In the UK, our obligation to report under the CRC Energy Efficiency Scheme means that efforts to understand and reduce our carbon emissions have gained momentum.

To reduce our greenhouse gas emissions, we are exploring new ways of developing or acquiring alternative energy sources. For example, the use of secondary raw materials and waste products to power our industrial processes lessens our reliance on external energy sources, lowers our energy expenditure and reduces our carbon emissions.

We are also exploring the installation of onsite renewable energy generation at suitable sites, and are aiming to meet one fifth of our electricity demand through on site generation by 2017.

ENERGY PURCHASING

To help secure our future supply of low carbon energy, Saint-Gobain UK and Ireland signed its first renewable energy Power Purchase Agreements (PPAs) in 2012.

We have committed to buy the entire electrical output of three anaerobic digestion plants, supporting the development of this renewable technology in the UK in which

energy is generated from the breakdown of bio-degradable materials by micro-organisms. As we have guaranteed pricing with the energy generators involved, we hope that the deals will also give them confidence to invest further so that additional renewable energy can be generated for the National Grid.

The deals ensure that around 10% of our annual electricity demand – 3MW or the equivalent of enough energy to power 6,500 homes – comes from renewable energy sources.



ISO 50001 IN IRELAND

Installation of a Heat Recovery System in the plaster mill at Gyproc's Kingscourt site in County Cavan has reduced energy requirements by 16kWh per tonne of plaster. Previously, heat energy was being wasted by releasing exhaust gases into the atmosphere. The new system, activated in November 2012, captures waste heat and transfers it back into the overall system, meaning that less 'new' heating is required.

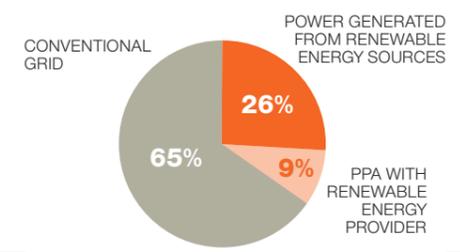
Improving energy efficiency was a key aspect of Gyproc Ireland securing ISO 50001 certification in April 2012. The ISO 50001 management system is coordinated by a cross-functional team, and it has raised awareness of energy efficiency requirements within the business. An independent annual assessment for compliance ensures that high standards are maintained across its sites.



Heat recovery plant at Gyproc Ireland

AIMING TO MEET **20%** OF OUR ELECTRICITY DEMAND THROUGH ONSITE GENERATION BY 2017

ELECTRICITY PURCHASED IN 2012



We are targeting that Power Purchase Agreements (PPAs) with renewable energy providers contribute at least 30% of our electricity demand by 2017.

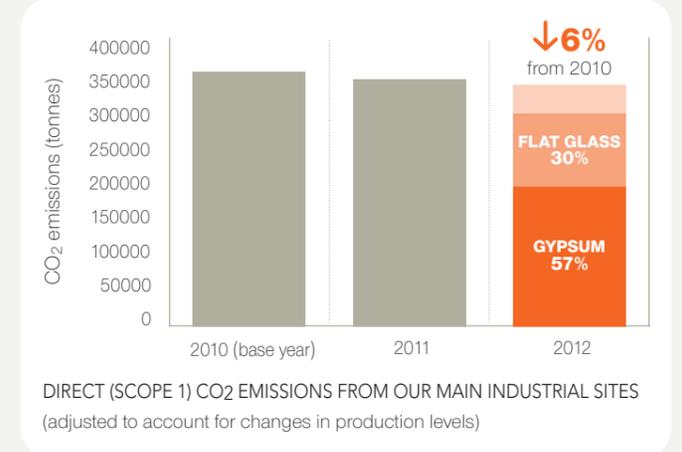


Creating energy from biomass

CO₂ EMISSIONS DOWN BY 2,200 TONNES A YEAR

In 2012, Saint-Gobain PAM UK completed phase three of its cupola furnace installation at its Holwell site in Melton Mowbray. The final phase of the project saw the installation of a high-performance heat exchanger to recover waste heat from combustion gases, dramatically reducing greenhouse gas emissions.

As a result of the work, annual CO₂ emissions from the site have been reduced by over 2,200 tonnes, alongside a 250 tonne reduction in the consumption of quarried limestone.



DIRECT (SCOPE 1) CO₂ EMISSIONS FROM OUR MAIN INDUSTRIAL SITES (adjusted to account for changes in production levels)

ENERGY AND CARBON

THE EGGBOROUGH GLASS MANUFACTURING FACILITY IS ONE OF THE MOST EFFICIENT IN THE WORLD. IN 2012 FURTHER WORK WAS IMPLEMENTED TO ADD ADDITIONAL INSULATION TO THE WORKING END AND CROWN OF THE FURNACE TO ACHIEVE 'BEST IN CLASS' FURNACE GAS CONSUMPTION.



Saint-Gobain Glass manufacturing facility at Eggborough



ENERGY AND CARBON

LOGISTICS

Transport and logistics account for a significant portion of our carbon emissions. Transferring raw materials to plants, transporting products for additional processing and delivering finished products to the distribution outlet and customers all generate emissions.

Our businesses are managing the impact of our logistics operations by adopting a more intelligent and streamlined approach to the way they manage stock, vehicles and deliveries. Our aim is to provide a streamlined service for our customers as well as reducing the financial cost and environmental impact of our deliveries.

We are also making progress in reducing the impact of our company car fleet. In 2012, the average CO₂ emissions from our company car fleet was 5% lower (2011: 124 gCO₂/km; 2012:118 gCO₂/km), in part due to a change in our car policy that places a limit on engine size.



THE LYNX MODEL IS EXPECTED TO REDUCE JEWSON'S CARBON EMISSIONS BY UP TO **2,000** TONNES EACH YEAR



When rolled out across our business the Lynx transport system could save two million vehicle miles

REDUCING CARBON; IMPROVING CUSTOMER SERVICE

The Lynx model sees Jewson's 600 branches grouped into clusters of 25 to 40, with vehicles managed at cluster instead of branch level and linked by telematics. Because it is much better utilised, the fleet is able to support Jewson's sales growth without the need for more vehicles.

It has already been implemented in 300 branches and it is planned to roll it out across the entire network by the end of 2013. The Lynx model could save Jewson two million vehicle miles and 2,000 tonnes of carbon emissions a year.

SAVING MILES; SAVING TIME

During 2012, International Timber has been redeveloping part of the former British Gypsum production site at Purfleet as a logistic and manufacturing facility to service the south east market.

The new timber manufacturing and distribution facility offers International Timber the strategic opportunity to grow its sales in the south east while significantly reducing the cost of distribution, road mileage and carbon footprint, and improving the response time and service offered to its customers.

Previously, the business served south east customers from existing sites in Hull, Newport and Manchester, with an average delivery distance of 200 miles. Compared to these sites, the new Purfleet facility will reduce distribution mileage by more than 700,000 road miles (or approximately 400,000 litres of fuel) based on its 2012 deliveries.

WASTE



WASTE

Reducing production waste is a priority for the Saint-Gobain Group, and we are striving to reduce the waste generated by all our operations in the UK and Ireland.

