

# Independent assurance statement



## Scope and objectives

Holcim commissioned **csrnetwork** to undertake an independent assurance engagement for the information within the Holcim 2007 Corporate Sustainable Development Report ('the Report'). In accordance with the AA1000 Assurance Standard, the objectives of the assurance process were to check the materiality of issues included in the Report, the completeness of reporting against these issues and the extent to which Holcim demonstrates responsiveness to its stakeholders on these issues. We are aware of Holcim's data collection systems, but undertook no checking of sustainability performance data and consequently offer no assurance over performance data or associated claims included in the Report. Any claims relating to financial information contained within the Report are excluded from the scope of this assurance process. The scope of our work did not include a review of the Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines; confirmation of the Application Level achieved by this Report was made by GRI.

## Responsibilities of the Executive Committee of Holcim and the assurance providers

The Executive Committee of Holcim has sole responsibility for the preparation of the Report. In performing our assurance activities, our responsibility is to the management of Holcim; however, our statement represents our independent opinion and is intended to inform all Holcim's stakeholders, including the management of Holcim. We were not involved in the preparation of any part of the Report. During 2006, we reviewed the development of Holcim's approach to materiality, and during 2006/2007, we undertook a review of the potential for assurance of CSR data. We have no other existing contract with Holcim. This is the first year that we have acted as independent assurance providers for Holcim. We adopt a balanced approach towards all Holcim stakeholders and a Statement of Impartiality relating to our contract with Holcim will be made available on request. The opinion expressed in this assurance statement should not be relied upon as the basis for any financial or investment decisions. **csrnetwork's** independent assurance team for this contract with Holcim comprised Jon Woodhead and Louise Hawson, with individuals subcontracted to assist with specific assurance activities in Germany and Spain. Further information, including a statement of competencies relating to the assurance team, can be found at [www.csrnetwork.com](http://www.csrnetwork.com)

## Basis of our opinion

Our work was designed to gather evidence on which to base our conclusions. We undertook the following activities:

- We conducted interviews with a selection of senior managers responsible for areas of sustainable development and stakeholder relationships covered by the Report. The objective of these discussions was to understand Holcim's sustainable development strategy and corporate governance, management, implementation and communications priorities. These discussions included a session with the Holcim Sustainable Development Steering Committee, which included the CEO Markus Akermann, and two Executive Committee members, Benoît-H. Koch and Thomas Knöpfel, as well as the SD functional managers.
- We interviewed a selection of senior managers in relation to specific areas of sustainable development, including product

innovation, CSR, AFR business development and environment. Given the high materiality assigned at Group level to issues such as CO<sub>2</sub> and Health and Safety, we undertook additional specific activities to review management arrangements and performance in these areas. On CO<sub>2</sub>, in addition to our stakeholder interviews, meeting with the Holcim Sustainable Development Steering Committee and our visit to Holcim Romania, we undertook interviews with managers at Holcim US. On Health and Safety, we interviewed the Corporate OH&S Director, Holcim Romania, Aggregate Industries UK and Holcim US.

- We conducted a top-level review of issues raised through a search of internet articles that could be relevant to Holcim's sustainable development policies to provide a check on the appropriateness of statements made in the report.
- We undertook a review of the Group sustainable development materiality review process, and considered the outcomes of Group Company materiality workshops in Brazil, Ecuador, India and Spain.
- We conducted interviews with representatives of key global stakeholder groups in order to gather their views on the company's SD management, performance and reporting. These interviews also gathered information on stakeholders' key concerns, and their prioritisation of issues. The outcomes of these interviews informed both the assurance process and the further development of the Group materiality matrix. Interviewees included representatives from WBCSD, Basel Convention, GTZ, Development Alternatives, IUCN, GLOBE-EU, two academic institutions, an investor, a union representative, four customers and two suppliers. We carried out similar stakeholder interviews in Brazil and Spain.
- We visited the Group company Holcim Romania and its site at Campulung. During this visit, we reviewed the Group company CSR Strategy, SD Report and CSR Questionnaire return for 2006. We also undertook interviews with senior managers at Group company level and managers at Campulung, to review their understanding of Group sustainable development priorities, communication with the Group, local priorities, management systems, current and future performance, and stakeholder expectations and concerns.
- We reviewed a range of stakeholder engagement activities as part of our work to establish views on Holcim's management arrangements and performance on specific issues. We attended a workshop on co-processing challenges and opportunities held by Holcim and GTZ in Rolle, Switzerland, November 2007. We also reviewed the outputs of a workshop on construction and demolition waste, held by Holcim and GTZ in Frankfurt, November 2007, and a workshop for regional experts on affordable housing, held in Brazil, October 2007.
- We worked with Holcim to interview stakeholders to provide comment on different aspects of the draft report. These stakeholders included Professor Andy Hoffman, Fernando Almeida and staff at Development Alternatives. We provided independent facilitation of this report review process.
- We undertook an assessment of the company's reporting against the principles of materiality, completeness and responsiveness as described in the AA1000 Assurance Standard.
- We undertook a final review of the Report presented to us on 25 April 2008 with the understanding that this material would be published by Holcim.

