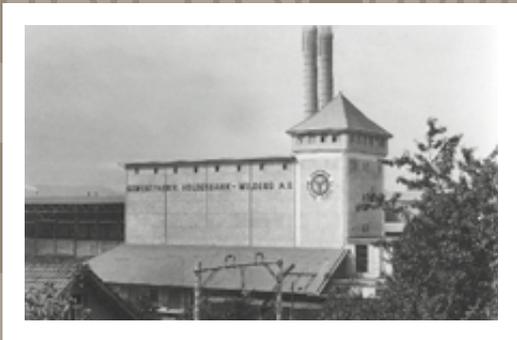
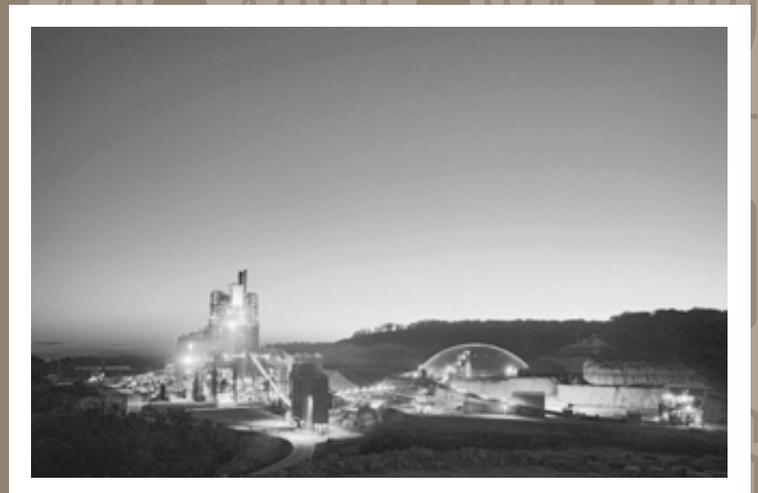


Corporate Sustainable Development Report 2011



Holcim's original cement plant in Holderbank in the Swiss canton of Aargau.



The new Ste. Genevieve plant of Holcim US in Missouri.

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Key to symbols:

- CR** see page in this report
- ARA** see our Annual Report
- 📊** see graph data
- www.** visit www.holcim.com/sustainable for more information
- GRI** reference to GRI indicator

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Performance against targets

The following is a summary of our progress against our main sustainable development performance targets.

Area	Target	Progress	Target date	Status 2011
Vision, strategy and corporate governance				
Strategy	Integration of SD materiality review in existing business risk management (BRM) system for use by Group companies.	The SD materiality review has been integrated into the existing BRM system and recommendations provided to Group companies. Work is continuing with integrating SD issues fully into the standard BRM system. See CR page 9	2008	Achieved and ongoing
Management systems	ISO 14001 implemented by all cement plants and alternative fuels and raw materials (AFR) pre-treatment platforms.	This is a rolling target as newly acquired Group companies require time to implement management systems. See CR page 31	2004	Cement 93% AFR 95%
Environmental performance				
Climate and energy	Reduce global average specific net CO ₂ emissions (kg CO ₂ /tonne cementitious materials) by 25%, using 1990 as reference.	See CR pages 14 and 9	2015	21.8%
Environmental impacts	Emissions monitoring and reporting standard implemented.	The figure reported reflects the percentage of plants with continuous emission monitoring in place and includes our operations in India. This is an ongoing target as newly acquired plants and companies require time to implement systems.	2004	88%
	Reduce global average specific nitrogen oxides, sulfur dioxide and dust emissions (g pollutant/tonne cementitious materials) by 20%, using 2004 as reference.	The specific SO ₂ emission target was exceeded in 2009. Due to the global economic crisis, efforts to reduce dust and NO _x emissions focused on implementing primary measures. The target date was thus revised to 2012 for dust and 2013 for NO _x . See CR pages 14 and 9	2012	NO _x – 21% Dust – 29% SO ₂ – 65%
	Quarry rehabilitation plans.	This is an ongoing target as newly acquired plants and companies require time to develop and implement plans. See CR page 33	2006	Cement – 100% Aggregates – 93%
	Biodiversity: 80% of sensitive sites to have biodiversity action plans.	The definition of sensitive sites was developed as part of a biodiversity management system developed in conjunction with IUCN. The Biodiversity Management System was launched in late 2010. See CR page 18	2013	40%
	PCB equipment elimination.	Electrical equipment containing PCB to be eliminated from the cement sector (cement and grinding plants) by the end of 2010, and for the non-cement sector (aggregates, ready mix and asphalt) by 2011. By the end of 2011, only one cement plant and three non-cement plants were not PCB free.		See progress
Social performance				
Community involvement	Every Group company to have a community engagement plan covering all sites.	See CR page 29	2012	24%
OH&S	Reduce lost-time injury frequency rate by at least 30% per annum until it is under 2, using 2004 as reference, from 2006 to 2009.	This objective has been achieved. We now plan to further reduce the rate to below 1.0 for 2013.	2009	See progress
	OH&S fatality prevention elements implemented.	This target has been extended to 2013. The implementation standards will be reviewed and implementation assessed starting in 2012.	2013	See progress
	OH&S contractor safety management implemented.	Significant progress has been made. The target date remains 2012, after which implementation will be assessed.	2012	See progress

We have already met a number of targets and details of these are available at www.holcim.com/sustainable.

Chairman's statement

Current global events are bringing an increased obligation on companies to examine their economic, social and environmental sustainability.



The past two years have provided many challenges for Holcim, but also many opportunities. Through the dedication, hard work and innovative qualities of our people, we have not just weathered the economic downturn, but have emerged leaner, stronger and more focused. We have also experienced a number of changes in our leadership, but the commitment to sustainable development remains resolute.

In February 2012, Markus Akermann retired as CEO of Holcim, and was replaced by Bernard Fontana. Under the leadership of Markus, Holcim established itself as a leader in the field of sustainable development and played a significant role in driving the sustainability agenda of the entire sector forward. He leaves a rich legacy. There is no doubt that Bernard Fontana will ensure that this legacy is built on, and he has already made clear his determination to make a real difference, especially in terms of Occupational Health and Safety.

This report details our ongoing activities in sustainable development and discloses data on a number of performance indicators. The report also features a number of important achievements. The water management system we committed to implement in our previous report has been developed and is being implemented throughout the Group. Our continuing partnership with the IUCN has yielded a fit for purpose Biodiversity Management System and work continues, in collaboration with the IUCN, on implementing the system throughout the Group.

In January 2012, we issued a Directive on the use of contract workers. The Directive formalizes the obligation of Group companies to address all national regulations, but also the core conventions of the International Labor Organization and the requirements of the UN Global Compact, to which we are committed.

The report again underlines the importance of our Code of Conduct which is binding on all employees and also introduces the new Anti Bribery and Corruption Directive.

The assurance of data for this report has been extended and now covers more environmental and social data. Details of this assurance can be found in the "Methodology" section on **CR page 36**. As in previous reports, we have asked for the inputs of an External Report Review Panel, consisting of a broad range of stakeholder groups. The panel provided inputs into the content of the report and has also provided a statement with recommendations and observations which can be found on **CR page 38**. We would like to thank the panel for their time and effort. It is truly appreciated.

We also thank our employees for living up to our commitment to sustainable development. Our success depends on their efforts and dedication.

A handwritten signature in black ink, appearing to read 'R. Soiron', written in a cursive style.

Rolf Soiron
Chairman of the Board of Directors

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CEO interview



CEO Bernard Fontana comments on the importance of Sustainable Development (SD) and his priority in this area.

Q In your view, what have been the most significant achievements of the company to date? Where has Holcim left its mark?

A It is clear that the company has worked hard to ensure that SD is integrated into the business and into our thinking. This is reflected not only in the way the business is structured with high level committees ensuring visible leadership, but also the measures taken to ensure that SD is embedded in the company culture. This is reflected in Holcim's fundamental strategy with SD related disciplines as core elements in the "strategy house". SD related targets are entrenched in operational roadmaps and performance against these targets is monitored and reported.

Holcim's people are proud of our achievements in SD and are amongst our most demanding stakeholders. This pride, and a determination to make a difference, is an important component of the value proposition that we offer employees. In the past decade Holcim has doubled in size and expanded its operations into every continent. Much of this expansion was due to acquisitions of companies with very different mindsets and cultures. The way that Holcim's people from very different backgrounds have embraced our SD culture is clearly evident.

An important achievement has been the establishment of the Holcim Foundation for Sustainable Construction. Through its activities, the Foundation has played a significant role in the promotion of sustainable construction techniques and

has galvanized the thought leaders in the industry into action. The Foundation is building a very tangible legacy with numerous prize winning concepts now being built and becoming reality.

Another important achievement has been the extremely effective and fruitful global partnerships with IGOs and NGOs that we have been involved in. The results of these partnerships are impressive and have made a real difference. The co-processing guidelines developed in conjunction with the GIZ and the Biodiversity Management System developed in conjunction with IUCN are good examples.

Q Where do you think the company could have made more progress?

A Whilst we have made significant progress with Occupational Health and Safety and have seen the lost time injury rate and the number of fatalities in areas under our direct control decline, there is still much work to be done to achieve our long term vision of "zero harm to people".

Holcim was a pioneer of co-processing and the use of alternative fuels, especially waste derived fuels, in our kilns. The benefits of co-processing are beyond dispute. Whilst we have made significant progress in Europe with thermal substitution rates (TSR) as high as 68%, we have clear room for improvement in other regions, notably Asia Pacific. Improving the TSR will lower our environmental impact, conserve natural resources and make us more competitive.

Q Why is a commitment to SD so important to Holcim?

A The long term nature of the business makes a commitment to SD fundamental. Not only does the company have a significant environmental footprint, which society expects us to minimize, but we also have a presence in our host communities for decades. It is thus vital that we address all elements of the triple bottom line and have strong relationships with communities and other stakeholder groups. A strong performance in SD also enables us to attract and retain passionate and committed people who are key to our continued success.

Q Sustainability and profits – can they really go together? Isn't there a contradiction?

A They have to go together. In my view it is not a case of either profits or sustainability. The two can and should be interlinked. We have a collective responsibility to manage the limited resources of the planet. We simply have to do more with fewer resources. This is a challenge, but provides opportunities too. As an example, meeting the challenges we face as an energy intensive industry in innovative ways can not only lessen our energy footprint and provide energy security but can lower production costs and ensure a competitive advantage.

SD initiatives and activities must pay their way. SD is not about how we spend our money; it is integral to the way we make our money. That is the only way it can be truly sustainable. Ultimately, we are in business to provide products and solutions to our customers. We need to ensure that the solutions we provide are superior in quality, competitive in price and have the lowest possible environmental and social footprint.

Q How do you intend to drive sustainable development forward? What would you like to achieve in the years to come?

A I have made it very clear that my single most important priority in this area is Occupational Health and Safety. While I recognize and applaud the progress that Holcim has made in this area, I am convinced we can improve even further. A safe and healthy workplace is a prerequisite for motivated, productive and committed people. I expect all Holcim managers to show leadership for their performance in this area. My very first action as new CEO was to take management responsibility for the OH&S team. I expect every single person in the organization to play their part and to be responsible for their own safety and the safety of their colleagues.

It is important that Holcim uses its leadership position in SD to raise the bar in the sector. We will strive to maintain our leadership in this area and we will continue to engage with other players and collaborate on sustainability issues through fora such as the Cement Sustainability Initiative.

I expect Holcim's people to "live" SD. If each of our 80,000 employees takes ownership and responsibility for their work related and personal impacts, we can make a real difference, not just to the company, but to the environment and the communities which host us. As an initial step, volunteering activities are taking place across the Holcim world as part of our centennial celebrations. This will just be the start of the ongoing employee involvement in SD activities.



Bernard Fontana
Chief Executive Officer

Vision and strategy



Jean Laville, Responsible Investment Expert

Q “Delivering value to your stakeholders is part of your mission. How do you achieve results while operating with sustainability and integrity? Are incentives for sustainable practices integrated into performance compensation plans?”

Jean Laville, former Deputy Director, Ethos Foundation



“Identifying and managing sustainability risks and leveraging opportunities is essential to fulfilling our mission to deliver value.”

