

Sustainable Development

2012 Report

PT Holcim Indonesia Tbk



Holcim Indonesia produces two major reports every year.^[3.3]

The Annual Report.
A detailed account of our financial and operational performance for shareholders and the investment community.

The Sustainable Development Report.
Explores our contributions to local economic development, environmental management, and social responsibility.



Awang Darmawan, Raw Mill Engineer formerly at our Cilacap plant, is now part of the team at the exciting new Tuban plant opening 2013.

Celebrating the Holcim Centennial, our employees volunteered to build roads, houses and mosques, planting trees and restoring coastal mangrove belts.

How Holcim approaches Sustainable Development – six key performance parameters

	<p>Economic Impact & Sustainable Construction</p> <p><i>Accessible, affordable housing: thanks to 14,753 Holcim trained masons and 433 Solusi Rumah outlets, the biggest franchised building materials network in Indonesia.</i></p>	14
	<p>Occupational Health & Safety (OH&S)</p> <p><i>Our highest priority is the safety of our employees and visitors at all times. Good health is taken seriously inside the plant and among our neighbouring village communities.</i></p>	28
	<p>People & Human Rights</p> <p><i>Investing time for learning and development, engagement and dialogue generates returns in goodwill, synergy, mutual understanding and shared goals for Holcim and our people.</i></p>	38
	<p>Social Responsibility & Stakeholders</p> <p><i>Our focus is on how to empower communities – giving them the means via education, microfinance, infrastructure, social facilities and regular meetings to generate self-help.</i></p>	46
	<p>Climate & Energy</p> <p><i>All emissions and resources utilised are strictly monitored. We aim to reduce emissions for every tonne of cement produced and to conserve non-renewable materials and fuels. Our waste solutions service is contributing to the environment and the body of knowledge on safe and effective waste eradication for society.</i></p>	60
	<p>Compliance & Governance</p> <p><i>We have aligned all aspects of our operations to the standards and regulations prevailing – economically, ethically, socially and in terms of environmental protection.</i></p>	74

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Our Sustainability Vision – the Triple Bottom Line ^[1.1]

At Holcim Indonesia we place sustainability at the core of everything we do. It is enshrined in the corporate philosophy of our triple bottom line, and influences our many stakeholder relationships. It is about putting health and safety first, minimising our impact on the environment and helping to develop the communities we operate alongside. As a business with a long-term focus and commitment to Indonesia, its people and its economic, social and cultural development, our sustainability focus also means creating products and services that are solutions to Indonesia's development needs.

The Triple Bottom Line Philosophy

We judge our performance:

- **In economic terms:** not only by how we deliver value to shareholders, but also by adding value through our work, by training and empowering our staff and contractors; as a safety-conscious, responsible and ethical employer; by the quality and value of our products and services delivered to our stakeholders, customers, business partners, and our community stakeholders, government and regulators and members of the construction sector.
- **In social terms:** by how we work with communities to identify and prevent any potential negative impacts from our operations – environmental, social and economic – and by then making a difference; by supporting balanced growth according to community needs and through regular community-based dialogue with our neighbours.
- **In environmental terms:** by making better use of natural resources through renewal and conservation; by monitoring how our operations impact our neighbours, as well as on climate change and the environment; by managing waste, recycling materials, and recovering energy, by safely eradicating the unwanted leftovers of industrial activity.

Taking care of the things that matter most

We identified the sustainability issues included in this report in a four-step process (1) by reviewing our own internal data on operational risks and performance targets (2) by listening to our stakeholders including our shareholders, the media, neighbouring communities via our Community Advisory Panel meetings, non-government organisations, local and central regulators (3) by prioritising issues and impacts in terms of their material significance on our operations (4) by reviewing these issues to check they were in agreement with Group-wide strategic plan for sustainability excellence – The Holcim Leadership Journey – and our new vision and mission statement: “Building Sustainable Solutions for Society’s Future.”

The themes that are common to a number of material issues have been grouped into focus areas for the purpose of this Report, as outlined in the diagram.



Global Reporting Initiative (GRI) Content Scope

This report covers Holcim Indonesia activities between January 1 and December 31 2012 related to the company's pursuit of sustainable development targets. It is designed to be read as the sequel to the 2011 Sustainable Development report, and provides data in a format which can be easily compared year on year. The data and calculations used in this report are subject to the company's internal audit. [3.1, 3.2, 3.5, 3.6, 3.9]

How to use this report

In line with the greater care and standardisation of global sustainability reporting, we have adopted the GRI 3.1 reporting guidelines in the preparation of this report.

