

Holcim Ltd Audit Committee Charter

(dated March 5 2004)

<p>This is a translation of the original German version of the Audit Committee Charter. The German version is the only legally binding and shall prevail in case of discrepancy.</p>
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1. Purpose

1.1 Field

The Audit Committee (“AC”) is an expert committee formally appointed by the Board of Directors. Its task is to support the Board of Directors in the performance of its supervisory duties, in particular by

- acceptance and review of the reporting to the Board of Directors and any review of other essential financial information issued to third parties;
- consultation in financing issues on request by the Executive Committee;
- review of the efficiency and effectiveness of the risk management process and internal control systems applied in the group, as well as the receipt of and the dealing with the corresponding reporting;
- review and assessment of the external and internal auditing of the group;
- assessment of the regulatory compliance;
- assessment of the development of corporate governance, to the extent such has effects on the activities and the functions of the AC.

1.2 Communication

The dialogue between the AC, the external and internal auditors, the business risk management, finance, controlling and any other line, staff or divisional departments, the Executive Committee and the Board of Directors is based on open communication and information. The Board of Directors shall be reasonably informed about the AC's activities.

2. Powers

2.1 Authorisation

The AC is empowered by the Board of Directors to investigate all activities that fall within its field of duties and responsibilities. It is empowered to obtain from all relevant departments the information needed to fulfill its duties. The departments are required to procure the information requested and to issue the corresponding explanations.

2.2 Professional support The AC is authorised by the Board of Directors to obtain subject-specific advice from third parties and to invite such parties to its meetings.

2.3 Implementation The AC shall submit its conclusions and recommendations to the Board of Directors.

3. Composition

3.1 Requirements The AC shall be composed of at least three members of the Board of Directors as follows:

- All members shall be independent and shall have no material vested interests to the extent that the objectivity required for the performance of their duties is not impaired.
- All members of the AC shall have a basic knowledge of finance and accounting. At least one member of the AC shall have recognized specialist competence in finance and accounting or experience in financial management.

3.2 Appointment The Chairman and the further members of the AC are appointed by the Board of Directors and shall remain in office until the due appointment and introduction of their successors.

3.3 Minute-taking The minutes are generally taken by the Secretary of the Board of Directors or, on a case by case basis, by a member of the AC.

4. Meetings

4.1 General The AC shall hold an ordinary meeting at least four times a year. The President of the Board of Directors, the CEO and the CFO shall participate at the meetings ex officio. At the discretion of the AC the Chairman, the external auditors, the mandate leader internal audit of Financial Holdings, the head of Group Internal Audit, the head of the Business Risk Management and the members of the Executive Committee and other departments or third parties who have recognized experience and expertise may be invited to attend the meetings.

4.2 Standard agenda items As a rule, the AC shall deal with the standard items of the agenda listed in Schedule 1 for each quarter.

4.3 Minutes The AC shall report to the Board of Directors and shall submit the AC minutes to the members of the Board of Directors for their information and as a basis for the adoption of resolutions.

4.4 Compensation The Board of Directors shall determine the compensation of the Chairman and the members of the AC.

5. Field of duties

5.1 *General*

- Periodic review and amendment of the AC Charter.
- Annual review and confirmation that the members of the AC satisfy the requirements concerning independence.
- Annual preparation of a plan of activities for the AC, whereby the external and internal auditors and the Executive Committee may be consulted for assistance.
- Checking and ensuring that the cooperation between the external and internal auditing functions is carried out appropriately.
- Exercise of other functions that are required by the Organisational Rules or the Board of Directors.
- Consultation on request of the group management in financing and treasury issues.
- Annual self-assessment of its performance.

5.2 *Financial reporting*

- Assessment of the reporting, consisting of quarterly reports (interim reports) and business reports including annual report, annual financial statements and consolidated statement of the company and other major financial information published or issued to third parties.
- Acceptance and assessment of the external auditor's reporting, in particular the audit report on the group accounts, the individual accounts of Holcim Ltd and internal audit reports concerning the financial holdings.
- In discussion with the external auditors, the assessment of:
 - Compliance with the accounting standards (IFRS);
 - Major changes to the accounting standards and practices proposed by the external auditors or the Executive Committee;
 - Effects of the introduction of changes or improvements of the accounting practice;
 - Assessment of specific items of the accounts concerning questions of discretion; completeness, accuracy and consistence of the financial reporting and the associated quality of the reporting processes.
- Monitoring and discussion of possible financial risks and the quality of their risk management.
- Monitoring of compliance with the guidelines and limits for the transactions and the application of financing instruments regulated in the functional chart in the organisational regulations under "powers".
- Assessment and review of the handling of "ad hoc" publications.