Roland Köhler, Holcim Exco Member

A **We believe it starts with our corporate values – strength, performance and passion – which are a promise to perform and to build trust with our stakeholders. Our mission is to create value for all our stakeholders:**

strength – being a solid partner

performance – delivering on our promises and providing the best solutions for our customers

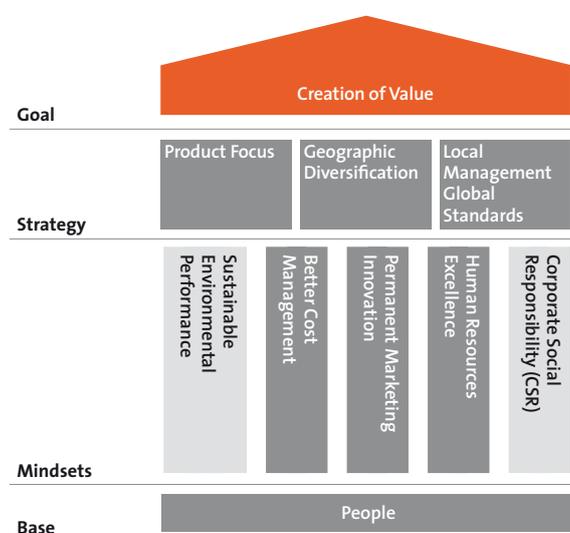
passion – caring about everything we do including our people, our customers, our communities and the environment.

We have earned our reputation by delivering commercially superior solutions for our customers, making profits and providing a return to our shareholders. We create value for our employees, communities and for society at large, and we know our success depends on operating sustainably and with integrity.

Our Code of Conduct guides the way we do business. Launched in 2004, it underpins our mission statement and sets out the behavior we expect from every Holcim employee.

Our Operational Roadmap sets targets for our ambitions and includes several sustainable development performance indicators. The remuneration of Holcim’s executive committee (Exco) depends on how we perform against these indicators.

Working within the triple bottom line



For more information on corporate governance and the Code of Conduct, please see [ARA page 121](#).

Sustainable development strategy

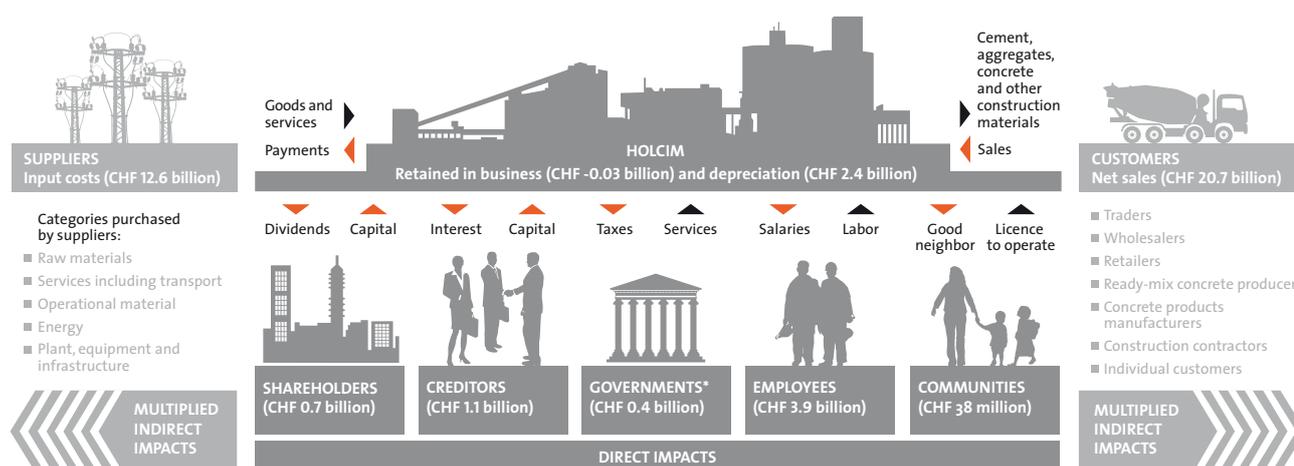
Holcim has placed sustainable development at the heart of its business strategy for many years. We follow the three pillar approach of the triple bottom line – economy, society and environment – within our business strategy, because we believe it creates added value for stakeholders. As the graphic shows, we think the most important foundation on which everything rests is a workforce that gives its best.

Embedding our commitments

The commitment of Holcim's executive committee drives our sustainable development performance, but our success depends on every employee playing their part. We are taking sustainable development to the next level at Holcim, making it more tangible and relevant to everyone and mobilizing the entire workforce to help tackle the challenges through volunteering and other opportunities. Details can be found on [CR page 25](#).

Our Sustainable Development Steering Committee operates as a subcommittee of Exco. Chaired by Exco member, Roland Köhler, who has responsibility for the sustainable development function, the steering group includes CEO Bernard Fontana, and Exco member Benoit-H. Koch. A second committee made up of Holcim Group company CEOs and functional experts advises on the design and implementation of sustainable development programs.

Economic impacts along the value chain



Source: Holcim, 2011 data

* See [CR page 30](#) for additional information on political contributions and subsidies.

Our company-wide management systems help us manage risks and achieve continuous improvement consistently across the Group. They meet the international standards of ISO certification (see **CR page 31**) and are designed to help manage specific issues – for example our Biodiversity Management System, Water Management System and an Occupational Health and Safety Management System. All our management systems have been approved by Exco, including monitoring procedures and key performance indicators. Group companies develop additional policies and practices to meet their individual needs and to help them achieve company standards.

Influencing our value chain

In 2011, we embarked on a new Sustainable Procurement Initiative for Holcim. We want to build on and strengthen the way we manage our supply chain, and use our influence to promote sustainable and responsible business practices. Our approach will focus effort on suppliers that pose the greatest risk, and will include a new Supplier Code of Conduct and method for identifying and assessing critical suppliers. In 2011, 39 Holcim Group companies carried out customer relationship surveys, including of key suppliers, to identify areas for improvement. We also implemented new directives on contractor safety and contractor employment relationships.

Operating with integrity

We aim to achieve the highest standards in the way we conduct our business. At a corporate level, we follow the Swiss Code of Best Practice for Corporate Governance. The Holcim Code of Conduct provides consistent direction for the daily decisions we make across the entire Holcim Group. It covers all aspects of our operations. Group companies are responsible for ensuring that employees and managers are aware of their responsibilities and that they meet the expected standards.

We are very clear about what we expect and violations are not tolerated. Responsibility for enforcement rests primarily with line managers and where warranted, violations are investigated and appropriate action taken. During 2011, employees in all regions attended workshops on the rules of fair competition to help us meet our responsibilities under the Fair Competition Directive. In January 2012, we issued a new anti-bribery and corruption directive as part of our company Code of Conduct.

Through the adoption of the Anti-Bribery and Corruption Directive (ABCD) Holcim has mandated that each Holcim Group Company adopt a whistle-blowing system (WBS) in the event it does not already have one in place. Guidance has been issued to Group Companies to assist them in implementing a new WBS or in measuring existing WBS systems.

For more information visit www.holcim.com/sustainable

Determining material issues

Holcim has a well-embedded Business Risk Management (BRM) process for identifying risks at a corporate and Group company level (see [ARA page 42](#)). We carried out our first sustainable development materiality review to identify the issues of importance to our business and our stakeholders in 2007.

We aggregate the issues emerging through the Holcim BRM and Group company materiality reviews, and assess their importance for the Holcim Group as a whole. We consider the views and expectations of stakeholders through an External Review Panel. It should be noted that whilst some of the issues represent potential impacts and related risks, the mitigation of those impacts in many cases provides a solution or an opportunity.

Our 2011 Group materiality matrix was developed in consultation with external stakeholders in September 2011. There have been some significant changes since our last materiality review in 2010:

- “Corporate Governance” has been amended to “Corporate Governance and Business Ethics” to reflect an increased importance of business ethics
- innovation has been added to eco-efficient products
- the importance of “water” as an issue to Holcim has increased
- the matrix now reflects the difference between impacts and solutions.

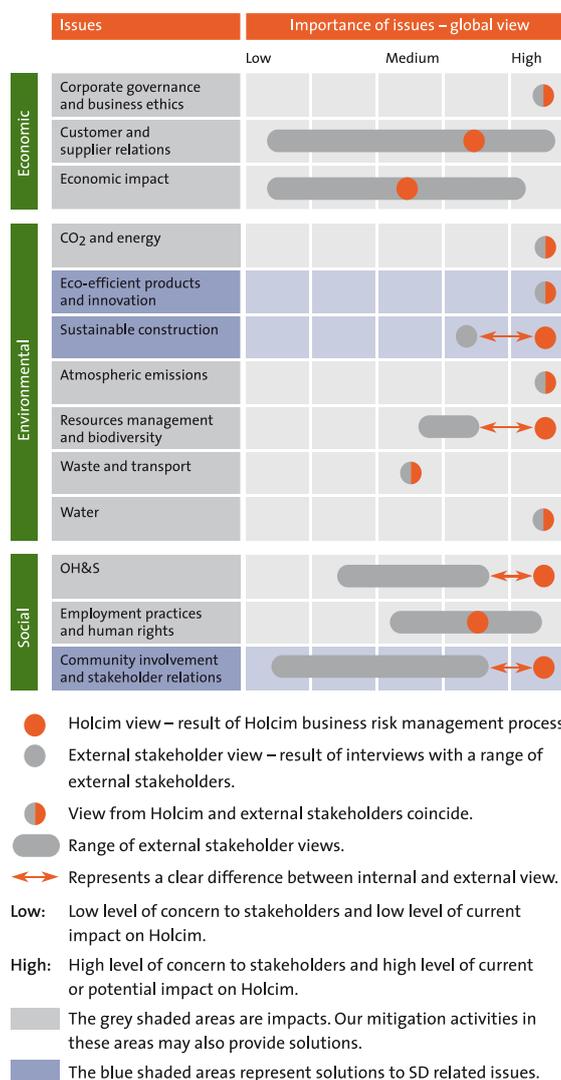
A full list of the issues, sub-issues and definitions is available at www.holcim.com/sustainable

Our priorities

Based on our 2011 materiality review, our current sustainable development priorities are:

- sustainable solutions and sustainable construction (including eco-efficient products and innovation)
- energy and climate
- biodiversity and water
- our people (including OH&S)
- social commitment (including community engagement and human rights).

SD materiality review – aligning global stakeholder feedback with current Group priorities



Sustainable solutions and construction



Ashok B Lall, Architect

Q “What is Holcim’s contribution to improve efficiencies in the building materials industry?”

Ashok B Lall, Principle, Ashok B Lall Architects

A Buildings are directly or indirectly responsible for over 50% of global CO₂ emissions, for around 50% of the global waste produced and account for more than 35% of global energy consumption. Holcim’s product and process innovation is helping to develop more sustainable construction solutions – from more efficient production and distribution systems to cement with a lower carbon footprint. Our main focus has been on developing composite cements with reduced clinker content, by adding mineral components such as blast furnace slag, fly ash and pozzolans. By 2011, 77% of our product portfolio includes these more sustainable cements, compared with only 30% in 1990.



“Increasingly, sustainability criteria are an important factor in tender conditions. The sustainable solutions offered by our Group companies provide a competitive advantage.”

Benoît-H. Koch, Holcim
Exco Member

Our Group company in the UK, Aggregate Industries, is also reducing its impacts on virgin resources by producing and selling concrete products containing up to 62% recycled content. The building materials industry value chain is complex, involving many different interests and issues. Demand for building materials continues to grow against a background of population growth, urbanization and developing economies. The challenge for us is to meet this demand while reducing our environmental footprint over a construction’s entire lifecycle. We believe that environmental, economic and social considerations must be a top priority for Holcim and for others all the way along the building materials value chain.

Holcim has a key role to play in promoting and developing sustainable construction techniques and technology. The Holcim Foundation for Sustainable Construction is one way we are meeting our commitment.

Providing sustainable solutions

Holcim demonstrates innovation by creating value through new solutions that meet the needs of our customers and stakeholders in an increasingly fast-changing business environment. We aim to lead the industry in our innovative approach, providing customer solutions that achieve sustainability and cost efficiency.