Our priorities for waste management are, in descending order, reducing or **avoiding waste**, finding new and innovative ways to use **waste products as resources**, **recovery of worksite waste** from our customers, and diverting unavoidable waste from landfill through **selection and sorting**.



AVOIDING WASTE

There are various aspects of our operations where we know we can reduce or eliminate waste in the first instance. For example, a significant proportion of waste generated by our Building Distribution businesses is linked to inbound packaging. Our Procurement Managers are working closely with suppliers to achieve a 20% reduction in the amount of packaging used. Where the quality of the product could be affected by the reduction in packaging they have been working with suppliers to ensure that all packaging used is 100% recyclable.

Through adopting Life Cycle Assessment (LCA) as our main tool for measuring the environmental footprint of our products and solutions, we are increasingly designing new materials with consideration of their end-of-life phase.



STEEL RECYCLING SAVES OVER £700,000

Over the last two years Saint-Gobain PAM UK's Holwell site has been involved in a project to use baled steel wire recycled from scrap tyres. At the end of their life tyres are shredded, the remaining rubber is reclaimed for applications such as play surfaces, and then the steel is compacted into bales.

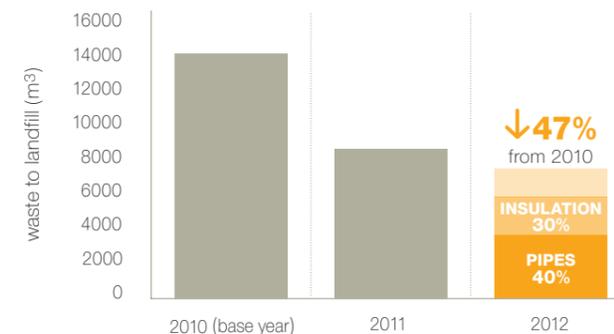
This project, involving Holwell production and engineering employees, as well as material suppliers, has meant tyre wire use has grown to become a significant part of the site's raw materials mix. Remnants of entrained rubber in the bales are utilised as additional fuel in the furnace.

During 2012, usage of tyre wire doubled, meaning that the project has now recycled a total of 6,500 tonnes of steel, avoiding the need to otherwise dispose of the steel from around 750,000 tyres. It has also led to a reduction in site carbon emissions of approximately 360 tonnes of CO₂ and has saved the business over £700,000 compared to obtaining the steel from conventional sources.

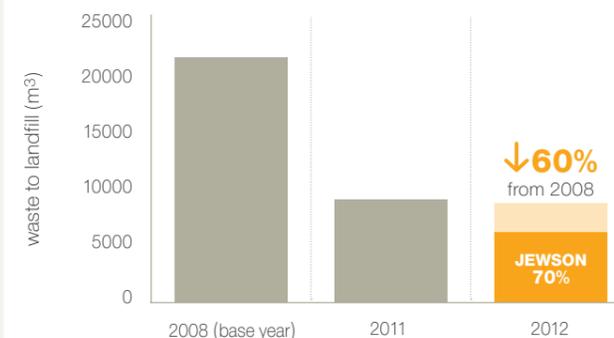
STEEL FROM **750,000**
SCRAP TYRES RECOVERED AND
CONVERTED INTO PRODUCT

WASTE PRODUCTS AS RESOURCES

Many of our industrial processes generate by-products, and where these cannot be eliminated we are committed to finding new and innovative ways of treating and using them as resources rather than as waste streams. For example, foundry sand was by far the biggest waste stream at Saint-Gobain PAM UK's Telford site. Whilst it is re-used internally many times, the business was still disposing of up to 20% each week and, in 2008, sent in excess of 450 tonnes per month to landfill. In 2012, by marketing the waste sand as a source material (for blocks, road surfacing and aggregates), only around 2% of its total sand waste was landfilled.



WASTE SENT TO LANDFILL FROM OUR MAIN INDUSTRIAL SITES (adjusted to account for changes in production levels)



WASTE SENT TO LANDFILL BY OUR BUILDING DISTRIBUTION BUSINESSES

0% GYPSUM PRODUCTION
WASTE TO LANDFILL

In addition to recovering our own waste products, we also use recycled materials from outside sources where possible – such as cullet (crushed recycled glass) for glass production and recovered scrap metal for pipe production – to reduce our consumption of raw materials.

RECOVERY OF WORKSITE WASTE

One of our key challenges is helping to reduce the waste associated with our products at their point of use. We have long established schemes in our gypsum and glass businesses for waste recovery from our customers. For example, in 2012 British Gypsum recovered around 30,000 metric tonnes of waste plasterboard for use in new plasterboard products.



RECYCLE, REPROCESS, REDUCE

British Gypsum celebrated over two and a half years of zero gypsum production waste to landfill at the end of 2012. To achieve this feat, it has taken a two-pronged approach, which focuses on reducing manufacturing losses alongside increasing its ability to recycle and reprocess scrap material on site.

JEWSON WAS RECOGNISED IN THE 2012 SUSTAIN AWARDS FOR ITS INNOVATIVE WASTE MINIMISATION INITIATIVES WHICH INCLUDE PALLET RECYCLING AND WASTE MANAGEMENT ACROSS ITS BRANCH NETWORK.

WATER



WATER

Many of our businesses are increasingly viewing water as an important area of improvement. In 2011, Saint-Gobain launched a Group-wide water policy, with the aim of minimising water withdrawals and working towards “zero discharge” of water from industrial processes, whilst avoiding the creation of new impacts on other environments or stakeholders.

APPLYING THE GROUP WATER STANDARD

To support the deployment of the water policy across our industrial sites in the UK and Ireland, the Group's standard for water is being implemented.

WITHDRAWALS

In certain parts of the UK and Ireland, low rainfall and high population density are putting great pressure on water resources. We must therefore limit its use in industry as much as possible.

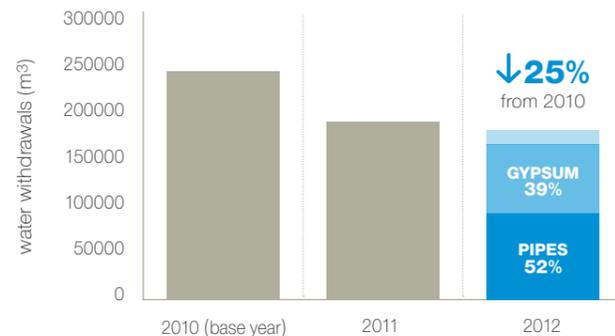
With this in mind, several of our gypsum and pipe manufacturing sites has implemented water saving measures over the last few years. British Gypsum has installed measures at its Robertsbridge site to recover leachate from landfill and condensate from steam plumes to reuse in the manufacture of plasterboard as a substitute for raw water. At Gyproc's Kingscourt site in Ireland, new lagoons have been created to capture and store surface run-off, which now meet almost half of the site's water demand. Saint-Gobain PAM UK has invested in leak detection technology at its Ilkeston site, which it is estimated saves 7,220 m³ of water – and the business £23,700 in water bills – each year.