5.3 External auditors

- The submission to the Board of Directors of a proposal for the election of the external auditors, taking into account independence and specialist qualifications.
- Approval of consulting and other services by the external auditors that are not in connection with the execution of the audit mandate (non-audit related services).
- Approval of the fees and other remunerations.
- Periodic review of the independence of the external auditors, by disclosing all relationships between the external auditors and the group and the group companies.
- Performance assessment of the external auditors.
- Determination of the scope and use of the periodic reviews to be carried out by the external auditors, including the collaboration with the group internal auditors.
- Review and assessment of all major insights and recommendations resulting from the external auditors' oral and written reporting, and ensuring that the necessary measures are introduced on the basis of the recommendations issued to the Executive Committee.
- The Executive Committee not being present, periodic discussion with the external auditors concerning any differences of opinion between the management and the external auditors and other information and/or communication problems.

5.4 Internal group auditing

- a) **Group Internal Audit**
- Within the framework of audit planning at group level, the determination of at least two Focus Areas each year to be included in the audit plan for the group companies.
 - Review and approval of the charter of the internal auditors.
 - Receipt of a report and assessment of the summary of information from the group companies (IA Group Executive Report) and events that exceed a specified materiality level (IA Group Exception Report) (see Schedule 2).
 - Monitoring the turntable function and an efficient know-how transfer between the internal auditors of the group and the group companies.
 - Assessment of the Group Internal Audit activities and performance assessment of the Group Internal Audits.
 - Assessment of group-wide compliance reporting concerning internal audit processes and monitoring of compliance with best practices in the group companies.
- b) **Internal Financial Holdings Audit**
- Review and approval of the charter of the Internal Audit Financial Holdings (IAFH).
 - Receipt of a report and assessment of the summary of information from the Financial Holdings.
 - Assessment of the activities, performance assessment and proposal of election to the Board of Directors.

- 5.5 Risk Management**

 - Receipt and assessment of the information from the Business Risk Management and review of the Business Risk Management concept.
 - Within the framework of Business Risk Management, specific assessment and discussion of the monitoring and security of the computerised information systems and the assessment of the risk management introduced.
 - Assessment of the group-wide compliance reporting in the field of Business Risk Management concerning compliance with specified risk management processes in the group companies.

- 5.6 Regulatory Compliance**

 - Assessment of the compliance with legislation, articles of association, rules and group instructions.

- 5.7 Corporate Governance**

 - Assessment of the development of corporate governance to the extent that such has effects on the AC's activities and functions.
 - Issue of any recommendations in this area to the Board of Directors.

signed by P. K pfer

March 30, 2004

Chairman of the Audit Committee

Date

signed by R. Soiron

March 31, 2004

Chairman of the Board of Directors

Date

Review date November 2 nd , 2007

Standard items of the agenda

- 1st quarter:
- Annual financial statements and business report
 - Impairment test
 - Independence of the external auditors
 - Approval of the proposed Focus Areas
 - IA Group Executive Report (6-monthly)
 - Review of regulatory compliance
- 2nd quarter:
- Management letter
 - Taking notice of the quarterly reporting Q1
 - Audit plan of the external auditors/Group Internal Audit/Internal Audit Financial Holdings
 - Annual assessment and review of the external auditors
 - Risk map
 - Approval of any non-audit related services by the external auditors
- 3rd quarter:
- Half year reporting
 - Annual review and assessment of Group Internal Audit
 - IA group executive report (6-monthly)
 - Confirmation of the independence of the members of the AC
- 4th quarter:
- Taking notice of the quarterly reporting Q3
 - AC Charter
 - Best Practice
 - Internal Control System: Financial Holdings
 - IFRS Standards
 - Recommendations concerning corporate governance
 - Assessment of its performance