We commit to:

- meet customer needs exceptionally well along the construction value chain
- drive sustainability along the whole building lifecycle
- maximize efficiency in “cost to serve” along the whole supply chain.

Our industry is resource and energy intensive, so sustainability is paramount when we plan our operations and design new solutions for our customers. We take our ambition – zero fossil energy, zero emissions and zero waste – from the Holcim Foundation for Sustainable Construction’s Re-inventing Construction Manifesto.

Fostering innovation

Our customers demand increasingly high performance and innovative products as part of a full solution. Holcim’s sustainable, cost-efficient solutions create value for our stakeholders, shareholders and society. More information on our sustainable innovative solutions can be found on [ARA page 46](#).

The solutions we offer are not just about physical products. In the USA, we have created a new tool, CalQ, to calculate customers’ materials score and produce the report they need for LEED certification. Customers have told us it is user-friendly and is the best available application for calculating regional materials and recycled content. More information on CalQ can be found at www.holcim.us/calQ

Holcim has also developed a tool which allows Group Companies to support their customers in making informed choices regarding CO₂ footprints of specific products. This Product Carbon Footprinting (PCF) tool, which reports the embedded CO₂ emissions per ton of cement ‘cradle-to-gate’, is based on an open, transparent and 3rd party approved methodology which has been elaborated in close cooperation with the British ‘Carbon Trust’. The methodology and tool are compatible with international standards. Besides allowing for Holcim-internal benchmarking and further CO₂ mitigation, the Holcim Group Companies can use these PCF-figures to

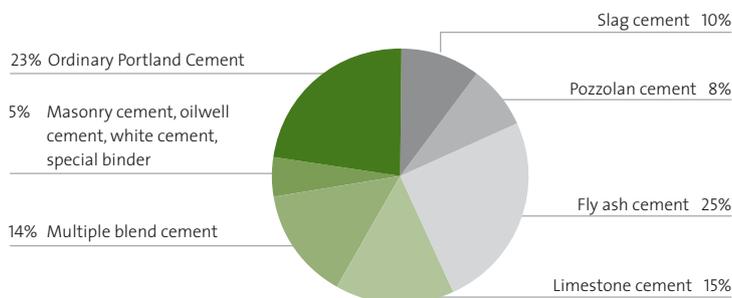
Key data

Sustainable products and sustainable construction

See [CR pages 30–35](#) for full data tables. Visit www.holcim.com/sustainable for more information.

Cement types produced by Holcim* in 2011

GRI EN3



*All but Ordinary Portland Cement are composite cements. Composite cements increased from 30% in 1990 to 77% of our product mix in 2011.

label their products. We are currently working to extend the methodology and tool to concrete and aggregates.

Promoting sustainable construction

We created the Holcim Foundation for Sustainable Construction in 2003 to raise awareness of the role of architecture, engineering, urban planning and construction in achieving a more sustainable future. The Holcim Foundation’s primary objective is the non-commercial promotion of sustainable construction at a national, regional, and global level. We support initiatives that contribute to sustainable construction by achieving architectural excellence and enhanced quality of life.

The Holcim Foundation has brought together global expertise to increase awareness of the role of the built environment in sustainability. The projects, best practice and research we promote is inspiring architects, engineers, planners, developers and contractors worldwide to adopt more sustainable approaches within their building projects.

The Foundation also runs awards for sustainable construction. Further details about the awards and the Foundation can be found on the Holcim Foundation website www.holcimfoundation.org

Creating value through innovation

At Holcim, we are developing new products to reduce our environmental footprint and we are using state of the art technology in our factories to manage the impacts of our operations.

The production process for our new “Optimo” range generates between 10% and 19% less CO₂ during production than traditional clinker.



Holcim Optimo, Switzerland

To be successful, our sustainable products must achieve a quality that creates customer interest and demand. In 2010, Holcim Switzerland launched the “Optimo” range. Holcim Optimo, made from fired shale, is a high-quality cement with a reduced environmental footprint. The fired shale is mixed with additives and added to clinker, gypsum and limestone. It requires a low temperature and it contains organic material, so it burns without additional fuel. The production process for Optimo requires less energy and generates between 10% and 19% less CO₂ than the production of traditional clinker.

It is not only the environmental performance that makes Holcim Optimo an innovative product. Ground-fired shale has physical and chemical qualities that give the cement – or rather the concrete for which the cement is used – excellent qualities including high durability, reduced permeability, improved tensile strength and a low risk of cracks.

By the end of 2011, Optimo represented over 31% of Holcim Switzerland’s total sales and it is helping to reduce the overall ecological impact of the company.

For more information go to

www.holcim.com/en/press-and-media/stories/greater-building-sustainability-with-holcim-optimo.html



Hermosillo innovations, Mexico

Our new Hermosillo plant in Mexico uses the latest generation of technologies to optimize thermal energy, reduce electrical energy and reduce water consumption during production. The plant's office building is a model of sustainable construction. Non-conventional thermal and photovoltaic systems provide energy used for lighting, heating and air conditioning. Daylight is channeled to the center of the building and water is re-circulated for cooling. All grey water is treated in a sanitizing pond and then used for irrigation. We are also planning to re-plant the area with indigenous species to restore biodiversity, mitigating the effects of the plant's construction.

Further details can be found on the website for the Holcim Foundation for Sustainable Construction.

For more information go to

www.holcimfoundation.org

Our Hermosillo plant in Mexico, which is a model of sustainable construction.

Porta Nuova, Italy

The Porta Nuova is a huge project to redevelop three adjacent neighborhoods across about 290,000 m² of Milan. From eight different countries, 25 architects have been engaged by Hines Group to produce the structure of this new district. The project will incorporate new housing, shopping areas, offices, and cultural venues. A continuous pedestrian area with green areas, squares, bridges, and a large park will seamlessly connect the different neighborhoods efficiently and safely. Porta Nuova has been pre-certified under one of the most prestigious green building rating systems, LEED. The new buildings are a model of innovation, incorporating the latest energy-saving solutions and sustainable materials.

Holcim Italy is supplying high-performance, sustainable ready-mix concrete products, together with technical and logistics services, to the main contractors of the project. All our products have been designed for sustainability, using recycled aggregates, low-clinker cements and low-heat concretes. This has helped the project to achieve LEED credits for using recycled materials, limiting the use of natural resources, and regionally sourcing quarried and manufactured materials.

Due to the complexity of the project and the specific product needs of contractors, Holcim Italy had to provide an integrated and customized solution for the Porta Nuova project. We provided our customers with high-quality services, technical facilities, and certification support, as well as developing special sustainable products. To meet project specifications and the customer's requirements, we designed high-performance, specific-mix concretes with high strength, low heat of hydration, and high workability even after long-distance vertical pumping.

Energy and climate



Holger Wallbaum, Academic



“Holcim’s sustainable energy strategy demands excellence in energy management, reduced resource dependency and increased process efficiency to reduce costs and provide energy security.”

Patrick Dolberg, Holcim Exco Member

Q “Holcim appears to be ahead of its competitors with regards to its level of carbon emissions. How does Holcim plan to further reduce its CO₂ footprint, while providing the construction materials for the schools, hospitals, homes and infrastructure the world needs?”

Holger Wallbaum, Chair of Sustainable Construction, Swiss Federal Institute of Technology (ETH Zurich)

A **Holcim has committed to reducing CO₂ emissions per ton of cement by 25% compared to 1990 levels. We will focus on three main areas to achieve this reduction: reducing the clinker content of our cement by replacing it with other mineral components, substituting fossil fuels with greener alternatives and adopting more efficient processes.**

Today, the debate has broadened to reflect that the greenhouse gas emissions associated with the production of cement are only a small fraction of the emissions in the total lifecycle of a building, and Holcim welcomes this development. We are collaborating with others in the sector through the Cement Sustainability Initiative to drive efficiencies in the industry, including the development of Environmental Product Declaration for cement and concrete.

Apart from a willingness to play our part in contributing to global greenhouse gas emission reductions, other key drivers for Holcim are energy security and cost reduction. With increasing energy costs and concerns over energy availability in the future, it is clearly in Holcim’s interest to drive energy efficiency in our production processes and to substitute expensive fossil

fuels with waste-derived fuels wherever feasible. To foster innovation in this regard, Holcim has established a special energy fund which is described in the case study on **CR page 16**.

CO₂ efficiency

Over 95% of the CO₂ emissions from cement come from the manufacturing of clinker, one of its key components. About 60% of these emissions are from the limestone used to make clinker and about 40% are from the burning of fossil fuels. The scope for using less energy to produce clinker is limited by the available technology. By reducing the amount of clinker we use per ton of cement, we can significantly lower the carbon intensity of the cement. We can also reduce emissions by using greener sources of energy to heat the kilns.

We are also looking at ways to limit rising energy costs and improve our energy security, particularly in resource-constrained regions. By using energy from waste derived fuels we can lower our emissions and limit our use of fossil fuels. This can be a viable business opportunity, providing a revenue stream as a total waste management solution and a product which we can charge for.

Energy and CO₂ performance

Holcim has achieved one of the lowest levels of clinker in our cement in the industry, with an average 71% clinker content (the clinker factor). We have increased the energy efficiency of our clinker production process, reducing thermal energy consumption from over 4,500 MJ per tonne of clinker in 1990, to just 3,510 MJ per tonne of clinker produced in 2011, equivalent to a 22% reduction. Since 1990, we have reduced the CO₂ emissions per tonne of cement produced by 21.8%. Comprehensive details of Holcim's CO₂ performance can be found in our annual submissions to the Carbon Disclosure Project at www.cdproject.net

Emissions trading and regulation

Holcim operates around the world and is subject to mandatory trading schemes and other regulatory initiatives in a number of countries. We are currently part of the European Union and New Zealand emissions trading schemes, and we are preparing to join trading schemes due to be implemented in Australia, Quebec and India.

Due to the initial allocation of allowances being followed by a decrease of absolute emissions resulting from efficiency improvements and a decrease of cement production due to the economic crisis, Holcim had an excess of allowances in the EU ETS. In 2011, we realized less revenue from the sale of allowances than in the previous year. Financial details of our carbon trading activities can be found on [ARA page 54](#).

During 2011, Holcim received 51,243 carbon credits in support of wind power projects in India and an alternative fuel project in Indonesia. We expect to continue receiving these credits in future.

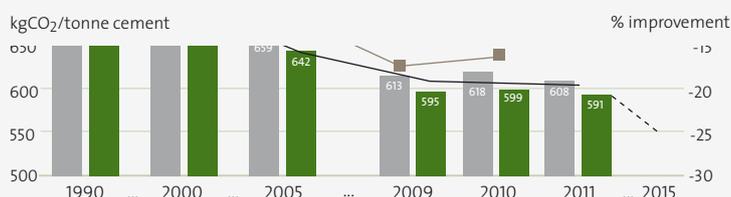
Key data

Energy and climate*

See [CR pages 30–35](#) for full data tables. Visit www.holcim.com/sustainable for more information.

Specific CO₂ emissions

GRI EN16



Absolute CO₂ emissions

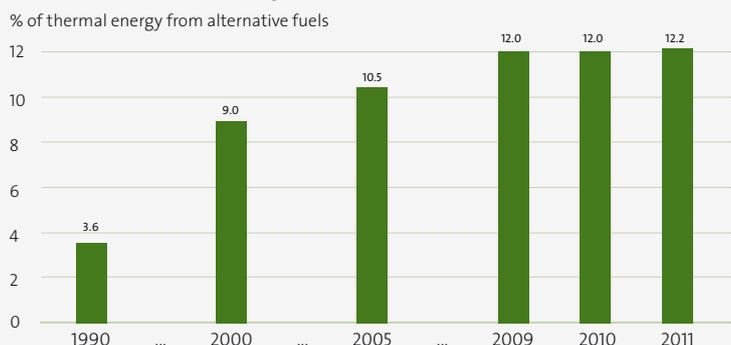
GRI EN16

Million tonnes CO₂



Thermal substitution rate by alternative fuels

GRI EN5



* Due to ownership changes in 2011, and changes in the WBCSD protocol, figures for previous years have been restated.