GRADUATE'S IDEA GOES GLOBAL

Lorna Pilbin, an environmental assistant at British Gypsum, was named as Environmental Graduate of the Year by the Institute of Environmental Management and Assessment in 2012 for her work progressing the water standard in the UK and Ireland. Lorna led work on developing the water policy, developing tools to gauge usage across several operational sites, and pioneering a highly-successful pilot study. Lorna's evaluations have since been rolled out across all concerned sites* in the UK and she has presented her work at a global safety, health, environment and risk forum in Germany.

* See back cover for definition.



WATER WITHDRAWALS AT OUR MAIN INDUSTRIAL SITES (adjusted to account for changes in production levels)

OUR GLASSOLUTIONS BUSINESS HAS REDUCED ITS WATER WITHDRAWALS BY **33%** SINCE 2011

DISCHARGES

Relatively few of our UK and Ireland businesses discharge significant quantities of water, but those that do must comply with strict regulations about the quantity and quality of water discharged.



QUALITY CONTROLLED

At Gyproc Ireland's mine in County Monaghan, there are strict limits on the quality of the water released into the local water course, the River Bursk. In 2012, the business upgraded its water management system with the aim of reducing the impact of the mining operation on the receiving water.

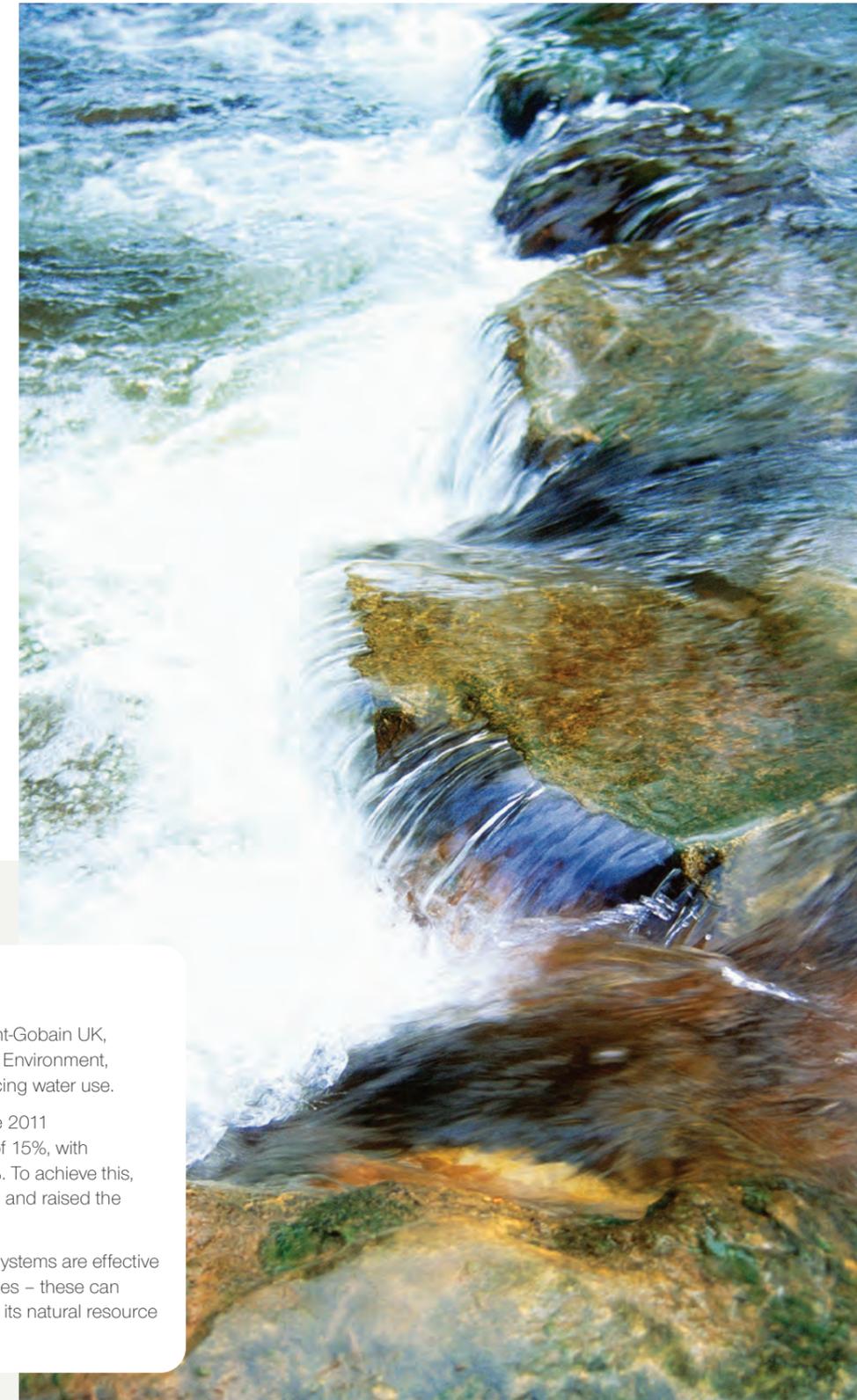
Following the upgrade, water from the quarry and mine workings is pumped to settling lagoons and then to holding tanks. Water is released from the holding tanks to the River Bursk through a pair of electrically operated valves, which automatically adjust to maintain the conductivity and sulphate levels below the business's Integrated Pollution Prevention & Control licence limits.

TARGETS BEATEN

Glassolutions UK won a Green Award at Saint-Gobain UK, Ireland and South Africa Delegation's annual Environment, Health & Safety Awards for its efforts at reducing water use.

Reducing its water withdrawals by 33% since 2011 Glassolutions has exceeded its initial target of 15%, with some sites reporting decreases of up to 75%. To achieve this, the company has invested in new equipment and raised the awareness of its employees.

Furthermore, since the new water recycling systems are effective at removing glass “fines” – small glass particles – these can now be reused, helping the business reduce its natural resource consumption and CO₂ emissions.



RESOURCE AND PRODUCT STEWARDSHIP

The construction industry in the UK and Ireland is increasingly giving preference to procuring products that demonstrate responsible sourcing and procurement. These developments are reinforced by changes in regulations and emerging standards.



COMMITTED TO COMPLIANCE

The EU Timber Regulation, Forest Law Enforcement, Governance and Trade (FLEGT), will come into effect in March 2013. It will criminalise the import of illegally-logged wood products, and will exceed the requirements of the previous EU regulation which demands that only timber products within scope are legally sourced. "Operators" who import timber into the EU will be required to set up a due diligence system to avoid the risk of illegally harvested timber, and "traders" who sell timber to customers will be required to keep records of their immediate suppliers for all wood based products.

There is an absolute commitment across all of our Building Distribution businesses to take whatever steps are needed to ensure compliance with the new regulations. International Timber, as an "operator", will for the first time be liable for the legality of timber products it imports. Procurement teams from all affected businesses have been working closely with their supply chains to ensure compliance for any product falling within the scope of the new regulation.