Self Declaration

This Sustainable Development Report has been internally graded according to the GRI indicators covered. [3.13]

Scope of 2012 Report

As in previous years, our 2012 Sustainability Report covers all our incorporated operations in Indonesia (see company chart on the following page), excluding Malaysia, over the reporting period. All financial data is consolidated including Malaysian (HMSB) subsidiary.



What do you think about our reporting? Holcim welcomes feedback from stakeholders on this report, and aims to provide clear and sufficient information to stakeholders. [4.17]

If you wish to provide feedback on the content of this report or seek further information about the report or Holcim Indonesia, please contact:

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Company Profile

PT Holcim Indonesia Tbk is a third largest by sales and market share, fully integrated cement producer with ready-mixed concrete and aggregates operations, and a unique and expanding retail franchise offering the most complete end to-end solutions to home building: from building materials supply to design and speedy, safe construction. [2.1, 2.2]

Holcim Indonesia is owned by Holderfin B .V. 80.65 per cent and public 19.35 per cent of the authorised issued and paid-up shares quoted on the Indonesia Stock Exchange (IDX). [2.3, 2.6, 2.9]

Holcim Indonesia is a member of the Indonesian Cement Association (ASI), IBCSD, GBCI and as part of the Holcim Group is a member of the World Business Council for Sustainable Development (WBCSD) and a founder member of the Cement Sustainability Initiative (CSI). [4.13]

Vision
Building sustainable solutions for society’s future.

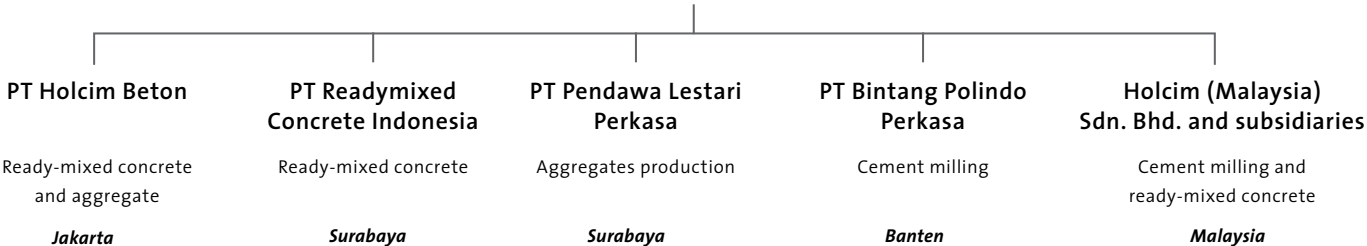
Mission
Holcim Indonesia will grow by creating value for stakeholders through:

1. Delivering sustainable building solutions focused on distinctive customer segments
2. Caring for safety and the environment
3. The development of people, innovative leadership and integrated networks. [4.8]

With 2,684 employees, Holcim Indonesia operates cement plants at Narogong, West Java, and Cilacap, Central Java; a cement grinding station in Ciwandan, Banten, and another in Johor Baru, Malaysia: giving a combined annual capacity of 10.3 million tonnes of finished cement. Under the control of Holcim Beton, a wholly-owned subsidiary, we operate some of the largest aggregates quarries in Indonesia, and a substantial downstream ready-mixed concrete supply network from Greater Jakarta to Surabaya in East Java. [2.5, 2.7, 2.8]

PT Holcim Indonesia Tbk and principal subsidiaries

Cement producer and integrated building solutions provider



Sustainable development and the world of cement

Holcim operations, products and solutions impact widely on society at large. Our stakeholders are industries, businesses, local communities, families, individual consumers, media and authorities of many kinds.