Reducing our carbon impact

We are reducing our carbon footprint by improving energy efficiency and by generating energy from renewable sources and through our own waste management.

Waste exhaust heat from the neighboring cement kiln is used to dry the crushed limestone aggregate used in dry mortar products at our Group company in Indonesia.



Holcim Energy Fund

In 2010, we set up a special fund as part of our comprehensive energy strategy which provides up to CHF 100 million every year to support energy efficiency projects. The fund is partly financed by the sale of excess CO₂ emissions certificates.

Projects for electricity generation by means of waste heat recovery, wind power and alternative fuels in place of fossil heat carriers have already been approved. With these projects alone, Holcim will save around 200,000 tonnes of CO₂ annually, approximately as much as the annual CO₂ emissions of a community of 30,000 inhabitants.

In 2010, we approved funds for five heat recovery plants in Vietnam, India, Romania, Lebanon and Switzerland. Construction is underway and production will commence between the end of 2011 and 2013. Other projects approved for funding include waste heat recovery plants in Canada, Slovakia, Mexico and India and two installations for the use of alternative fuels and raw materials in Germany and France. These facilities will be commissioned to begin operating from 2013 onwards.

For more information go to

www.holcim.com/case-studies



Renewable energy

At Holcim we currently generate about 25% of our electrical energy needs from our own captive power plants. Of the 25%, around 6.3% is generated from renewable energy sources, such as waste heat recovery, wind, hydroelectric power and biomass.

At the moment, we use power generation from waste heat recovery in three kiln lines in Thailand. Nine other projects are being developed with funding from the Holcim Energy Fund.

Our Group companies in India, ACC and Ambuja Cements generate wind power and have an installed wind power capacity of 26.5 MWe.

For more information go to

www.holcim.com/case-studies

We are generating renewable energy through our wind farms in India.

Waste heat recovery power generation

Waste heat recovery (WHR) offers significant potential for “CO₂-free” power generation. As an example, our Group company in Thailand generated about 170 GWh of electricity at their Saraburi plant in 2011. Several other Holcim Group companies have launched WHR projects which are at different stages of development. The five WHR projects approved under the umbrella of the Holcim Energy Fund in 2010 (see **CR page 16**) will increase the WHR power generation by more than 20 MW by the end of 2012. The largest anticipated power generation will be at the Gagaj plant in India, with 7.2 MW net electrical power.

Further projects were approved in 2011 in Slovakia and India and are in the engineering phase. These projects will be completed in 2013 and will generate approximately 8.1 MW net electrical power.

All these projects, together with the WHR power plant in operation since 1992 at the Saraburi plant, will generate around 60 MW of CO₂-free electrical power.

Holcim is working to further exploit WHR potential by evaluating new technologies to increase power generation efficiency at low temperatures, and projects are currently being evaluated by at least seven Holcim Group companies.

For more information go to www.holcim.com/case-studies

Biodiversity and water



Julia Marton-Lefèvre,
 International conservation
 organization representative

Q “Reducing energy use will in turn reduce CO₂ emissions and water consumption. How can Holcim ensure that the overall synergies between energy, climate, biodiversity and water are taken into consideration?”

Julia Marton-Lefèvre, Director General, IUCN (International Union for Conservation of Nature)



“Water is a critical resource for communities at many places we operate as it directly affects the quality of life of thousands living around our facilities.”

Onne van der Weijde, Holcim
 Area Manager

A We appreciate our reliance on nature’s services, such as climate regulation and good water quality, and we recognize that there are complex relationships between biodiversity, water, climate change and energy. That is why we have set ourselves very clear targets and strategies to reduce our impacts, including targets for each individual issue. When we identify potential conflicts between targets we call upon the advice of experts to help us find the best way to address potential trade-offs.

Our partnership with the International Union for Conservation of Nature (IUCN) draws on the knowledge of leading experts to find practical solutions that we can use in the field. The partnership is already achieving concrete results through a new Biodiversity Management System (BMS), which we are implementing alongside a critical review of our water management practices.

We realize Holcim activities impact on the environment and we make it our responsibility to manage those impacts. For example, through rehabilitation of our quarries we are creating important habitats and ecosystems. And in India, Ambuja Cements has set ambitious targets for reducing its water footprint, providing tangible economic, social and environmental benefits.

Conserving biodiversity

During the first term of our partnership with the IUCN, a number of tools and recommendations were developed as part of an integrated BMS. This is supported at the policy level with a Biodiversity Directive issued at the end of 2010. In early 2011, Holcim extended its partnership with the IUCN for another three years to focus on four key areas:

- implementing the BMS and identifying indicators to measure our progress
- sector wide engagement
- policy development
- working together to understand water risks and how we can respond to these risks.

The partnership includes an expert panel to advise and support Holcim in the implementation of the BMS in the Group. A key aspect of the BMS is to identify sensitive sites. Our Operational Roadmap sets a target for 80% of sensitive sites to have a Biodiversity Action Plan (BAP) in place by 2013. By the end of 2011, 39% of sensitive sites had such plans in place. The continuing partnership with IUCN in implementing the BMS will assist the Group in reaching the target. We also report through the Cement Sustainability Initiative on the number of sites with High Biodiversity Value and how many of them have BAPs in place.

Details of our approach to biodiversity management and the expert panel can be found on our website at www.holcim.com/sustainable

Water management

In our last report, we responded to stakeholders by committing to develop a water management system which we would implement by the end of 2013. We have developed the system with support from Holcim experts, Group companies and experts of the IUCN Water Program. Approved by the Holcim Executive Committee in December 2011, the new management system comprises three elements:

- a Holcim Water Directive – issued under the Holcim Environmental Policy to set general requirements to manage water in an efficient and responsible way across all our operations
- a Holcim Water Measurement Protocol – a mandatory tool to provide reliable and accurate water measurements across all Group companies
- a Holcim Water Risk Assessment Methodology – setting consistent criteria and procedures to carry out water-related risk assessment and risk mapping and to determine the level of monitoring required at our operational sites.

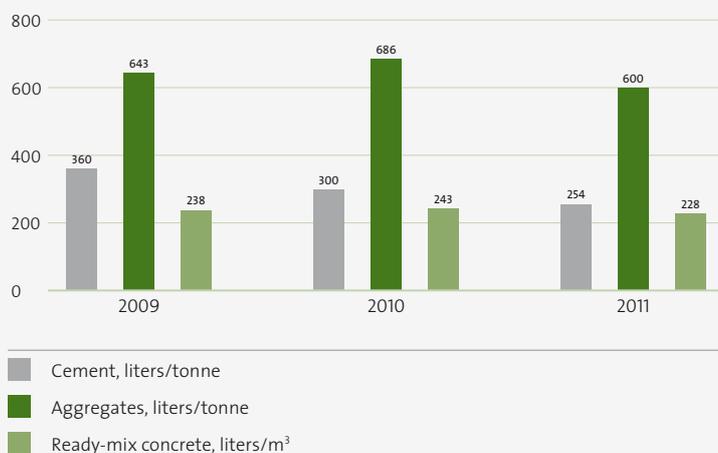
Our new Water Management System requires all Group companies to establish their operational water footprint and to develop plans to address water-related risks by working with relevant stakeholders.

Key data

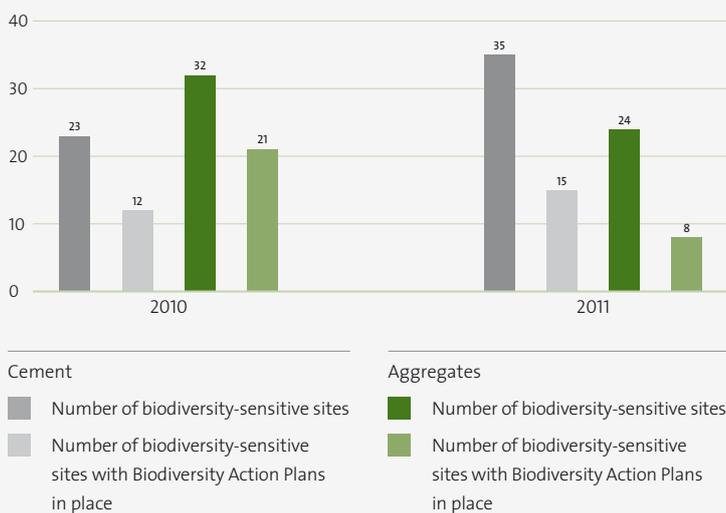
Water and biodiversity

See [CR pages 30–35](#) for full data tables. Visit www.holcim.com/sustainable for more information.

Water consumption



Biodiversity sensitive sites



Enhancing biodiversity worldwide

We manage our impacts at sites around the world, and we make it a priority to include important species when we come to restore a site.

We enhance biodiversity at our sites by protecting rare plant species such as the Lizard Orchid in Switzerland.



Conserving biodiversity in Switzerland

In Switzerland, the closed Testori quarry at the Eclepens plant contains rare habitats and species and is one of the best spots in the region for dry meadows. When the plant was applying for an extension to its existing Mormont quarry in 1999, the Company committed to improve biodiversity at Testori. The site had been closed for many years and this was an opportunity to create rare and important habitats for the area.

A multi-year comprehensive biodiversity study was undertaken and based upon the results, an action plan was developed to promote the dry meadows ecosystem and provide habitats for the Lizard Orchid and Aspice Viper. The plan required some vegetation clearing, and in order to protect the delicate soil, this was done using horses rather than heavy machinery. The clearing is normally conducted in January to minimize the disturbance to the vipers. The plant works with an expert botanist to assist with the plan implementation and conduct annual monitoring. Today, it is a hot spot for naturalists particularly for the Lizard Orchid and other rare xerothermophilic species, including the Pasque Flower and Bee Orchid.

For more information go to www.holcim.com/case-studies

Certified positive water balance in India

With increasing global pressure on the available water resources, there is a strong need to step up conservation efforts. Our Group company in India, Ambuja Cements, seeks to secure water supply not only for itself but also for the communities around its locations. The Company set out to intensify its water conservation efforts over two decades ago. In the course of time it has become not only “water neutral,” but “water-positive.” Ambuja Cements is the first cement company in India to be certified as being water positive by an external third-party verifier.

The terms “water-neutral” and “water-positive” refer to the balance between the amount of water withdrawn by the Company and the amount of fresh ground water recharge created by rain water harvesting in its plants, colonies, and nearby villages and through the use of spent quarries as water reservoirs.

After a comprehensive study covering all its facilities (including operating plants, bulk cement ports, and offices), mine recharge, as well as structures in the community, it was established that in 2011, total harvesting and recharge (credit) was about twice (16,860 million liters) the Company’s water consumption, or debit (8,389 million liters). The Company was thus water-positive by over 100% as assured by Det Norske Veritas (DNV), an independent assurance provider.

Although the Company’s water conservation initiatives have been in place for a long time, the third-party data assessment and verification was conducted for the first time, covering all facilities, in 2011.

Ambuja Cements will continue its efforts to give back to nature and society by increasing water credits through conservation, water harvesting, and recharge.

For more information go to www.holcim.com/case-studies

*Ambuja Cements
CEO and Area
Manager for India,
Onne van der
Weijde with the
water balance
certification.*



Our people



Phee Jungsun, Labor representative

Q “There have been complaints from unions regarding labor issues. What kind of measures is Holcim taking to prevent unfair labor practices?”

Phee Jungsun, Director for Materials and Electric Power Industries, Industri-ALL



“I fully support an open social dialogue with labor representatives, facilitating the resolution of questions at the right level, in a transparent, open and equitable manner.”

Bernard Fontana, Holcim CEO

A **Holcim is committed to fair and transparent labor practices. We have developed a Directive on the use of contract workers, which came into force in January 2012, formalizing the obligation of Group companies to address not only all applicable national regulations, but also the requirements of the UN Global Compact and the core conventions of the International Labor Organization (ILO).**

Employee and contractor relations are handled at Group company level. The Directive makes provision for internal and external auditing of adherence to Holcim’s global standards. Holcim monitors labor practices in the Group through local Human Resources functions and the global CSR questionnaire. The questionnaire also monitors worker representation and grievance systems.