TIMBER REGULATIONS

At Group, and here in the UK and Ireland, Saint-Gobain has a long tradition of ensuring the origin and traceability of the wood products we distribute. Timber and timber products form a significant part of our Building Distribution activities, and it has been imperative that we take an informed approach to responsible timber procurement and sales.

We have been a member of WWF's Global Forest and Trade Network in the UK since 1998, and are committed to working with WWF to progressively source forest products from well-managed sources. Each year we submit a report to WWF to give the status of our supply chain according to the WWF Global Forest and Trade Network categorisation of forest goods. We hope our decision to be transparent about our performance on forest sourcing will prompt others in the sector to do the same, and initiate discussion about how business can overcome the remaining challenges in partnership with other stakeholders.

99.77%
OF TIMBER
CAME FROM KNOWN SOURCES



RESOURCE AND PRODUCT STEWARDSHIP

In 2012, 95% of timber we sold was certified and legally verified either under the FSC® or PEFC™ schemes. Most of the remainder came from known sources, but ones for which we were not able to collate sufficient data to allow us to include them in the known legal category. We had 'no knowledge of source' for only 0.23% of timber we sold in 2012, though in reality this is likely to be due to suppliers not being able to provide us with the level of detail needed for the WWF report.

WE HAVE BEEN A MEMBER OF WWF'S GLOBAL FOREST AND TRADE NETWORK IN THE UK SINCE 1998



Plasterboard production to BES6001 Very Good rating and British Gypsum's East Leake facility



The mark of responsible forestry



WORKING WITH SUPPLIERS

Our size and global presence impose a responsibility to raise the awareness of our suppliers to the challenges of sustainable development, and to promote exemplary procurement practices.

Our global supplier audit programme is designed to ensure that our suppliers meet our expectations for issues such as labour law, human rights, workplace health and safety, environmental protection and the implementation of an appropriate management system. In the event of failings, the supplier is asked to take corrective action and a follow up audit is carried out. If the issue persists, the Group may end relations with the supplier.

In 2012, 108 audits were carried out worldwide with 64 different suppliers, with priority given to those in 'high risk' territories. In the UK and Ireland, 15 supplier audits have been conducted in the last three years.



108 SUPPLIER
AUDITS GLOBALLY
IN 2012

BES 6001 – UK FIRST FOR BRITISH GYPSUM

BES 6001 is a standard written by the Building Research Establishment (BRE) which allows manufacturers to prove that their products have been made with constituent materials that have been responsibly sourced, and achieve third party certification. The certification programme makes it easier for manufacturers to demonstrate to stakeholders that they source products responsibly, and allows customers and clients using certified products to gain credits in schemes such as BREEAM, the Code for Sustainable Homes and CEEQUAL.

In 2012, British Gypsum became the first UK drylining manufacturer to be awarded a BES 6001 'Very Good' rating for a core range of its products and solutions. The certification enables its customers to receive more points and credits for these products as part of BREEAM (Building Research Establishment Environmental Assessment Method for buildings) and the Code for Sustainable Homes (CFSH).

The company has had a Responsible Sourcing Framework Strategy in place since 2007, which regularly sets and reviews objectives and targets in order to sustain progress in this area, alongside ongoing reviews of its suppliers and supply chain, assessing aspects such as logistics, corporate social responsibility, and health and safety policies. To achieve BES 6001 'Very Good', British Gypsum completed a review of its processes and made adjustments to bring them into line with the standard.

LOCAL SERVICE, LOCAL SUPPLY

The Saint-Gobain PAM UK site at Holwell in Leicestershire illustrates how we are committed to maintaining a UK manufacturing base. The site provides a truly local service to UK customers. It directly employs around 140 people, and uses about 25,000 tonnes of recycled material every year sourced via a network of local suppliers. Using local suppliers and materials both reduces the embodied environmental impact of its product range and eliminates supply chain delays which can occur with imported products.

ECO-INNOVATION

Saint-Gobain is committed to bringing differentiated value to its customers by developing and distributing solutions that help reduce the environmental impact of the built environment. This is the objective of our eco-innovation policy. A product is considered to be eco-innovative if it contributes to reducing the operational use of resources in buildings and/or if it has a reduced environmental impact across its life cycle.

Our eco-innovation policy applies to all Group Activities. Manufacturing businesses focus on developing and promoting eco-innovative products and systems, while the Building Distribution businesses prioritise raising awareness of such products and train professional tradespeople in their use.



NEW PRODUCTS

Our businesses are constantly working to reduce the embodied and in-use impacts of their products. Over 400 patents were filed worldwide in 2012, and various new and innovative solutions were brought to UK and Irish markets.

Four Saint-Gobain businesses were selected to feature in the 2012/13 edition of the Construction Products Association's annual publication, Construction Products Innovation and Achievement (CPIA). Showcasing some of the industry's most innovative new products and process developments, the CPIA includes entries from British Gypsum, Saint-Gobain Abrasives, Saint-Gobain Isover and Minster Insulation and Dry Lining.

LIFE CYCLE ASSESSMENT

We have chosen to use Life Cycle Assessment (LCA) as our main tool for measuring the environmental footprint of our products and solutions. LCA is the reference method for measuring all of a product's impacts on the environment (energy consumption, greenhouse gas emissions,



CEILING TILES THAT CAPTURE VOCs

A new range of ceiling solutions specifically designed to improve indoor air quality, ACTIVair technology, which is initially available across the company's Gyptone ceiling tiles and boards, works by capturing and neutralising volatile organic compounds (VOCs), and turning them into inert, non-toxic compounds. During independent testing, ACTIVair was found to reduce VOC concentration levels by up to 70 per cent, making it ideal for buildings such as schools and hospitals which are regularly used by vulnerable groups, as well as spaces like commercial offices and hotels which are occupied for prolonged periods. ACTIVair can also support specifiers in tackling BREEAM standards by specifically addressing the 'indoor air quality' element of the building system.

REDUCED VOC LEVELS
BY UP TO **70%**



ECO-INNOVATION

water use, waste generation, etc.) across its whole life cycle, from raw materials extraction to the end-of-life phase.

Saint-Gobain Group has developed a common standard base that gives all our businesses a shared framework for carrying out LCAs. We produce Environmental Product Declarations (EPDs) to share the results of our Life Cycle Assessments with suppliers and customers.

ENCOURAGING INNOVATION

We want to foster a culture of innovation across all our businesses, so that generating ideas and innovating is a part of doing business on a daily basis. Our annual Pride

Awards, and the British Gypsum Innov8 Awards are just two examples of how we are striving to recognise and encourage the generation of fresh thinking and new ideas. The Pride Awards were launched in 2011 as a way of highlighting the achievements of the people we have working within our businesses. The awards recognise and celebrate businesses, departments, teams and individuals who bring our Principles of Conduct and Action, values and strategy to life, and are open to all employees working for Saint-Gobain or its subsidiaries in the UK and Ireland. Innovation is one of six categories for which prizes are awarded, with winners invited to an awards ceremony and dinner.

Innov8 is an innovation ideas system, in our British Gypsum business which encourages all employees to present ideas captured from customer interaction to the business. Innov8 rewards our employees for ideas that successfully result in new products, and we have a number of examples of successful ideas that have reached the market.