This report describes how we work together... and build together for a sustainable future

Biodiversity studies at all main sites

Limestone and silica quarries, stone quarries, for raw materials

Geocycle: waste management facility

Water treatment: all plants

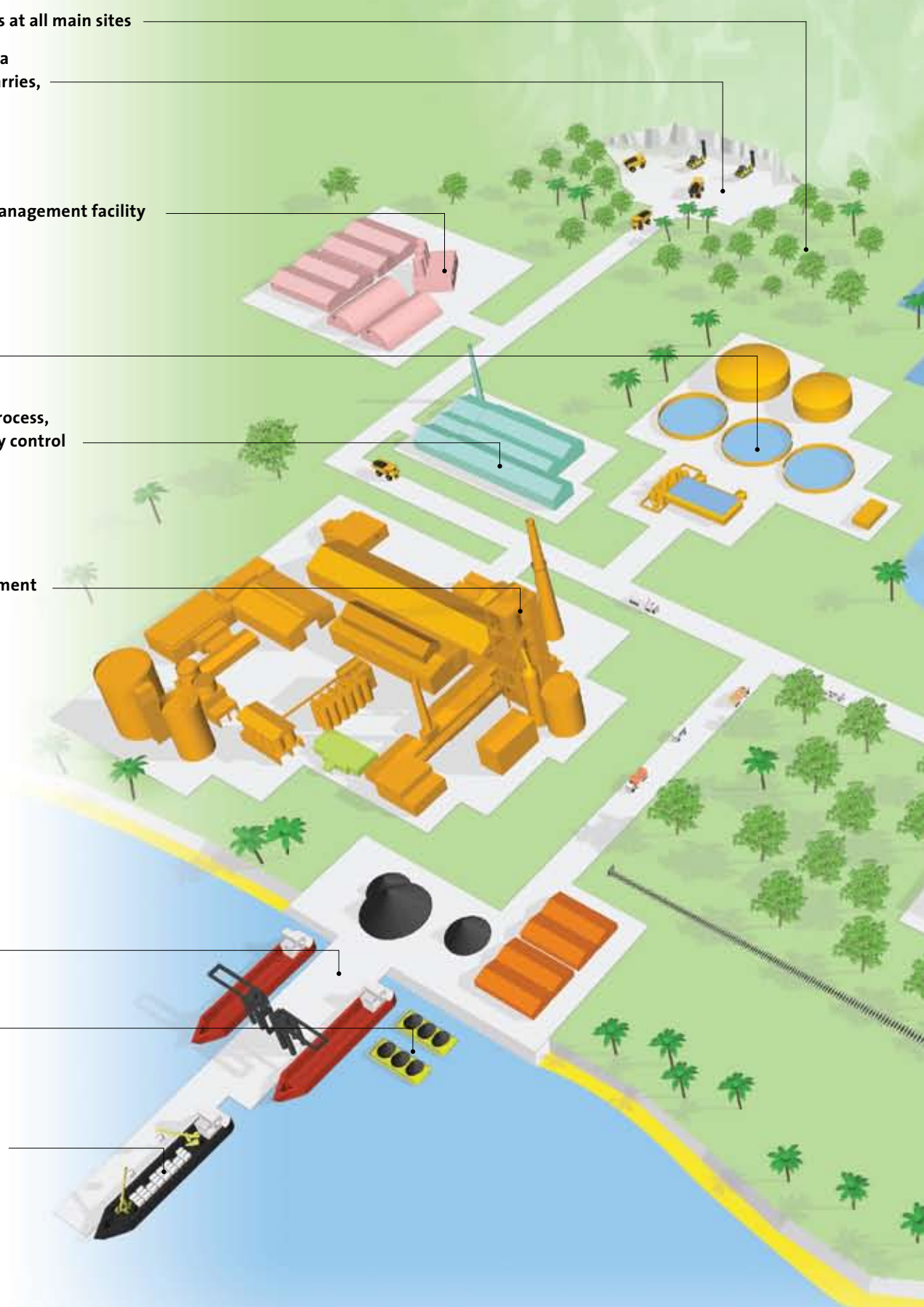
Laboratories: for process, product and quality control and waste testing