When they are brought to our attention, we take grievances very seriously. Holcim is committed to engaging with all relevant parties to come to a resolution over grievance claims. So far, we have always been able to resolve them in a constructive way.

A safe working environment

Occupational Health and Safety (OH&S) is Holcim’s top priority. Holcim expects its leaders to drive improvement through visible and exemplary leadership, social dialogue and the development of proper behaviors. In 2011, an in-depth safety review was conducted, resulting in reinforced efforts to achieve the long-term goal of “Zero Harm to People,” driven by visible leadership from management at all levels.

During the year, Holcim continued efforts on behaviors through intensive training and line management interventions such as safety observation tours and peer reviews. The continued implementation of the OH&S

management system and, in particular, the embedding of the Contractor Safety Directive and the Fatality Prevention Elements have shown encouraging results with a reduction of injuries for directly employed personnel.

The number of severe accidents involving directly employed personnel continues to decline in line with the lost time injury frequency rate, which remains below Holcim's target level.

Despite the ongoing efforts in the year under review, 26 individuals (2 directly employed and 24 indirectly employed) lost their lives while working for Holcim. While there is steady improvement in the number of fatalities in areas under Holcim's direct control, accidents with third parties, particularly traffic accidents, remain a daunting challenge and resulted in the recorded deaths of a further 27 people. The Board of Directors and the Executive Committee deeply regret this and will continually strive to achieve the vision of "Zero Harm to People."

Holcim will focus its efforts going forward by continuing to embed the Fatality Prevention Elements and the Contractor Safety Directive throughout the business. We will start assessing the effectiveness of the implementation of these directives across all regions and businesses. Holcim will further strengthen the competence of its people in OH&S through intensive training and an improved safety organization.

Holcim is fully committed to its vision of "Zero Harm to People" and will also continue to work with others in the sector through the Cement Sustainability Initiative.

A responsible employer

The vital role played by employees in the creation of value is recognized and clearly articulated in Holcim's strategy (see strategy house diagram on **CR page 7**). The attraction and retention of top-class people is considered as strategic and is reflected in employment conditions and practices throughout the Group. Holcim's CSR policy states "we value diversity and promote equal opportunities in recruitment, employment, development, and retention." This includes non-discrimination in respect of aspects such as gender, religion or ethnic origin.

Our desire to be an attractive employer ensures that our wages match or exceed local industry standards. At lowest-paid entry level, our Group companies pay a median of 39% above minimum wage.

The global nature of our Group results in a highly diverse workforce. Our senior management team has 60 nationalities represented. Gender diversity remains low and represents an opportunity for Holcim. In 2011, 12% of our total workforce were women, with 9% of our top and senior management being female.

To foster a culture of mutual respect and trust, we engage with elected employee representatives. In 2011, on average 61% of employees were either represented by an independent trade union, took part in collective bargaining, or both.

Developing our people

Holcim takes the development of its people very seriously and, despite the global economic crisis, we have maintained a high level of training to meet our skills development requirements. Holcim strives to maintain a work environment in which people feel appreciated, know that they are contributing to the creation of value and have the opportunity for professional and personal growth. Group companies reported a total of 1,961,964 hours of training for employees (compared to 1,241,160 hours in 2010), of which 37% was received by non-managerial-level employees.

Engaging with employees

Employee satisfaction is important to Holcim. In the last two years, 69% of Group companies have conducted employee engagement or satisfaction surveys. In 97% of these surveys, we have improved or maintained employee satisfaction.

In 2011, we carried out a Values and Engagement survey in a number of Group companies and overall the results were encouraging. As examples, in Spain, despite extremely challenging market conditions, the engagement score was significantly higher than the Spanish average, placing Holcim Spain just short of the

Key data

Our people

See **CR pages 30–35** for full data tables. Visit www.holcim.com/sustainable for more information.

Female workforce

GRI LA2, LA14

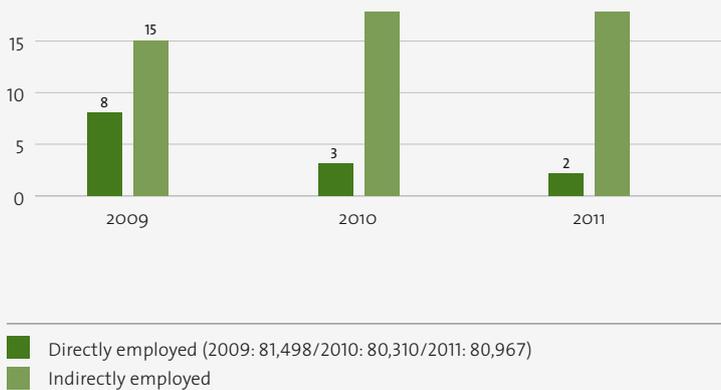
% of female workforce



Fatalities – cement, aggregates and ready-mix concrete*

GRI LA8

Number of fatalities



* Numbers of fatalities are reported following the WBCSD reporting standards.

Lost-time injury frequency rate*

GRI LA8

LTIFR



* Data for LTIFR are regrouped to reflect the CSI reporting standards. Direct employees include own and subcontracted personnel under direct Holcim supervision. The lost-time injury frequency rate (LTIFR) is calculated as:

$$\frac{\text{Number of lost-time injuries}}{\text{Total number of hours worked and paid}} \times 1,000,000$$

Data include all cement, aggregate and ready-mix concrete operations.

top quartile of companies in that country. Seven Holcim operating companies in eastern Europe conducted a simultaneous launch of the Values and Engagement Survey. All of the companies achieved engagement scores higher than the European average with three achieving scores placing them in the top quartile for Europe.

Also in 2011, we carried out an employee opinion survey at our headquarters in Switzerland. The survey measured employee engagement and commitment to Holcim values. We achieved slightly higher than the global average for our employee engagement score. Following the survey, we invited employees to join focus groups to help advise the Holcim headquarters leadership team on issues and ideas for improvement.

Holcim’s annual “dialogue” performance appraisals provide a good opportunity for every employee to discuss concerns and opportunities with their manager. Now 86% of Group companies also have systems in place to collect and handle employee grievances and complaints, and 65% have arrangements to allow complaints and grievances to be raised anonymously. In 2011, a total of four incidents of discrimination were reported across three Group companies and were dealt with in accordance with the Holcim Code of Conduct.

LTIFR regional breakdown – directly employed			
	2009	2010	2011
Europe	4.4	4.1	3.7
North America	1.4	1.5	1.0
Latin America	1.7	1.1	2.1
Africa Middle East	3.0	2.0	3.0
Asia Pacific	1.0	1.5	1.3
Corporate	2.7	0	0.7
Total	2.1	2.0	1.6

Engaging with our stakeholders

We provide volunteering and development opportunities that benefit local communities and are an excellent way for our people to develop their skills and networks.

Holcim employees lend a helping hand

Holcim turns 100 years old this year and, as part of our centennial celebrations, we are building on our past success by encouraging more people to take part in volunteering activities in their local communities. Projects range from environmental clean-ups to teaching and tutoring young people, and supporting people with special needs.

Holcim Argentina run a program called “Manos Voluntarias.” Employees share their skills with the community through helping to run training sessions at schools and colleges, and supporting the company-run scholarship program. Activities include technical training, language classes, a course on writing a CV, and training on waste management.

Holcim Canada engages in a long-term partnership with “Habitat for Humanity” to provide housing for less privileged families in the communities around its operations. As well as the satisfaction they gain from making a difference to communities, Holcim employees benefit from the on-site experience of seeing our products in use and from networking opportunities. In a related project, Holcim Canada invited three business partners to join them in a Habitat for Humanity project to provide housing following the earthquakes in Haiti. One of the drivers for the project was the sizeable Haitian community in Montreal. The invitation to business partners to join in cemented relationships and demonstrated to customers the good work undertaken by Holcim Canada, and is fully aligned with the triple bottom line concept of sustainable development.

Holcim Vietnam undertakes volunteering activities including the construction of houses for less privileged families, the collection of pesticide waste from farmers, and the cleaning of beaches and planting of trees.

Holcim Italy and Holcim Switzerland both undertake “Community Days” in partnership with local NGOs to benefit the elderly, disabled people, and people with addictions. Our employees get involved in activities such as gardening, cooking, and helping at sheltered workshops. They benefit from the opportunity to enrich the lives of others and to interact with their colleagues in a different environment.

For more information go to www.holcim.com/case-studies

Our leadership and management programs help our senior managers to develop the skills they need to achieve our sustainability goals.



Developing future leaders

People engagement and development, as well as leadership development, are of utmost importance to achieve the high performance targets Holcim has set to continue the sustainable growth of the Group. Executive education programs were designed in conjunction with leading universities to provide a platform where future leaders could meet with senior management and Executive Committee members and have an open discussion on critical issues to challenge both their own thinking and their core understanding of Holcim's objectives across a range of topics. As the triple bottom line (value creation, sustainable environmental performance and social responsibility) is fully integrated in the Holcim strategy, sustainable development receives the same attention and commitment as other topics. Sustainable development case studies and project work comprise an important element of the program.

All members of Senior Management and Middle Management are eligible to attend Holcim's management programs. To date, some 3,000 managers have passed through these programs.

"With the certificate in hand, I will now be able to support my family through the income as a qualified mason. This gives my life perspective". Nilda, age 42, who attended the training.



Galing Mason project

Our Group company in the Philippines conducts an ongoing training project, the Galing Mason program, throughout the country. Participants range in age and have very little or no formal education and generally work as temporary day labor or are unemployed. The objectives of the training are to improve the level of knowledge and skills of masons, to enhance their employability and to promote appropriate cement application technology. The collaboration with the Technical Education and Skills Development Authority of the Philippines, the Association of Construction and Informal Workers and the Philippines Constructors Authority gives the training recognition and acceptance in the Philippines and abroad. During the seven-day training, the participants learn how to prepare masonry materials and to perform basic masonry works. The initial three days are conducted in a "classroom" setting while the following four days are on-site. The on-site activity involves participation in a community development project of the NGO Gawad Kalinga. This organization seeks to empower poor communities to become self-reliant and sustainable, which resonates very well with the overall goal of Holcim Philippines' CSR program and the mission of Galing Mason. Experience has shown that after the week-long training, the participants have grown together as a group that mutually supports each other, four new houses are constructed in the community and all participants have passed the exams and received the National Certificate for Masons Level 1, awarded by the training authority.

For more information go to www.holcim.com/case-studies

Improving health service delivery and the status of women

In India, our Group company Ambuja Cement operates plants in remote areas with insufficient or sometimes dysfunctional health services. To improve this situation, the Ambuja Cement Foundation started in 2002 to train local women as community health workers, called Sakhis. The focus of this – now nationwide – initiative is to improve community health services with an emphasis on prenatal and child health in close collaboration with government programs. Sakhis consult community members, conduct house visits, implement household hygiene campaigns and holistic child development programs, inform about available government services and collaborate with the respective government institutions.

The results after less than ten years of implementation are compelling: child and maternal mortality as well as home delivery rates have decreased significantly; pregnant women are registered and receive pregnancy-related services, and family planning as well as HIV prevention methods are known and used. Ties between community groups and government institutions are strengthened and the local primary health centers have improved their services. In addition to these outcomes, the status of women in general has risen through the respect for the Sakhis and their important role in the community. Women increasingly participate in community affairs and are elected into the community councils.

Providing access to housing to low-income families

The provision of sustainable housing solutions for low-income families continues to be a priority for Holcim. The projects that are currently under implementation in Latin America and Asia already provide significant learnings that are integrated into existing or new initiatives.

“Edificando Vidas (Building Lives)”, started in 2008, aims at introducing sustainable construction for low-income clients in Nicaragua with a pilot program in the range of 400 houses. After the first years of implementation it became clear that Holcim Nicaragua had to develop a new construction technology – the Holcim Block – in order to serve this segment. It further proved absolutely crucial to develop models of progressive housing and to include housing improvements as an option. The project in Nicaragua is supported by both the Government and the International Development Bank. Capacity building for self construction as well as for construction-related microenterprise development and community organization must be another integral component of a successful housing program. “Construyendo Juntos (Building Together)” in Costa Rica aims at sustainably improving employees’ quality of life through adequate housing. Participating families are selected based on a socio-economic survey and, in addition to accessing a “home”, participate in capacity-building modules on education, health and household economy. To develop the master plan and the technical solution for the 64 housing units of Los Olivos, Holcim Costa Rica collaborated with construction companies and developers, universities and consultants. Based on previous experiences and learnings from within the Holcim Group, Holcim Argentina is currently conducting a feasibility study for a large-scale housing project that integrates technical, financial, capacity-building and community development components. The goal of the project will be to contribute to decreasing the housing deficit in Argentina through a participatory as well as environmentally and culturally acceptable housing initiative. In the case of Argentina, the individual house is not meant to be an end in itself, but an enabling platform for sustainable community development and income generation.