Encouraging innovation is also closely linked to our desire to promote and encourage mobility within and across our businesses. This movement of people brings real benefits in terms of innovation, problem solving and sharing of best practice.



IN 2012, LIFE CYCLE ASSESMENTS WERE CARRIED OUT ON THEIR PRODUCTS BY THREE OF OUR UK AND IRELAND BUSINESSES: SAINT-GOBAIN GLASS, ISOVER AND BRITISH GYPSUM.



Saint-Gobain's products feature in Construction Products Innovation and Achievement

GREENER TILES

Ceramic Tile Distributors (CTD) has set accreditation as a benchmark for their suppliers. A significant number have now achieved additional environmental accreditation through the LEED and Ecolabel schemes giving customers confidence in the environmental credentials and performance of the products they purchase.



WARMER WALLS

Optima is an innovative internal wall insulation system designed to upgrade the thermal performance of solid or hard to treat walls. Developed by Isover it performs in line with, or better than, current regulatory standards. In the UK, its primary market is expected to be the renovation of residential properties, either through ECO funded projects or as a measure available for Green Deal funding.

TRAINING AND SKILLS DEVELOPMENT

Investing in training for the next generation of contractors and professionals, who are aware of the challenges of energy efficiency and sustainable construction, will help provide a solid future for the construction industry. The UK government's new Green Deal programme is expected to speed up the growth of sustainable building materials for the renovation market sector, and it is important that our businesses are well placed to help their customers by supplying the solutions, advice and training they need.



OUR CRITICAL SUCCESS FACTOR: TRAINING AND SKILLS DEVELOPMENT FOCUSES ON WHAT WE CAN DO TO BUILD THE KNOWLEDGE OF CUSTOMERS AND USERS OF SAINT-GOBAIN'S PRODUCTS. DEVELOPING THE TALENT, KNOWLEDGE AND SKILLS OF OUR EMPLOYEES IS TREATED SEPARATELY AND FORMS ANOTHER OF OUR CRITICAL SUCCESS FACTORS.



Practical experience is an important part of the Greenworks Training Academy's work

1ST TO OFFER GREEN DEAL ADVISOR COURSES

DEVELOPING THE SKILLS OF THE FUTURE

We are helping improve the future skills of the construction sector, through apprenticeship schemes and tailored training at our network of Technical Academies and the Greenworks Training Academy.

In June 2012, we opened our fourth Technical Academy in Erith, Greater London, which joins existing facilities in East Leake, Bristol and Kingscourt in Ireland. Saint-Gobain's Technical Academies are designed to tackle the industry wide shortage of skills by providing courses that keep up with the changing regulatory and building design requirements. Expert training is provided by employees from our manufacturing business including British Gypsum, Isover and Weber.

In 2012, the Greenworks Training Academy was awarded a Major Commendation for Engagement at the Business Commitment to the Environment (BCE) Environmental Leadership Awards. The Awards are a showcase for environmental excellence and innovation. Saint-Gobain's Greenworks

ENCOURAGING EMPLOYMENT IN NORTHERN IRELAND

JP Corry sponsors the efforts of Business in the Community (BITC) in Ireland to help address high unemployment rates in West Belfast and the Greater Shankhill area. Over the last few years, the business has been an integral member of the Construction Employers Forum, which seeks to provide solutions to combat the challenges faced by the local unemployed, including advice on writing a CV, mock interviews and 8-week work placements.

The business is also providing help for the long term unemployed by offering a nationally recognised Supervisory Development Qualification in association with other local construction companies.



TRAINING SKILLS AND DEVELOPMENT

Training Academy - the first of its kind for the construction industry - is a training centre for customers and construction professionals that demonstrates how our products and solutions are installed and operate in real-life settings. It has been developed by our building distribution companies so that their customers can benefit from opportunities in the renewable energy and sustainable building sector. It has delivered more than 50,000 training hours since its launch in early 2011.

PREPARING FOR THE GREEN DEAL

We have been preparing for the introduction in 2012 of the flagship Green Deal programme. Launched by the UK government, the Green Deal programme is designed to help landlords and businesses make their buildings more energy efficient.

The Green Deal could present significant new business openings for companies in the sector - around 14 million properties will be eligible to have a Green Deal assessment to highlight what measures could be installed to increase their energy efficiency, such as loft and cavity insulation, energy efficient glazing, innovative hot water systems, condensing boilers and controls, solid wall insulation and microgeneration technologies.

50,000 HOURS OF TRAINING BY GREENWORKS TRAINING ACADEMY

GREEN DEAL TRAINING RECOGNISED

Minster has been highly commended at the AIS Best Practice Awards 2012 for facilitating training for customers in response to the Green Deal. The business provided a series of free Green Deal awareness seminars aimed at generating awareness of the scheme. The seminars were designed to let Minster customers know about training courses and accreditations that support the Green Deal.

More than 300 customers benefitted from the courses and the majority have gone on to book further training from Minster or at the Greenworks Training Academy.

Only professional installers that are Green Deal accredited are able to offer assessor and installer services as part of their business. In 2012 the Greenworks Training Academy, in liaison with our businesses in the UK, became the first training centre in the country to offer the Green Deal Advisor (GDA) domestic course. It permits professional installers who are already certified Domestic Energy Assessors to carry out a Green Deal qualifying assessment and produce a Green Deal Advice Report (GDAR). Several of our businesses have also launched their own training courses in line with the needs of the Green Deal.



WE ARE HELPING IMPROVE THE FUTURE SKILLS OF THE CONSTRUCTION SECTOR.

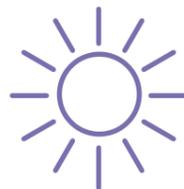


JEWSON

In 2012, Jewson was appointed by the APUC (Advanced Procurement for Universities and Colleges) to supply universities and colleges throughout Scotland with a range of building materials for their construction-related courses. The business is also including product training sessions, work experience opportunities and branch tours for students.

DIVERSITY AND CAREER MOBILITY

To support our growth and sustainable development ambitions, our people policies focus on four key priorities: professional mobility, team diversity, employee commitment and development of talent. All of our businesses and sites deploy these priorities based on their local cultural and regulatory environment and job characteristics.



SKILLS DIVERSITY AIDS PROBLEM-SOLVING

During 2012, Saint-Gobain Glass started evolving a new approach to how its teams work. It has started to deliberately build teams with diverse skills to tackle a specific problem, rather than turning to a single manufacturing team or engineering team as would have been done previously.

This concept of "cross-functional" rather than "departmental" working has resulted in a much stronger focus on balanced sets of skills to directly address the various issues, which might include specific technical knowledge, an understanding of the project process itself, finance (costing) or simply a 'wildcard' - someone who brings a level of intellect and a fresh pair of eyes.

Early indications are that the benefit of having a more diverse approach, with more varied perspectives, is proving valuable. Whilst it is hard to break from the traditional ways of doing things, the concept is becoming cemented into its business culture.

CAREER MOBILITY

Encouraging mobility between businesses and activities is important for helping our employees develop their careers and broaden their horizons. As a diverse and decentralised business, we are able to offer our employees a wide range of opportunities to build more diversified career paths and experience different work environments. It also represents an effective way of stimulating inter-team collaboration, fostering innovation and devising new solutions for our customers.