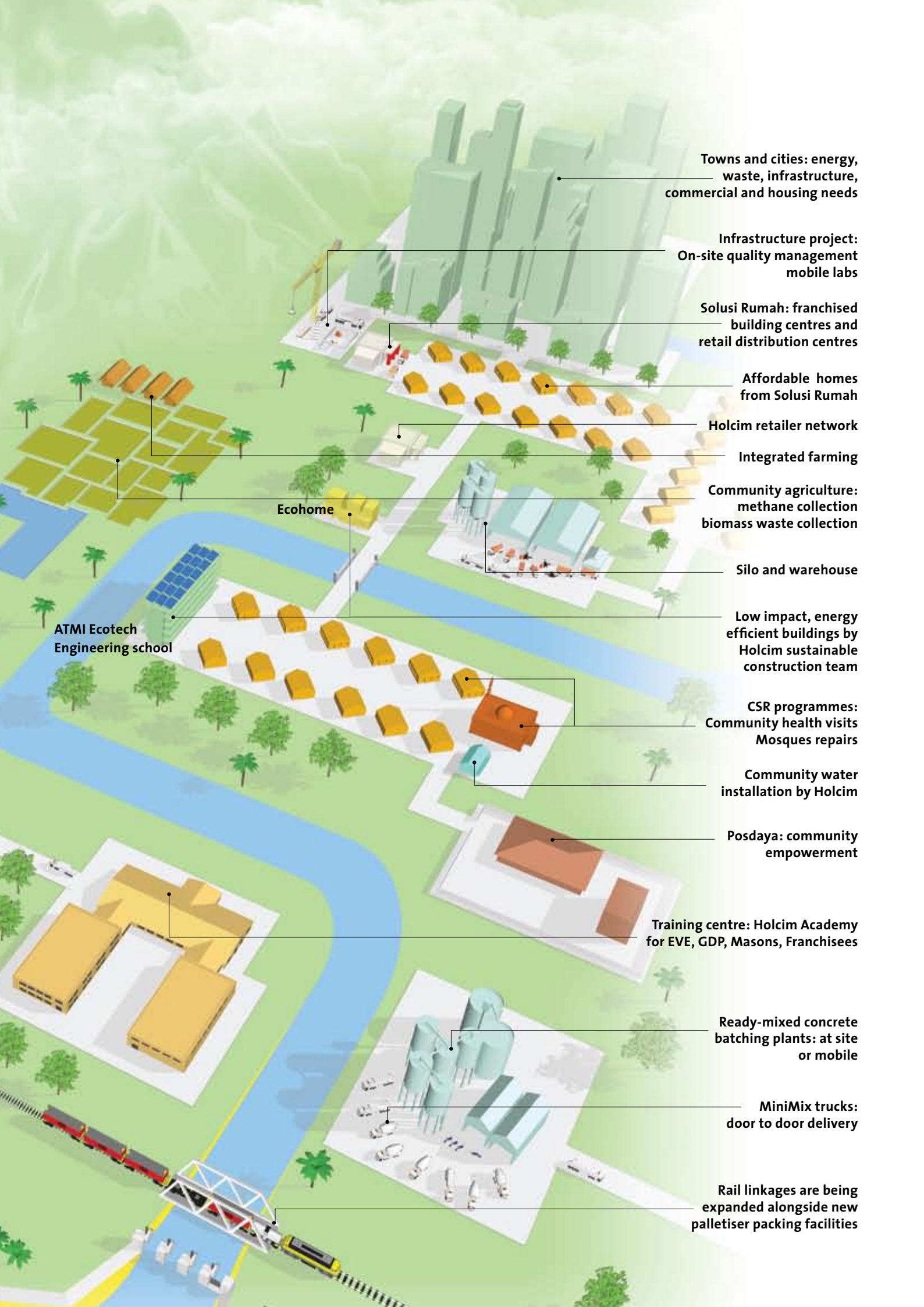
Cement plant: Emissions management Local employment