For more information go to www.holcim.com/case-studies

Social commitment



Fernando Almeida,
 Business representative



“Our social engagement is based on our goal to be a good neighbor to the communities in which we operate our plants and quarries, and to join with them in improving their lives.”

Andreas Leu, Holcim
 Exco Member

Q “How is Holcim’s business model able to improve the quality of life of the poor?”

Fernando Almeida, former Executive President, Business Council for Sustainable Development (BCSD), Brazil

A **After water, concrete is the second most used commodity on the earth. The infrastructure it builds benefits every level of society. The water infrastructure projects we have undertaken in Sudan and the Philippines with the International Committee of the Red Cross show how the poorest people in society gain from concrete based infrastructure development.**

We agree with the saying “business cannot thrive where societies fail.” To be truly sustainable, our solutions need to address all the elements of the triple bottom line – economy, society and environment. That way, we not only make a difference to people’s lives, but we can provide solutions to a whole new customer base.

Our training programs help to improve the quality of life of masons in many countries, improving their qualifications and their employability. At the same time, we are developing a global team of skilled workpeople, loyal to the Holcim brand and in a position to stimulate the building materials sector.

Holcim has also delivered low-income housing solutions in 14 countries, mainly across Latin America and Asia. An estimated 1,700 families have benefited from the projects we have supported.

Strategic community investment

Holcim’s approach to social engagement has always been strategic, not philanthropic, so it is embedded within our core business and it creates value. We prioritize projects that develop low-income housing, support microenterprise and provide vocational training.

In 2011, Holcim Group companies invested CHF 38 million in community engagement activities, representing over 1% of pre tax profits. Some 9.4 million people benefited from the projects we supported.

We encourage Group companies to use our “social engagement scorecard” to determine whether a project meets the needs of the communities where it operates and Holcim’s corporate responsibility objectives. The scorecard can also be used to measure the effectiveness of donations and to help determine the viability of proposed projects. In 2011, 65% of Group companies evaluated projects using the scorecard.

Stakeholder engagement and strategic partnerships

Close cooperation with local stakeholders is vital for our business and it helps to build mutual understanding and trust. Holcim engages with stakeholders through a wide range of forums, including community advisory panels, formal dialogue sessions, open days, and local partnerships. We place real importance on developing effective local relationships, and we have set a target that all Holcim Group companies will have a formal community engagement plan in place by 2012. By the end of 2011, 24% of Group companies had met the target.

Through our engagement activities, we aim to share responsibility and project ownership with the communities where we operate. The types of engagement we undertake are shown in the table opposite.

In 2010, we joined the Corporate Support Group of the International Committee of the Red Cross (ICRC), an organization with exceptional credibility in protecting the lives and dignity of victims of conflict and other life-threatening situations. This year, we supported ICRC water and habitat programs in Sudan and the Philippines. We are also working with the ICRC to develop a training course for ICRC non-civil engineers working on their water and habitat programs to build understanding of cement and its applications, and the ability to diagnose problems. Our aim is to run the first course in late 2012.

Upholding human rights

Holcim’s commitment to Human Rights is embedded in our Corporate Social Responsibility (CSR) policy and reinforced by our participation in the UN Global Compact. In 2011, we developed a specific human rights management system. In this context we conducted a

risk mapping exercise at corporate level and piloted human rights assessments in higher risk countries to assess our impacts in line with John Ruggie’s guiding principles.

We also monitor our human rights performance through Holcim’s annual CSR questionnaire. In 2011, 43% of Group companies had provided training for their employees on equal opportunities policies and procedures, and 31% reported that they have run training on human rights policies and procedures. Also, 61% of Group companies reported that they considered human rights in their major investment decisions.

Key data

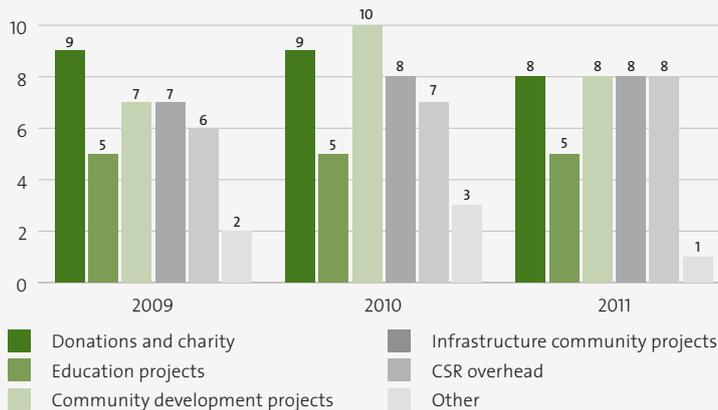
Social commitment

See **CR** pages 30–35 for full data tables. Visit www.holcim.com/sustainable for more information.

Community involvement

GRI EC1

Community spending (CHF million)



Stakeholder engagement at local level

GRI SO1

Type of engagement	% of Group companies		
	2009	2010	2011
Needs assessment	46%	41%	59%
Stakeholder involvement in CSR planning	83%	80%	80%
CSR/SD memberships	79%	76%	80%
Stakeholder dialogues	83%	86%	84%
Community engagement plans in place	n/a	8%	24%
Community advisory panels	38%	41%	61%
Cooperations	67%	65%	76%

Performance data

Economic performance

	KPI	UNGC principles	GRI	2009	2010	2011
Sales in CHF billion						
Net sales	✓		EC1	21.1	21.7	20.7
Input factor (cost of all goods, materials and services provided)			EC1	12.0	12.6	12.6
Depreciation and amortization			EC1	1.9	1.9	2.4
 Value creation for Holcim and key stakeholders			EC1			
Benefit to employees				3.9	4.0	3.9
Benefit to governments (taxes)				0.6	0.6	0.4
Benefit to shareholders (including minorities)				0.8	0.7	0.7
Benefit to creditors				0.8	0.8	1.1
Benefit to communities				0.036	0.042	0.038
Retained in business				1.2	0.9	(0.03)
Sales of cement (million tonnes)	✓			131.9	136.7	144.3
Sales of mineral components (million tonnes)	✓			3.5	4.1	5.1
Sales of aggregates (million tonnes)	✓			143.4	157.9	173.0
Sales of ready-mix concrete (million m ³)	✓			41.8	45.9	48.4
Sales of asphalt (million tonnes)	✓			11.0	10.6	10.3
Sustainable product						
% of cement products containing mineral components	✓		EN2	80%	77%	77%
 Cement types produced by Holcim						
Slag cement (%)				9	9	10
Pozzolan cement (%)				9	9	8
Fly ash cement (%)				26	26	25
Limestone cement (%)				14	13	15
Multiple blend cement (%)				17	16	14
Masonry cement, oilwell cement, white cement special binder, MIC and other (%)				5	4	5
Ordinary Portland Cement (%)				20	23	23
Suppliers						
 Goods, services and materials purchased (CHF billion)			EC1	12.0	13.0	12.6
Global suppliers screened using the self-assessment questionnaire (%)			HR1 HR2	96	98	99
 Group companies screening local suppliers (%)						
OHS standards (%)				92	87	98
EMS systems (%)				81	78	91
Labor standards (other than human rights) (%)				83	76	80
Social accountability or other human rights criteria (%)				75	72	76
 Local suppliers screened (average)						
OHS standards (%)				38	30	31
EMS systems (%)				30	29	26
Labor standards (other than human rights) (%)				44	33	30
Social accountability or other human rights criteria (%)				29	24	26
Government relations						
Political contributions (CHF)			SO6	279,491	106,400	151,304
Number of Group companies making political donations			SO6	7	4	4
Average subsidies from national governments (grants, tax relief and other financial benefits) (CHF million)			EC4	3.1	4.6	1.1
Number of Group companies receiving subsidies			EC4	15	14	14
Customer relations						
% of Group companies conducting a customer survey			PR5	75	84	80
% of those surveyed measuring customer satisfaction				88	87	92
% of Group companies with a specific customer health and safety policy			PR1	54	43	33
% of Group companies with a specific product information and labeling policy			PR3	50	45	35

Environmental performance	KPI	UNGC principles	GRI	2009	2010	2011
Number of plants included in evaluation						
Cement			EN3	143	150	149
Aggregates			EN3	366	388	359
Ready-mix concrete			EN3	1,031	1,195	1,205
Management systems						
Implementation of ISO 14001 (% of plants)						
Cement plants				92	91	93
AFR pre-treatment platforms				84	92	95
Aggregate plants				53	46	43
Ready-mix concrete plants				39	33	32
Environmental investments and environmental compliance						
Environmental investments (CHF million)			EN30	40	37	43
Provisions for site restoration and other environmental liabilities (CHF million)			EN13	585	618	757
Number of plants/quarries reporting non-compliance cases			EN28			
Cement				8	5	1
Aggregates				33	16	10
Ready-mix concrete				31	23	37
Non-compliance cases						
Cement				9	6	1
Aggregates				40	18	11
Ready-mix concrete				41	38	54
Associated fines and penalties (CHF)						
Cement				234,000	298,400	89,600
Aggregates				8,680	19,400	2,492
Ready-mix concrete				2,785,009*	38,200	33,702
Reducing CO₂ emissions						
Absolute gross CO ₂ emissions (million tonnes)	✓		EN16	92.6	97.2	102.0
Absolute net CO ₂ emissions (million tonnes)	✓			89.9	94.3	99.1
Specific gross CO ₂ emissions (kg CO ₂ /t cementitious materials)	✓	✓		613	618	608
Specific net CO ₂ emissions (kg CO ₂ /t cementitious materials)	✓	✓		595	599	591
Aggregates						
Absolute gross CO ₂ emissions (million tonnes)				0.22	0.29	0.30
Specific gross CO ₂ emissions (kg CO ₂ /tonne of product)				1.7	2.5	1.9
Ready-mix concrete						
Absolute gross CO ₂ emissions (million tonnes)				0.08	0.11	0.11
Specific gross CO ₂ emissions (kg CO ₂ /m ³)				2.2	2.5	2.5
Asphalt†						
Absolute gross CO ₂ emissions (million tonnes)				0.2	0.3	0.3
Specific gross CO ₂ emissions (kg CO ₂ /tonne of product)				33	29	32
Indirect CO₂ from purchased power (million tonnes)						
Cement			EN4	6.0	6.2	6.5

* This increase results from a settlement of approximately CHF 3.0 million paid by a Group company in the USA to the US EPA.

† Figures restated to include use of liquid fuels and natural gas which were previously not included.