In the UK and Ireland, there are numerous examples of where our employees have been able to move between our different businesses to help broaden their knowledge base or change their career direction:

DIVERSITY

Saint-Gobain is committed to developing and promoting all types of diversity. Fostering a diverse community in terms of nationalities, gender, generations, training and professional backgrounds is essential in creating a more open and resilient business, and a source of added value and performance.



DIVERSITY AND CAREER MOBILITY

Gender diversity was a headline topic for the Group in 2012. Action plans were deployed to actively promote women at all levels of our organisation. These plans covered hiring policies, professional promotion, equal pay for equal work, training and work-life balance.

In the UK and Ireland, this remains a challenge both for us and for the industry as a whole. In 2012, women still only represented 14% of our management

and professional population, and typically accounted for between a quarter and a third of participants in our leadership and career development programmes. However, we are making progress in this area, for example by establishing women's networks and career forums as part of a greater focus on developing women.

Attracting employees of all ages is another important priority for our businesses. This

means that all employees, regardless of age, have the opportunity to express their talents and fulfil their potential within Saint-Gobain. By having a balanced workforce, with employees of all ages, we are able to ensure that there is a robust succession plan for management and other business-critical positions in place.



KATE SEDDON

Kate's career at Saint-Gobain has seen her move from British Gypsum, to a shared services role across four construction brands before moving to her current role as Internal Communications Manager at Jewson.

I've had the best of both worlds – a fresh challenge but one I can get up to speed with more quickly because of my experience of working elsewhere in the business.



MIRA POPOVIC

Before joining Jewson as Marketing Manager Mira worked at Weber, in the construction products part of Saint-Gobain.

The ability to move and progress within the Saint-Gobain Group, not just in the UK but abroad, is a key benefit of working for the company.



MARK ESLING

Before joining Saint-Gobain PAM as Business Development Director, Mark worked in two other Saint-Gobain businesses: Gibbs & Dandy and Glassolutions.

Moving across Saint-Gobain's businesses has great benefits – I have gained a breadth of view and understanding of the business and the industry and been able to utilise my skills where the businesses needed it.



CHRIS WHITLOCK

Chris joined Saint-Gobain in 2001 and has moved between a number of Saint-Gobain brands including: Jewson, Calders & Grandidge, International Decorative Surfaces [IDS] before joining Minster as Managing Director.

Working for Saint-Gobain has given me tremendously diverse opportunities in a structured way – which brings enormous benefits to the business and the individual.



HELENA LARDER

Helena has expanded her role at Saint-Gobain working now across two UK businesses as Safety, Health, Environment and Quality Manager.

The company was really supportive of my secondment to another sector within the business and the move happened seamlessly. They were aware of my development needs and worked to create an opportunity that was right for my needs in terms of both my professional development and geographical mobility.

You can read more about the experiences of our employees, including those above, by visiting our NEW Sustainable Development Hub at sustainable.saint-gobain.co.uk

WORLD CLASS HEALTH AND SAFETY PERFORMANCE

Health and safety is a core value in the management of Saint-Gobain's manufacturing, distribution and research activities. It reflects a deep corporate commitment that is put into practice through the involvement of each and every Saint-Gobain employee in safety and the belief that health & safety is everyone's responsibility.

Workplace health and safety is a full-time priority for the Group, which has set zero work related accidents and illnesses as its long-term objective. Everyone at Saint-Gobain sites, from employees to temporary staff and subcontractors, is assured of working under safe and healthy conditions and in an environment that exceeds legislative requirements. This approach, puts health and safety firmly at the centre of our corporate culture, and ensures that it is a value promoted by all our employees and at all levels of management.



LESSONS LEARNT FROM 2012

Despite everyone's efforts, a focus on target zero and our improving trend in accident rates, we regret to report that two fatalities occurred during 2012; both from our Building Distribution businesses. We must and will learn lessons from these tragic events, to ensure that everything is done to avoid such tragedies in the future. As a result of the fatalities, we have reviewed and



Health and safety initiatives in action as part of EHS Day

25 OF OUR BUSINESSES OR SITES HAD ACHIEVED 1,000,000 HOURS WITHOUT A LOST-TIME ACCIDENT BY THE END OF 2012

MINSTER MILLIONAIRES

In July 2012, Minster joined the Saint-Gobain UK & Ireland entrants to the Group's Health and Safety Millionaires Club. The Millionaires Club recognises – sites that have clocked up over one million accident-free hours of work and/or more than five years' work without any lost-time accidents – and is made up of the businesses that deliver the best safety performance.

For Minster, the achievement is a direct result of the businesses rigorous health and safety culture and the huge range of initiatives employees have taken part in. These have included training courses, health and safety days, branch meetings and continual improvements to the company's health and safety practices and standards.



WORLD CLASS HEALTH AND SAFETY PERFORMANCE

made changes to our accident reporting procedures in Building Distribution. For example, a discussion must now be held within 24 hours of any lost-time incident between the managing director and senior management to establish the cause of the accident and to establish how it could have been prevented. Similar processes are already well embedded in our manufacturing businesses, where, for example, Near Miss reports are now the subject of Executive led investigations into root causation.

These actions together with daily safety huddles, weekly conference calls between safety champions, and regular business updates provided by management on key health and safety issues are supporting our desire to create a culture of ownership, involvement and sustainable performance improvements.



In the UK & Ireland 2012 saw the launch of the 'target zero – a state of mind' initiative across Saint-Gobain's businesses. The initiative focuses on the behavioural side of health and safety. It encourages all employees to consider a way of working that places safety at the heart of everything we do and to take personal ownership and responsibility for looking after themselves and each other. To help reinforce this, throughout the UK & Ireland, businesses celebrated Saint-Gobain's International Environment Health and Safety Day on 11th October 2012 where all employees were encouraged to play their part in making target zero come to life.



Kevin Crawley
Environment, Health & Safety Director,
Saint-Gobain UK, Ireland and South Africa.



ENVIRONMENT, HEALTH AND SAFETY DAY

Many of our businesses, including British Gypsum and Saint-Gobain PAM UK, marked Saint-Gobain's global Environment, Health and Safety (EHS) on 11th October 2012. Staff from our businesses across the world took time out from their day jobs to participate in workshops and seminars to learn more about occupational health and safety, personal wellbeing, and environmental best-practice.

Emergency services including the fire brigade and a representative from the Lincolnshire and Nottinghamshire Air Ambulance visited British Gypsum's East Leake head office, along with first aiders, nutritionists and fitness experts, who shared their professional health and safety knowledge. Other attractions included a road safety presentation, complete with a driving simulator to test stopping distances. Meanwhile, employees at Saint-Gobain PAM UK's sites in Holwell, Telford and Ilkeston were able to spend time with a nutritionist, undertake a safety and environment quiz and learn about the development of a new visual hazard reporting system.



