

Implementing the Triple Bottom Line – Sustainable Development at Holcim

Zürich, 14 May 2012

Ariane Lüthi

Consultant Social Responsibility



Agenda

- How sustainable development is embedded in our vision, mission and strategy
- How we implement the triple bottom line in practice

The Group's strategy is based on three pillars

Product Focus

- Cementitious materials
- Aggregates
- Other construction materials and services

Geographic Diversification

- Global presence
- Balanced between and within regions
- Mature and emerging markets

Local Management Global Standards

- Global business – strongly anchored in local markets
- Global policies and directives, exchange of know how and best practice

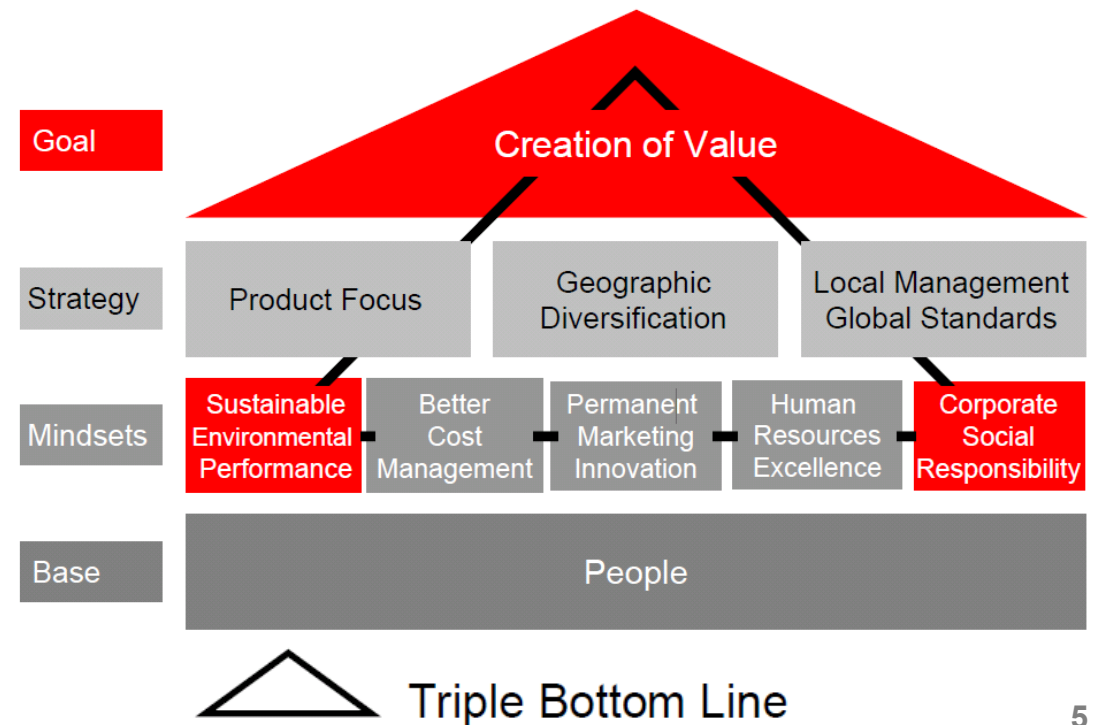
Holcim aspires to be the most respected and attractive company in the sector –
creating value for all our stakeholders

Sustainable Development is a key element of Holcim's vision, mission and strategy

Vision: We want to provide foundations for society's future.

Mission: We want to be the world's most respected and attractive company in our industry – creating value for all our stakeholders.

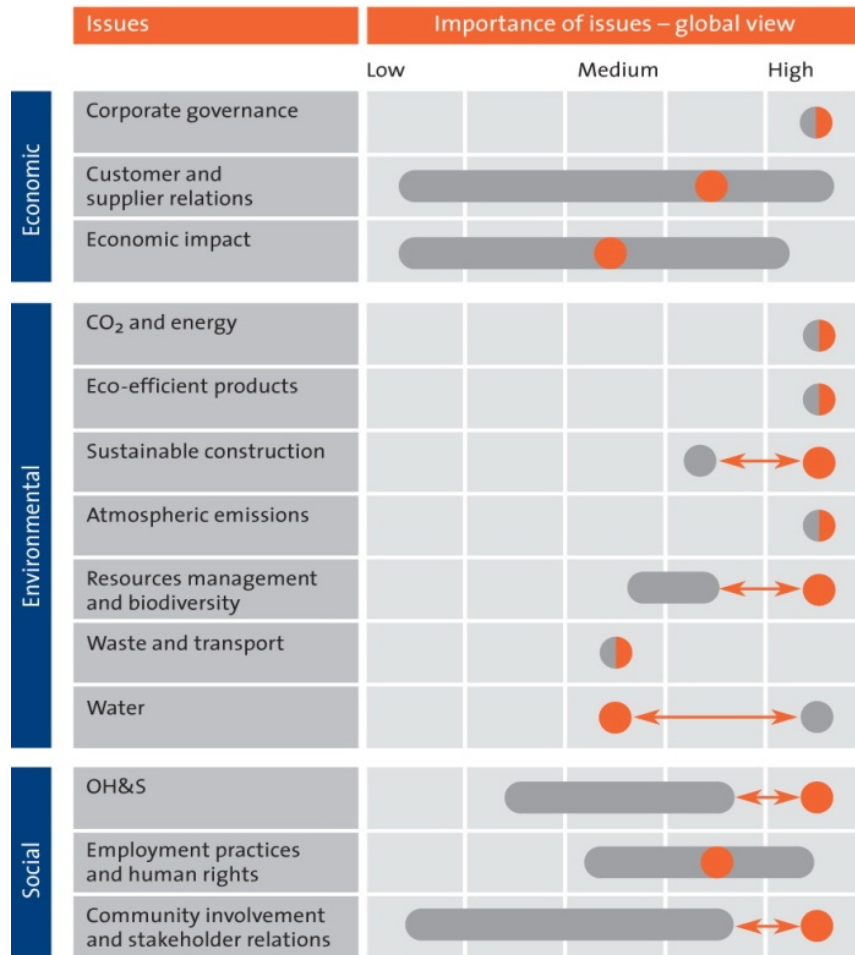
Holcim Strategy House:



Agenda

- How sustainable development is embedded in our vision, mission and strategy
- How we implement the triple bottom line in practice

Key sustainable development issues are determined with a “materiality review” that involves external stakeholders



Managing these issues makes good business sense..

- ▶ Mitigate risk and leverage opportunity
- ▶ Maintain our license to operate
- ▶ Reduce operating costs and increase revenues
- ▶ Attract and retain employees
- ▶ Improve access to capital
- ▶ Have a seat at the regulators table

- Holcim view – result of Holcim business risk management process.
- External stakeholder view – result of interviews with 16 external stakeholders including academics, government officials, NGOs, suppliers, analysts and customers at a global level.

SD priorities cover all dimensions of the triple bottom line – economic, environmental and social

- Sustainable product and service solutions
- Climate and energy
- Resource conservation
- Social commitment (including occupational health and safety, stakeholder engagement, supply chain management and human rights)

Targets are set at global level and implemented locally – example of the Community Engagement Plan (CEP)

A Community Engagement Plan (CEP) defines and summarizes which engagement method will be used at each site operated by a Group company. It helps to:

- ▶ Ensure all Group companies plan and manage community engagement activities at their sites in an on-going and meaningful way – based on systematic situation analyses
- ▶ Ensure operational permits and permissions are obtained, business projects can be implemented as planned and plants can operate without impediments from stakeholders
- ▶ Provide forums to discuss potential controversial issues (environmental, AFR, social) and find solutions before they turn into conflict

Global target: By 2012, every Group company has a Community Engagement Plan (CEP) in place that covers all its sites.

Holcim's social engagement is guided by the Group's CSR Policy – 6 Pillars

1. Business Conduct
2. Employment Practices
3. Occupational Health and Safety (OH&S)
4. Community Involvement
5. Customer and Supplier Relations
6. Monitoring and Reporting Performance

CSR engagement is strategic, not philanthropic – based on needs assessments and linked to the core business



Holcim defines CSR as:

Our commitment to work as partners with all our stakeholders to effectively improve the quality of life of the members of our workforce, their families and the local communities around our operations.

Social investment:

- ▶ Holcim currently spends around CHF 38 million on community initiatives, donations and in-kind support, which is over 1 percent of net income before tax
- ▶ The largest part of the budget is invested in the Holcim focus areas of community development, education and infrastructure
- ▶ Over 3 million people worldwide benefitted directly from Holcim's social engagement in 2011

Social investment example 1: Ambuja Cements Ltd., India – improved access to safe drinking water for communities

Collaborative projects for better access to water:

- ▶ Increasing the spread of groundwater through the construction of dykes and check dams
- ▶ Renovation of traditional water reservoirs, construction of rain water harvesting structures and mitigation of salinity ingress
- ▶ Plantation and forestation programs
- ▶ Provision of community water purification units, water quality tests and educational campaigns



Social investment example 1: Ambuja Cements Ltd., India – improved access to safe drinking water for communities

- The company achieved certified water-positivity in 2012
- Over 20' 600 hectares of land upgraded through soil and water conservation initiatives in 2010-2011
- Organization of two important water conferences in the past year to create a platform for government and civil society to better manage water-related issues



Social investment example 2: worldwide – holistic housing solutions for low-income families

Point of departure – tremendous housing deficit worldwide:

- ▶ More than one billion people (32% of the global urban population) around the world live in inadequate shelter and lack basic services; half a million new people arrive in slums every week
- ▶ Housing is of vital importance for poverty reduction, e.g. health issues, income earning and security
- ▶ Important market potential among low-income consumers worldwide
- ▶ Many constraints