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Environmental performance (continued)

	KPI	UNGC principles	GRI	2009	2010	2011
Energy						
☑ Thermal energy mix of clinker production (%)			EN3			
Coal				56	58	59
Petcoke				19	19	18
Heavy fuel				1	1	1
Natural gas				8	6	6
Shale and lignite				4	4	4
Alternative fossil fuels				10	10	9
Alternative biomass fuels				2	2	3
☑ Thermal energy efficiency (MJ/tonne clinker)	✓	✓		3,606	3,553	3,510
☑ Thermal substitution rate (% thermal energy from alternative fuels)	✓	✓	EN5	12.0	12.0	12.2
☑ Waste types used as alternative fuels (%)			EN3 EN5			
Waste oil				8	8	5
Tires				12	10	10
Plastics				14	14	9
Solvents				9	11	11
Impregnated sawdust				10	9	6
Industrial waste and other fossil-based wastes				28	29	30
Animal meal and animal fat				3	2	2
Agricultural waste/charcoal				9	10	9
Wood/non-impregnated sawdust				1	1	1
Other biomass				4	4	15
Dried sewage sludge, paper, carton and diaper waste				2	2	2
☑ Clinker factor (average % of clinker in cement)	✓	✓	EN2	70.7	71.4	70.9
Fuel consumption (specific MJ/t)*			EN3			
Cement				2,932	2,919	2,838
Aggregates				22	25	25
Ready-mix concrete (MJ/m ³)				31	33	27
Fuel consumption (total MGJ/a)*						
Cement				443	459	476
Aggregates				3.0	3.9	4.0
Ready-mix concrete				1.2	1.0	1.2
Power consumption (specific kWh/t)*						
Cement				105	104	100
Aggregates				2.8	2.8	3.0
Ready-mix concrete (kWh/m ³)				3.7	3.7	3.7
Power consumption (total million kWh/a)*						
Cement				15,890	16,360	16,809
Aggregates				366	441	482
Ready-mix concrete				135	154	163
Other atmospheric emissions						
NO _x			EN20			
Number of kilns reporting				133	132	125
Total emissions (tonne/a)	✓			152,100	156,170	157,710
Average specific concentration (g/tonne cementitious materials)	✓			1,120	1,110	1,070
SO ₂						
Number of kilns reporting				133	131	126
Total emissions (tonne/a)	✓			24,670	24,880	24,680
Average specific concentration (g/tonne cementitious materials)	✓			180	180	170

* Due to ownership changes in 2011, some figures for previous years have been restated. Fuel consumption figures for cement includes kiln and non-kiln fuels.

Environmental performance (continued)	KPI	UNGC principles	GRI	2009	2010	2011
Other atmospheric emissions (continued)						
Dust			EN20			
Number of kilns reporting				137	136	133
Total emissions (tonne/a)	✓			12,090	11,315	9,850
Average specific concentration (g/tonne cementitious materials)	✓			90	80	67
Mercury						
Number of kilns reporting				126	129	120
Total emissions (tonne/a)				1.8	1.8	1.4
Average specific concentration (g/tonne cementitious materials)				0.013	0.013	0.01
Organics						
Number of kilns reporting				113	128	123
Total emissions (tonne/a)				5,080	4,800	5,250
Average specific concentration (g/tonne cementitious materials)				37	34	36
Dioxins/furans						
Number of kilns reporting				127	129	120
Total emissions (grams/a)				5.2	2.7	2.4
Average specific concentration (micrograms TEQ/tonne cementitious materials)				0.038	0.019	0.016
Implementation rate of continuous emission monitors (%)				85	91	88
Biodiversity and resources conservation						
Number of biodiversity-sensitive sites			EN13			
Cement	✓			n/a	23	35
Aggregates				n/a	32	24
Number of biodiversity-sensitive sites with Biodiversity Action Plans in place						
Cement				n/a	12	15
Aggregates				n/a	21	8
Approved mining plans by local authorities						
Cement				97	100	99
Aggregates				95	94	98
% of sites with quarry rehabilitation plans in place						
Cement	✓			91	100	100
Aggregates				95	96	93
Water						
Water consumption l/t			EN8			
Cement				360	300	254
Aggregates (water withdrawal)				643	686	600
Ready-mix concrete (l/m ³)				238	243	228
Water consumption (total million m ³ /a)			EN8			
Cement				49	42	38
Aggregates (water withdrawal)				86	107	98
Ready-mix concrete				9	11	10
Water recycling systems			EN10			
Cement				78%	82%	83%
Aggregates				45%	54%	63%
Ready-mix concrete				72%	82%	80%

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Environmental performance (continued)

	KPI	UNGC principles	GRI	2009	2010	2011
Transport						
Road (%)			EN29			
Cement				74	74	74
Aggregates				87	84	83
Ready-mix concrete				100	100	100
Rail (%)						
Cement				17	17	18
Aggregates				8	7	5
Water (%)						
Cement				9	9	8
Aggregates				4	4	8
Other (%)						
Aggregates				1	5	4
Waste management and recycling						
General waste management system (%)			EN22			
Cement				98	98	98
Aggregates				81	90	91
Ready-mix concrete				76	80	83
Returned concrete recycling system (%)						
Ready-mix concrete				27	21	21

Social performance

	KPI	UNGC principles	GRI	2009	2010	2011
CSR strategy						
% Group companies with a specific CSR strategy	✓			94	86	88
Employment practices						
Group employees by region			LA1			
Europe				81,498	80,310	80,967
North America				20,800	19,690	19,602
Latin America				8,016	6,668	7,543
Africa Middle East				12,626	12,710	12,867
Asia Pacific				2,256	2,213	2,140
Corporate				36,858	38,172	37,942
Employee turnover (%)			LA2			
Europe				15.6	10.6	13.9
North America				29.5	20.7	14.0
Latin America				12.7	11.8	10.6
Africa Middle East				3.7	2.9	3.6
Asia Pacific				7.3	7.1	6.7
Corporate				23.2	13.7	12.2
Personnel expenses (CHF million)			LA3			
Europe				3,939	4,035	3,859
North America				1,577	1,402	1,283
Latin America				918	793	744
Africa Middle East				471	529	519
Asia Pacific				92	95	84
Corporate				632	986	1,001
Corporate				249	230	227
 % of female workforce			LA13			
Top management level	✓			7	9	9
Senior management level	✓			8	8	9
Middle management level	✓			13	13	13
Other employees				12	12	12

Visit www.holcim.com/sustainablecontinued 

Social performance (continued)

	KPI	UNGC principles	GRI	2009	2010	2011
Employment practices (continued)						
Notice given for operational changes			LA5	5-6 weeks	5-6 weeks	5-6 weeks
% Group companies conducting employee satisfaction surveys				27	41	47
% Group companies with employee grievance procedures				81	88	86
% where grievances can be submitted anonymously				63	76	65
Training						
Hours of training per employee			LA10			
Senior management				32	31	35
Middle management				47	37	47
Other organizational levels				23	20	37
Average all levels				27	23	38
Occupational health and safety						
Number of fatalities – cement, aggregates and ready-mix concrete	✓		LA7			
Directly employed				8	3	2
Indirectly employed				15	21	24
Other*				5	4	27
Lost-time injury frequency rate			LA7			
Directly employed	✓			2.1	2.0	1.6
% Group companies with serious disease programs			LA8	83	86	94
% Group companies with joint health and safety committees			LA6	98	98	98
% of workforce represented by committees			LA6	74	88	88
Human rights						
% Group companies giving training on equal opportunity policies			HR3	56	41	43
% Group companies giving training on human rights policies			HR3	44	34	31
Community involvement						
Community spending (CHF million)	✓		EC1	36	42	38
Donations and charity				9	9	8
Education projects				5	5	5
Community development projects				7	10	8
Infrastructure community projects				7	8	8
CSR overhead				6	7	8
Other				2	3	1
Community spending breakdown (%)						
Donations and charity				27	21	21
Education projects				15	14	14
Community development projects				18	24	22
Infrastructure community projects				18	18	20
CSR overhead				16	16	20
Other				6	7	3
Stakeholder engagement						
Stakeholder engagement at local level (% of Group companies)			SO1			
Needs assessment				46	41	59
Stakeholder involvement in CSR planning				83	80	80
CSR/SD memberships				79	76	80
Stakeholder dialogues				83	86	84
Community engagement plans in place				n/a	8	24
Community advisory panels	✓			38	41	61
Cooperations				67	65	76

* These reflect fatalities in areas out of our direct control and influence, mainly traffic related accidents on public roads.

Methodology

We continue to develop a robust framework for managing and reporting SD performance.

Methods of data collection

We collect information from Group companies using the following tools: Plant Environmental Profile (PEP) questionnaire; equipment data and operating statistics based on annual plant technical reports; corporate CO₂ inventory according to the WBCSD/WRI Cement CO₂ Protocol; corporate Occupational Health and Safety (OH&S) questionnaire; corporate social responsibility questionnaire.

Our data collection systems enable monitoring of performance at three operational levels: individual plant performance, Group company and corporate consolidation of global performance.

System boundaries

The scope of our reporting is outlined below.

Economic performance – Data included represent consolidated data from Holcim Group plants and companies covering all of the Group's operations, and are consistent with those reported in the Holcim Annual Report 2011.

Environmental performance – CO₂ and energy: the scope of data collection for CO₂ and resources use includes integrated cement plants, grinding stations and terminals. Consolidation of data is consistent with the WBCSD/WRI Cement CO₂ Protocol where operational control is used as a criterion.

Where Holcim owns between 20% and 50% of the Group company and does not have management control, data are proportionally consolidated; below 20%, the data are not reported; all other companies are reported 100%.

Other environmental data – The Plant Environmental Profile (PEP) self-assessment questionnaire is the source of performance information and data related to all other environmental impacts of the cement, aggregates

and ready-mix concrete business segments; all data from all principal consolidated Group companies are included in this report at 100%.

Restatement of historical data – Holcim now reports CO₂ and resources use according to Version 3 of the WBCSD/WRI Cement CO₂ Protocol. All historical data have been recalculated according to the updated Protocol, to enable comparison of data over time. Historical data are also restated to reflect changes in consolidation of companies and acquisitions/divestments.

Social performance – Personnel data represent consolidated data from Holcim Group plants and companies covering all of the Group's consolidated operations. OH&S data are collected for all operations via monthly reports and an annual survey, which is then revalidated by our regular business process system. Data are segregated according to on-site and off-site (logistics-related) incidents, and cover directly and indirectly employed, third-party service providers, visitors and others. This is consistent with the WBCSD CSI Guidelines for Reporting. All other social performance data are derived from the CSR questionnaire, which covers all Group companies, and are fully consolidated.

Reporting cycle

Holcim has publicly reported SD performance for the last seven years. A full report is published each second year (the last in 2009), with data and performance information updated on our website every year.

External assurance

PwC has undertaken external assurance of our reporting, including a review of our materiality process and of the draft report. Full details of the scope of the assurance which included CO₂, OH&S and selected environmental data can be found in the assurance statement on [CR page 37](#). An independent expert panel also reviewed the report and their statement is on [CR page 38](#).

PricewaterhouseCoopers assurance statement



Independent Assurance Report

To the Executive Committee of Holcim Ltd, Rapperswil-Jona ('Holcim'):

We have performed review procedures to provide assurance on the following aspects of the 2011 Corporate Sustainable Development Report of Holcim.

Further information on the responsibilities and methodology, the assurance procedures performed, the observations, the conclusions and the recommendations are set out in the full version of the assurance report which is made available by Holcim at: <http://www.holcim.com/sustainable/assurance>

Subject matter

Data and information disclosed in the Corporate Sustainable Development Report of Holcim and its consolidated subsidiaries for the period January 1, 2010 to December 31, 2011 on the following aspects and with the indicated level of assurance:

- Nature and extent of Holcim's incorporation of the AA1000 AccountAbility Principles Standard (AA1000APS) principles (inclusivity, materiality and responsiveness) with respect to stakeholder dialogue (limited or moderate assurance);
- The application of the WBCSD Cement Sustainability Initiative (CSI) guidelines to the reporting and disclosure of CO₂ emissions, other emissions (NOx, SOx, dust) and OH&S data (reasonable assurance);
- The internal reporting system and procedures, including the control environment, to collect and aggregate CO₂ emissions, other emissions (NOx, SOx, dust) and OH&S data (reasonable assurance);
- The internal reporting system and procedures, including the control environment, to collect and aggregate social data and information from Holcim's CSR Questionnaire (reasonable assurance);
- The cement-related CO₂ emissions data in the tables in the section Environmental Performance on page 31, the other emissions data (NOx, SOx, dust) on pages 32/33, the OH&S data (Fatalities & LTIFR) in the tables in the section Social Performance on page 35 of the 2011 Corporate Sustainable Development Report (limited assurance).

Criteria

- The AA1000 AccountAbility Principles Standard (AA1000APS(2008))
- The following WBCSD Cement Sustainability Initiative (CSI) guidelines
 - Cement CO₂ Protocol, June 2005
 - Safety in the Cement Industry: Guidelines for measuring and reporting, October 2008
 - Guidelines for Emissions Monitoring and Reporting in the Cement Industry, March 2005
- Holcim internal data reporting guidelines to the CO₂ emissions, other emissions (NOx, SOx, dust), OH&S and social (CSR) data reporting;
- The defined procedures by which the CO₂ emissions, other emissions (NOx, SOx, dust), OH&S and social (CSR) data are gathered, collated and aggregated internally as part of the data management of Holcim; and
- The principles summarized in the section "Methodology and assurance" on page 36 of the Corporate Sustainable Development Report which define the scope of the reporting.