WORLD CLASS HEALTH AND SAFETY PERFORMANCE



WORLD CLASS HEALTH AND SAFETY PERFORMANCE

EXTERNAL RECOGNITION AND ENGAGEMENT

Several Saint-Gobain businesses received external accolades for their health and safety achievements in 2012.

International Timber was awarded a Gold Award at the 2012 Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards. The award was given for the business's health and safety programme, which in 2012 included a health and safety roadshow which toured all seven of the company's locations. Glassolutions' Isle of Wight branch won the category for "Best safety performance for under 50 employees" at the British Glass Awards 2012. The British Glass Awards are designed to promote health and safety best practice with the objective of reducing the number of accidents within the workplace.

Many of our businesses have also engaged with local communities to communicate health and safety messages more widely. For example, British Gypsum delivered a road safety awareness campaign to more than 750 children in every primary school within a 10-

mile radius of the business's East Leake site. Meanwhile, Minster organised a health and safety poster competition, open to all young relatives of its staff. The winning entries have all been placed on display in each of Minster's branches as a constant reminder to employees of how important safety is to their families and relatives, and Minster donated £500 to the school of the overall winner.



British Gypsum plays host to local school children as part of its school safety campaign



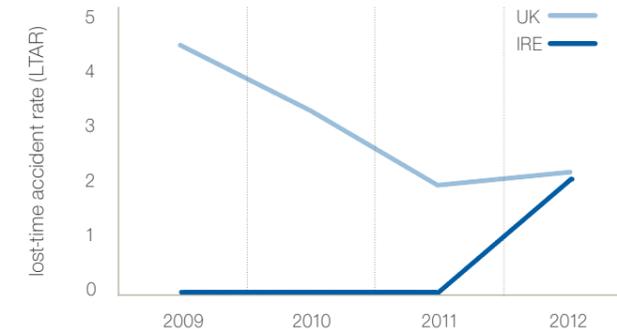
AT THE END OF 2012 WE HAD 25 BUSINESSES OR SITES WITH SAINT-GOBAIN 'MILLIONAIRE' STATUS OPERATING AT 1,000,000 HOURS WITHOUT A TF1 ACCIDENT.

(A TF1 accident is an accident sustained at work resulting in the employee not being able to attend work the following day.)

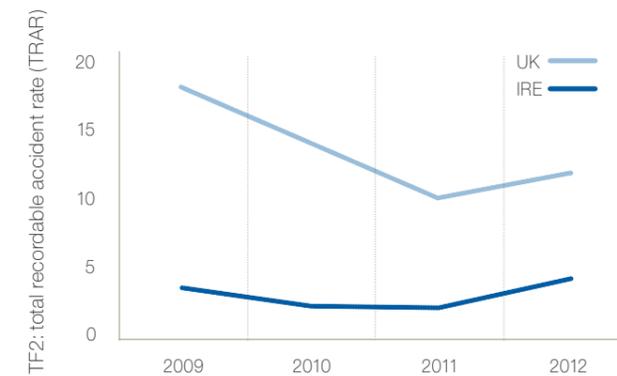
AT THE END OF 2012 5 OF OUR SITES WERE OPERATING AT WORLD-CLASS STANDARD, AS 'SILVER STATUS MILLIONAIRES' HAVING OPERATING FOR 10 YEARS TF1 FREE.

ONE OF OUR MINES, FAULD MINE, IN STAFFORDSHIRE HAD OPERATED FOR 15 YEARS WITHOUT A TF1 ACCIDENT.

- Rainford** – Industrial Ceramics
- Corby** – SGPPL
- UK** – Ecophon
- Ruddington** – ARTEX
- Newhaven** – ARTEX



TF1 - LOST-TIME ACCIDENT RATE (LTAR) FOR ACCIDENTS RESULTING IN MORE THAN 24 HOURS' LOST TIME



TF2 - TOTAL RECORDABLE ACCIDENT RATE (TRAR)



DURING 2012 ALL OF SAINT-GOBAIN'S BUILDING DISTRIBUTION SITES APPOINTED SAFETY CHAMPIONS WHOSE ROLES ARE CRITICAL IN SUPPORTING A TARGET ZERO CULTURE AT AN OPERATIONAL LEVEL.



Employees take part in a safety and health discussion.

REDUCING TRANSPORT RISK

Following extensive development and testing, British Gypsum has created a bungee strap system for its teardrop trailers which has been purpose-designed to transport its plasterboard solutions from factory gate to site or store in the safest and most effective conditions.

The system has been designed to improve safety practices and goes beyond legislative requirements. It reduces the number of potential risks involved in product transportation. Specifically, it eliminates the need for its drivers to work at height, which reduces a key risk and means deliveries can be unloaded onto site more efficiently and without damage to the product.

As part of the creation of the new load restraint systems, the company has developed the 'British Gypsum Load Securing Standard', a set of best practice guidelines that have been formally signed by all of the company's lead hauliers and subcontractors.

The system was included in selected to feature in the 2012/13 edition of the Construction Products Association's annual publication, Construction Products Innovation and Achievement (CPIA) under its health, safety and security heading.



DEVELOPING OUR PEOPLE



Investing in training, skills, and the development of people is a key ambition for Saint-Gobain. It will help us achieve our ambition to be the reference in sustainable habitat and construction solutions and provide the very best service to our customers.

Earlier in this 2012 Sustainable Development Review we highlighted some aspects of customer training, focusing on our Critical Success Factor: Training and Skills Development. Our ambition also extends to our desire to train those who work for us - improving and harnessing their skills, knowledge and commitment and creating a sustainable and engaged organisation.

The training we provide for our own people plays a vital role in encouraging staff retention, enabling high performing teams and of course providing customers with the very best service and advice.

These pages provide a few examples of progress made in some of the Critical Success Factors not highlighted specifically in the preceding pages, but which play a vital part in helping us to develop a knowledgeable, resilient and satisfied workforce.

BEST TEAMS

Launched in 2012, Build Best Teams is a highly interactive Branch Manager Training programme based around people management practices and commercial tactics. 60 people took part in the programme, which involved interactions between Branch Managers and their Area Directors.

OVER **80%** OF THE PARTICIPANTS FROM OUR UK EXECUTIVE DEVELOPMENT PROGRAMME HAVE HAD A POSITIVE CAREER MOVE EITHER DURING OR SINCE THE PROGRAMME

SENIOR MANAGEMENT GO BACK TO COLLEGE

Two highly successful training programmes focusing on sustainable development have been run in conjunction with the Centre for Sustainable Leadership at Cambridge University. Designed to drive understanding and action with regard to our Sustainable Habitat agenda, the programmes have proved very successful in helping to move sustainable actions into the mainstream of our business operations and to help to focus on opportunities for differentiation and advantage. Managing Directors and senior managers from several of our businesses attended the 2012 course, held at Downing College, Cambridge.



WE SHOULD STRIVE TO CREATE THE BEST BLEND OF TALENT TO DRIVE INNOVATION AND WE MUST RECOGNISE THE VALUE ADDED BY A DIVERSE WORKFORCE. THE DEVELOPMENT OF OUR PEOPLE SHOULD BE ALIGNED TO OUR BUSINESS OBJECTIVES AND OUR AIM TO BE A SUSTAINABLE ORGANISATION THAT SUCCEEDS OVER THE LONG TERM.