## Observations

On the basis of the method and scope of work undertaken and the information provided to us by Holcim:

### **Materiality – has Holcim provided information on material issues to enable stakeholders to make informed judgements?**

- In our opinion, the report includes information on Holcim's main sustainable development issues and should enable global stakeholders to make informed judgements.
- The materiality process undertaken by Holcim provides a clear and best practice framework for determining materiality at a Group level. We consider that the level of detail and balance of information provided on the highest materiality issues is appropriate. Assessing 'level of stakeholder concern' at a consolidated level will always be subjective to an extent; however, the evidence we have reviewed supports the assessment shown in the Report.
- Our interviews with external stakeholders revealed strong support for Holcim's approach and reporting on sustainability issues, and the high level of commitment to sustainable development it observes is demonstrated at the Executive Committee level.
- On the most material issues such as CO<sub>2</sub> and Health and Safety, the Report provides suitable recognition of the challenges faced by the Group, clear information on strategy to address these challenges and detailed data on current performance. Extensive detail to support the overview that the Report provides on these issues is available on the Holcim website and within Group company Sustainable Development Reports.
- Engaging with customers on Holcim's development of products with greater eco-efficiency is an important ongoing challenge. Future reports should seek to further illustrate how this is being achieved.

### **Completeness – does Holcim have systems in place to understand changes to stakeholder expectations and to provide complete information against the issues identified as material for inclusion in the Report?**

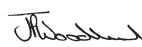
- The materiality process at Group level was informed by the outputs of the application of similar frameworks at Group company level in Brazil, Ecuador, India and Spain. In each of these countries, local stakeholders expressed some differing levels of concern for specific issues, reflecting local priorities and expectations. We recommend that Holcim continues to encourage application of the materiality framework across other Group companies, and uses this information to understand changes in stakeholder expectations over time and as a result of Group company activities.
- During our site visit to the cement business in Romania, queries relating to the information reviewed were resolved with local management while on-site. Nothing came to our attention to suggest any systematic problems with data or information reported from this site or any unreported stakeholder concerns that would be material at the Group level.
- The Group system for gathering CSR performance data provides some information on stakeholder expectations at the Group company level. This system could be further developed to gather and collate information on stakeholder expectations at Group company level in a consistent and systematic way. Currently, there is likely to be some variation in the quality and extent of dialogue undertaken by Group companies. It is also likely that Group companies have differing ways of recording engagement activity and outcomes.

- Overall, the evidence we reviewed supported our opinion that there are management arrangements in place to promote exchange of information between sites, Group and external stakeholders about the most material stakeholder concerns and issues relating to the application of Group SD priorities.

### **Responsiveness – how does Holcim demonstrate that it has responded to stakeholder concerns?**

- Our review of outputs from Group level stakeholder engagement activities identified a number of recommendations from stakeholders regarding SD reporting, including provision of a set of easily comparable key performance indicators, transparent reporting on challenges and constraints as well as successes and opportunities, and further recognition of stakeholder viewpoints. Each of these recommendations has been addressed in the Report.
- Some Group-level stakeholders also gave feedback that they expect Holcim to become more proactive in engaging beyond the cement and aggregates sector on sustainable development issues of global significance. The Report, in particular the 'Global Challenges' section, provides a number of examples where Holcim is already undertaking this type of engagement.
- In the next reporting cycle, it is recommended that assurance processes should be extended to priority indicators within the CSR and environmental data sets beyond the existing assurance of CO<sub>2</sub> data, in order to increase stakeholder confidence in these data and related claims. This process should be designed in line with further development and training associated with the CSR data collection system, and development of further audit processes associated with the Plant Environmental Profile data collection system.
- Many Group companies have led the way in producing country-level sustainability reports that are subject to independent assurance. Such reporting and assurance should be further encouraged and facilitated, as this provides a further opportunity to demonstrate responsiveness to stakeholder concerns at the local level. This might also enable more frequent updates to information on issues in specific countries.
- The workshops held during the reporting period on issues such as co-processing, waste and affordable housing are examples of Holcim's responsiveness to stakeholder concerns. In future, we recommend that Holcim considers extending dialogue to issues such as global poverty and access to water.

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UK, May, 2008

csrnetwork is an international corporate social responsibility consultancy organisation that helps companies around the world do business in a responsible way. [www.csrnetwork.com](http://www.csrnetwork.com)