Responsibility and Methodology

The accuracy and completeness of sustainable development indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Holcim's internal guidelines, definitions and procedures on the reporting of its sustainable development performance.

The Holcim Executive Committee is responsible for both the subject matter and the criteria. Our responsibility is to provide a conclusion on the subject matter based on our assurance procedures in accordance with the International Standard on Assurance Engagements (ISAE 3000). Furthermore, by applying the AA1000AS, our responsibility is to express a conclusion on and make recommendations of the nature and extent of Holcim's adherence to the AA1000APS(2008) principles.

For those subject matters with a limited assurance the evidence-gathering procedures are more limited than with a reasonable assurance (for example, an audit of financial statements), and therefore less assurance is obtained than in an overall reasonable assurance engagement.

Main Assurance Procedures

Our assurance procedures included the following work:

- **Evaluation of the application of external and internal reporting guidelines**
 Reviewing and assessing the application of the external WBCSD CSI measuring, monitoring and reporting guidelines and the Holcim internal data reporting guidelines (see section 'Criteria');

Site visits

Visiting selected plants of Holcim in Switzerland, Canada, Mexico, Lebanon and Indonesia. The selection was based on quantitative and qualitative criteria; Interviewing personnel responsible for internal reporting and data collection at the plants we visited and at the country Head Office level;

Assessment of the performance indicators

Performing tests on a sample basis of evidence supporting the CO₂ emissions, other emissions (NOx, SOx, dust) and OH&S related data, relative to completeness, accuracy, adequacy and consistency;

Assessment of the processes and data consolidation

Reviewing the appropriateness of the management and reporting processes for CO₂, other emissions (NOx, SOx, dust), OH&S and CSR questionnaire reporting;

Inquiries and interviews regarding AA1000 adherence

Inquiries and interviews with selected executive and senior managers, the SD steering committee and staff from the SD department representing different functions in the Group, regarding Holcim's adherence to the principles of inclusivity, materiality and responsiveness, including Management's commitment to the principles, the existence of systems, procedures and processes to support adherence to the principles and the embedding of the principles at corporate level;

Review the Corporate Sustainable Development Report

Reviewing the coverage of material issues within the SD report against the key issues defined in the stakeholder engagement processes, material issues and areas of performance covered in peers and good practice reports, as well as topics raised by plant and local head office levels of the Holcim organisation.

Conclusions

In our opinion

- The external WBCSD CSI reporting guidelines for the reporting of CO₂ emissions, other emissions (NOx, SOx, dust) and OH&S data are applied appropriately;
- The internal CO₂ emissions, other emissions (NOx, SOx, dust), OH&S and social (CSR) data reporting guidelines are applied properly;
- The internal reporting system and procedures to collect and aggregate CO₂ emissions, other emissions (NOx, SOx, dust), OH&S and social (CSR) data are functioning as designed and provide an appropriate basis for its disclosure.

Based on our work described in this report, nothing has come to our attention that causes us to believe that the data and information mentioned in the subject matter and disclosed in the Corporate Sustainable Development Report 2011 of Holcim does not give a fair picture of Holcim's related sustainable development performance. Furthermore, nothing has come to our attention causing us to believe that Holcim does not adhere to the AA1000APS(2008) principles.

Main observations and recommendations

According to AA1000AS(2008) we disclose main observations and recommendations for improvements in relation to Holcim's adherence to the AA1000APS (more details in the full version of the assurance report)

- **Inclusivity:** Holcim's management has a strong commitment to inclusivity and stakeholder engagement. We recommend that Holcim continues to work on ensuring a systematic and structured approach to the AA1000APS(2008) principles at Group Companies level, and that the company in general continues to strengthen the coherence of stakeholder engagement activities, guidance on stakeholder involvement internally and balance their stakeholder selection and involvement.
- **Materiality:** Holcim's management systematically takes the principle of materiality into consideration when making decisions regarding sustainability at management level. The identification of material issues is based on Holcim's business risk framework and tools. Going forward we recommend reassessing the materiality and potential impact of topics and issues on Holcim with a group-wide consistent approach.
- **Responsiveness:** Holcim is committed to being responsive to stakeholders and communicate on sustainability issues. We recommend further strengthening the comparability and quality of sustainable development related internal reporting platforms allowing to comprehensively disclosing Holcim's sustainable development performance and effectiveness.

Zurich, 27 April 2012
 PricewaterhouseCoopers AG

Urs Honegger

Stephan Hirschi

Statement of Holcim's External Report Review Panel

Holcim's Corporate Sustainable Development Report highlights steps towards sustainable development and addresses major sustainability issues for the building materials industry.

Since 2007 Holcim has invited an External Report Review Panel to review SD priorities, materiality and to comment on the Corporate Sustainable Development Reports. The terms of reference of the External Report Review Panel, its members and the full statement can be downloaded from www.holcim.com/sustainable

Summary of the statement

Compared to previous reports the panel acknowledges the advancements achieved and the many initiatives that have been launched or will be initiated in 2012, such as the Supplier Code of Conduct.

Holcim has been responsive to comments made by the panel in previous years and the report reflects recommendations suggested during the first on-line consultation in September 2011 and during individual interviews early 2012.

The panel believes that the Q&A format chosen for this report is an interesting approach to highlight controversial issues, bearing in mind that the answers to the questions are solely Holcim's response and are not officially endorsed by the respective member of the panel or its stakeholder organization.

Vision and strategy

A 15 to 20 year perspective is needed to fundamentally review the cement, aggregates and concrete industry. In order to do so, the External Report Review panel expects Holcim to formulate visionary targets for 2020 and to take into consideration existing international targets such as the Aichi biodiversity targets for 2020. Furthermore, the panel recommends the creation of a think tank with external stakeholders, coming from different sectors of society and with different backgrounds, who can support Holcim in this review.

In the area of sustainable development, it is important to reach scale and to create value for all stakeholders. For future reports, the panel recommends addressing the following questions: What effects are being achieved with the different sustainability initiatives? What's the impact of the individual measures?

Examples such as the positive impacts of the Holcim Energy Fund (see [CR page 16](#)) helping to save CO₂ emissions of about 300,000 inhabitants are good. More of these examples are needed and a bigger impact or scale should be aimed at. Holcim should consider taking stock of the different initiatives and assess the impact of bringing them together. In addition, measures for shared value creation should be formulated.

SD challenges

The External Report Review Panel expects Holcim to recognize its responsibilities beyond its fiscal boundaries analyzing both risks and opportunities. As the company is in the business of providing services to the built environment new, more energy efficient building materials with a lower impact than cement should be explored and innovation in this area supported.

At the same time, there are opportunities to use cement more efficiently. Particularly in developing countries, the technical knowhow of the use of cement is rather weak amongst downstream users. To ensure more efficient use of its materials, Holcim should bring the knowledge downstream and ensure adequate training. This could be done through affordable housing projects that exist in several countries; a good example is Solusi Rumah in Indonesia. The panel would like to know Holcim's strategic view on affordable housing and suggests that Holcim raises the bar within the sector and becomes part of consultative structures which are emerging between NGOs, governments, state owned enterprises, customers, financial institutions and community stakeholders in this area.

One of the biggest challenges in sustainable development is the connectivity and linkages between the different sustainability issues. To address this, Holcim should highlight synergies between SD issues, such as explaining how its biodiversity activities contribute to climate change or how its work on water influence biodiversity management or impacts local communities. In addition, Holcim should encourage schools and universities to prepare future leaders accordingly.

As a big multinational, Holcim should not only focus on the products but on the people that work with the products. Topics such as human rights, health, and disability should be further explored in the report as they give a good indication on how Holcim cares about people.

Holcim response

We have considered the contents of the independent statements of the report assessor and the External Report Review Panel (ERRP) as well as feedback received from the Panel during the preparation of the report.

We are encouraged by the recognition of advancements achieved and acknowledgement that Holcim has been responsive to comments made by the panel in previous years and that the report reflects recommendations suggested by the ERRP during the consultation process for the compiling of this report. We are also encouraged by the overall findings of the report assessor. Our response to the main themes contained in the statements is as follows:

Targets

We acknowledge the expectation of the ERRP to formulate visionary targets for 2020 taking into account existing international targets and conventions. We are aware that our current SD related targets extend only to 2015 and recognize the need to formulate new targets. SD related targets will be considered in the existing Operational Roadmap process and also by SD specific governance bodies such as the Sustainable Development Steering Committee (SDSC). In these processes we will take into account the Panel's recommendations and also seek the inputs from partners such as IUCN.

SD think tank

We note with interest the recommendation to establish a "think tank" comprising external stakeholders, coming from different sectors of society and with different backgrounds. We recognize the value that such a body could provide in strategy development and target setting. The establishment of such a body will be tabled for consideration.

Future reporting recommendations

We acknowledge the recommendation of the panel to strengthen the reporting of the impacts of our SD related programs. We will work with our partners and with external stakeholders to develop methodologies to measure and report on these impacts.

We further take note of the recommendations to consider strengthening our reporting on a number of issues such as our view on low income housing, human rights, health, and disability. We also take note of the recommendation to increase reporting on whistleblowing processes and include more regional data in our reporting. We will ensure that these issues are given due consideration.

Materiality process

We take note of the recommendations of PwC to reassess the materiality and potential impact of topics and issues on Holcim with a group-wide consistent approach and extending the group of stakeholders in our consultation fora. We will review our processes for determining material issues both as a distinct process for reporting purposes and also the continued integration of SD issues into our standard Business Risk Mapping process. We will ensure that future consultation forums include a representative cross section of stakeholder groups.

In conclusion, we thank the panel and our assessors for their recommendations to improve our SD performance and strengthen our reporting. Their contribution is highly valued and appreciated.

Communication on progress

Global Reporting Initiative (GRI)

This print report, with additional information on our website, is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, at a GRI-checked application level of A+. To locate the elements and information contained within the guidelines, including disclosures on management approach to economic, environmental and social aspects, use the GRI index at www.holcim.com/sustainable

Holcim, along with 580 other organizations from over 50 countries, is an Organizational Stakeholder of the GRI and we are a member of the GRI Stakeholder Council. To learn more about the Organizational Stakeholder role in the GRI, go to www.globalreporting.org/OS

For a detailed explanation of the GRI indicators, visit www.globalreporting.org



Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures output	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
G3 Management Approach Disclosures output	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
G3 Performance Indicators & Sector Supplement Performance Indicators output	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

Read the full GRI application level check statement at www.holcim.com/sustainable



UN Global Compact (UNGC)

With our integrated approach to sustainable development, Holcim aims at embracing the UNGC principles. We strive to implement the 10 principles of the Compact and to use it as a basis for advancing responsible corporate citizenship. At the same time, the Compact provides Holcim with the opportunity to further push our own ongoing programs and processes in the areas of human rights, labor standards, the environment and anti-corruption.

Holcim is involved in the expert group on “Responsible Business and Investment in conflict-affected and high-risk areas” as well as in the “supra-environmental” stewardship strategy group.

Our annual communication on progress (COP) to the UNGC outlines Holcim’s continued commitment to the Compact’s philosophy, intent and principles. This latest document highlights key actions implemented in 2011 against the Compact’s 10 principles as well as confirming our sustainability priorities and performance targets.

Review the COP at www.holcim.com/sustainable

Holcim from 1912 to 2012

Countless companies are founded every year, yet not many survive for long. That makes it worthy of note when a company celebrates its 100th anniversary, as Holcim is doing in 2012. Founded in 1912, in the village of Holderbank in the Swiss canton of Aargau, it has grown steadily, first as “Holderbank” and then later as Holcim, to become one of the world’s leading construction materials companies. It now has a significant presence on every continent.

Holcim is a worldwide leading producer of cement and aggregates. Further activities include the provision of ready-mix concrete and asphalt as well as other services. The Group is active in around 70 countries and employs more than 80,000 people.