Dr Peter Hindle MBE
General Delegate for Saint-Gobain in the UK, Ireland & South Africa

91% OF EMPLOYEES BELIEVE THAT SAINT-GOBAIN IS ENVIRONMENTALLY RESPONSIBLE

IN 2012, OUR GREENWORKS TRAINING ACADEMY PROVIDED EVEN MORE TRAINING TO OUR EMPLOYEES AND CUSTOMERS:

EMPLOYEES	2011	2012
Number trained	1,553	1,794
Hours trained	11,840	12,481
CUSTOMERS	2011	2012
Number trained	879	2,379
Hours trained	5,607	16,833

EXPLORE MORE

The Explore Sessions held during 2012 aimed to give participants a strong overview of the Saint-Gobain Group and our strategy, emphasising the importance of people in delivering our ambition. The sessions are aimed at managers with two years' experience in Saint-Gobain with the potential to progress in their career with the Company. The sessions feature a range of activities including: business presentations, an interactive and often 'hands-on' tour of a Saint-Gobain business location, time for networking and the opportunity for participants to take on a business issue and present their approach to tackling the issue to an Executive Team.

Participants gain a good understanding of the Group, beyond their own business and sector, meet new peers, and have the chance to engage in open discussion with business leaders as well as spend time learning about how they can use the tools available to them to develop their career with Saint-Gobain.

CAREER COACHING

Saint-Gobain invests in career coaching for employees with the support of their line managers. In a process of collaboration, over a period normally of approximately 6 months, individuals are able to spend time reflecting on their career to date and complete challenging exercises to understand themselves better and then plan for the next stages of their career development. Each coaching experience is tailored to the needs of the individual and is conducted by an accredited career coach.

Since career coaching was launched, in May 2011, we have had received 107 referrals from businesses for employees to take part. Of those referrals, 9% of employees have had moves: either moving to a different job in their exiting business or moving to a new business, sector or moving internationally.



The process has helped me to identify what I need to do to get myself into a position to take the opportunities on offer when they arrive. Rather than sitting back waiting for things to change or for others to change things for me, the process has helped me see the way forward, enabling me to take responsibility to instigate the changes required to help move myself on.



Feedback from an employee who has received career coaching



Our Explore sessions are a key development tool for our managers. The sessions help raise their awareness of the breadth of Saint-Gobain and how they can develop their career making the most of opportunities across our group of businesses

94% OF EMPLOYEES SAY THEY UNDERSTAND HOW THEIR WORK CONTRIBUTES TO THE GOALS AND STRATEGY OF THE BUSINESS



I started at Saint-Gobain in plasterboard production and operations. Several years later, I realised I wanted to shift my focus and acquire marketing and sales experience. Saint-Gobain listened to me. I discussed my desire for change with my line manager during my annual review and the product manager role was identified. This combined my technical and operations skills with a customer-focused approach to deliver best value for the business and our customers. I received training from Saint-Gobain and continued support from the Human Resources team to help with the transfer and ensure that this move was in line with my personal goals and my long-term development plan. A very good move and exactly what I wanted.



Ian Beresford
Product Manager, Saint-Gobain Performance Plastics



HOW SAINT-GOBAIN GROUP APPROACHES SUSTAINABLE DEVELOPMENT



As a business with global operations, Saint-Gobain Group sets policies, objectives and standards that describe the minimum requirements with which our businesses and sites must comply, regardless of country or local legislation.

Saint-Gobain Group's long-term objectives are: zero work-related accidents, zero occupational illnesses, zero environmental accidents and a minimum impact on the environment from our activities.

An internal sustainable habitat mission was set up in 2010 to support the Group's sustainable development strategy. This is a multi-disciplinary team that is working on practical solutions to three key sustainable construction topics: worksite waste; building standards and environmental labels; and eco-innovation.

THE GROUP'S SUSTAINABLE DEVELOPMENT POLICY IS BUILT AROUND FIVE AREAS, EACH OF WHICH CONTAINS A NUMBER OF COMMITMENTS:

INVENT SUSTAINABLE BUILDINGS

We design, produce and distribute sustainable habitat solutions for the renovation and construction of residential, commercial and service-sector buildings.

LIMIT ENVIRONMENTAL IMPACT

Our teams are focused on achieving the only acceptable objective, which is zero environmental accidents and a minimum impact on the environment.

ENCOURAGE EMPLOYEES' PROFESSIONAL GROWTH

Saint-Gobain's human resources policies are designed to support the Group's development in a working environment that fosters personal and professional growth for all employees.

SUPPORT COMMUNITY DEVELOPMENT

We implement initiatives to promote the social and economic development of our job catchment areas, as well as community outreach programs.

TAKING ACTION ACROSS THE VALUE CHAIN

Saint-Gobain's size and global scope give it a special responsibility in raising our stakeholders' awareness to the challenges of sustainable development and in promoting exemplary practices.

Saint-Gobain Group's commitment to sustainable development is informed by the values formalised in its Principles of Conduct and Action. We expect our employees to set an example through their conduct and action, both internally and externally, as well as to limit the impact of our activities on the environment as much as possible and take external partners and local communities into account.



SAINT-GOBAIN GROUP'S PRINCIPLES OF CONDUCT AND ACTION



PRINCIPLES OF CONDUCT

- THE VALUES OF
- PROFESSIONAL COMMITMENT
 - RESPECT FOR OTHERS
 - INTEGRITY
 - LOYALTY
 - SOLIDARITY

REPRESENT A UNIFYING FORCE AND SHAPE THE CONDUCT OF EACH AND EVERY MEMBER OF SAINT-GOBAIN, FROM SENIOR MANAGEMENT DOWN TO JUNIOR STAFF.



PRINCIPLES OF ACTION

- RESPECT FOR THE LAW
- CARING FOR THE ENVIRONMENT
- WORKER HEALTH AND SAFETY
- EMPLOYEE RIGHTS

GUIDES THE ACTIONS OF ALL CORPORATE LEADERS AND EMPLOYEES IN THE PERFORMANCE OF THEIR DUTIES.

**KEEP UP TO DATE ONLINE WITH
SAINT-GOBAIN'S SUSTAINABLE
DEVELOPMENT AGENDA IN THE UK
AND IRELAND. VISIT OUR DEDICATED
SUSTAINABLE DEVELOPMENT HUB AT:
SUSTAINABLE.SAINT-GOBAIN.CO.UK**

REPORTING DATA

Throughout this Sustainable Development Review data is presented in absolute value on the basis of actual production compared with 2010. The information otherwise would not be meaningful when production at a significant number of sites has declined because the efforts made by the sites do not show up in the indicators. The reason for this is that a significant amount of the water, energy and raw materials used in a plant remains constant, no matter what the level of production. Glass furnaces, for example, are not shut down during slower periods, so they still need energy to operate, water for cooling and glass to heat.

CONCERNED SITES

Concerned sites are sites defined as consuming more than 10,000 m³ of water, or 10,000 MWh of electricity per year – based on 2010 data.

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