Social investment example 2: worldwide – holistic housing solutions for low-income families

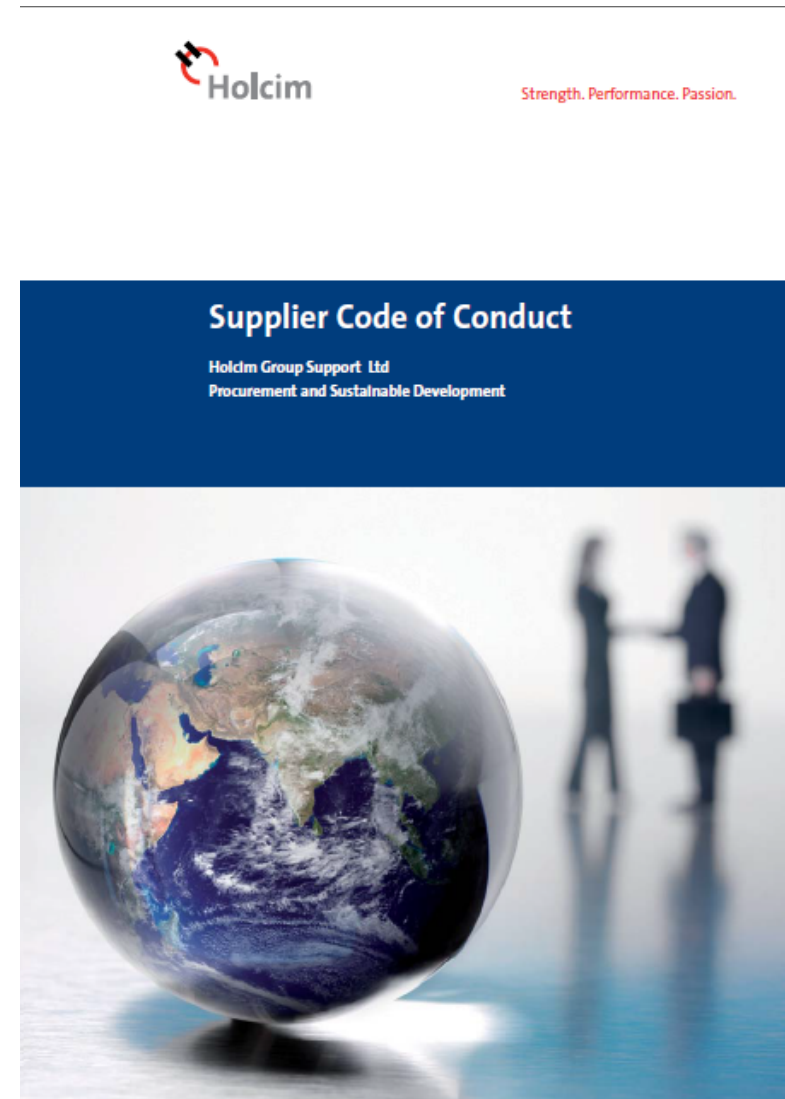
Selected initiatives in the Group:

- ▶ Holcim Apasco, Mexico, and Holcim Costa Rica explore new business opportunities while serving the needs of the poor – programs “Mi Casa” and “Prefa PC”
- ▶ Holcim Indonesia used lessons learned from the Aceh reconstruction to launch the “Solusi Rumah” project in Java – current housing deficit is six million dwellings
- ▶ Holcim Philippines offers nation-wide masons training program and certification
- ▶ Holcim Nicaragua launched the program “Edificando Vidas” in 2008: Sustainable and culturally accepted housing solution for the most disadvantaged parts of society. Involvement of major universities to compete in integrating sustainability factors
- ▶ “Shelter for Livelihood” pilot program for holistic, large-scale housing solutions launched in Argentina – Includes aspects of financing, livelihood creation, community organization, empowerment and sustainability (renewable energies, water, transport etc.)

Holcim's commitment to Sustainable Development is not confined to the boundaries of our operations

Sustainable Supply Chain Management

- Collaboration with suppliers to implement SD standards – Holcim Supplier Code of Conduct
- Risk-based approach to manage large number of suppliers – identification of potential high-risk suppliers and targeted assessments
- Requirements based on UN Global Compact and Holcim policies – address all aspects of the triple bottom line



Sustainable Development is a continuous journey



Our SD journey started decades ago and is an integral part of our business strategy. There is a solid commitment to reporting on our progress.

Commitment across the Group

- Holcim is committed to Sustainable Development
- There are “compelling commercial reasons” for building SD into business strategy
- Improving our SD performance will add value to our business and is a key factor in maintaining our “licence to operate”
- Our SD performance is widely recognized:
 - ▶ Awards won by Group companies are evidence of this commitment
 - ▶ Member of the DJSI World Index for the 9th year running



Thank you very much for your attention!
Questions?