Jetty

Incoming coal shipments

Inter-island cement shipments beyond Java





Towns and cities: energy, waste, infrastructure, commercial and housing needs

Infrastructure project: On-site quality management mobile labs

Solusi Rumah: franchised building centres and retail distribution centres

Affordable homes from Solusi Rumah

Holcim retailer network

Integrated farming

Community agriculture: methane collection biomass waste collection

Silo and warehouse

Low impact, energy efficient buildings by Holcim sustainable construction team

CSR programmes: Community health visits Mosques repairs

Community water installation by Holcim

Posdaya: community empowerment

Training centre: Holcim Academy for EVE, GDP, Masons, Franchisees

Ready-mixed concrete batching plants: at site or mobile

MiniMix trucks: door to door delivery

Rail linkages are being expanded alongside new palletiser packing facilities

ATMI Ecotech Engineering school

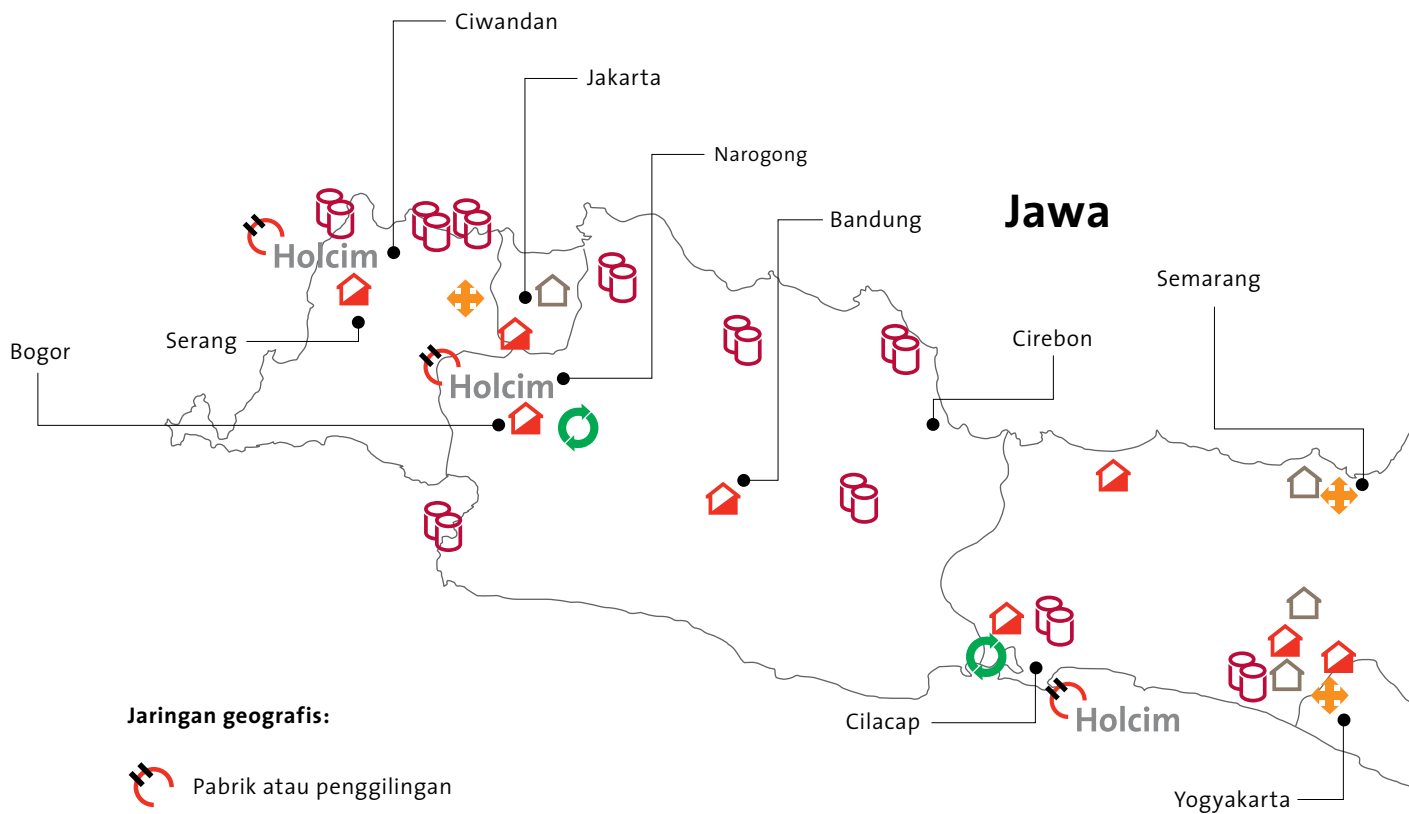
Ecohome

The Holcim Network








Our third cement plant under construction near Tuban, along the northern corridor that links the rest of Java and Surabaya, will complete the Holcim footprint in Indonesia's largest building materials market, Java.

Our network includes about 15,000 retailers and 433 *Solusi Rumah* outlets. Holcim expertise and customer care is available through dedicated sales offices, building materials distribution centres and ready-mixed concrete batching plants - served by an expanding logistics matrix of supply depots and multiple transport methods. The Holcim information network is easily accessible via a dedicated call centre, on-line and our websites.

Geocycle, our waste solutions service, serves clients in all the major islands.

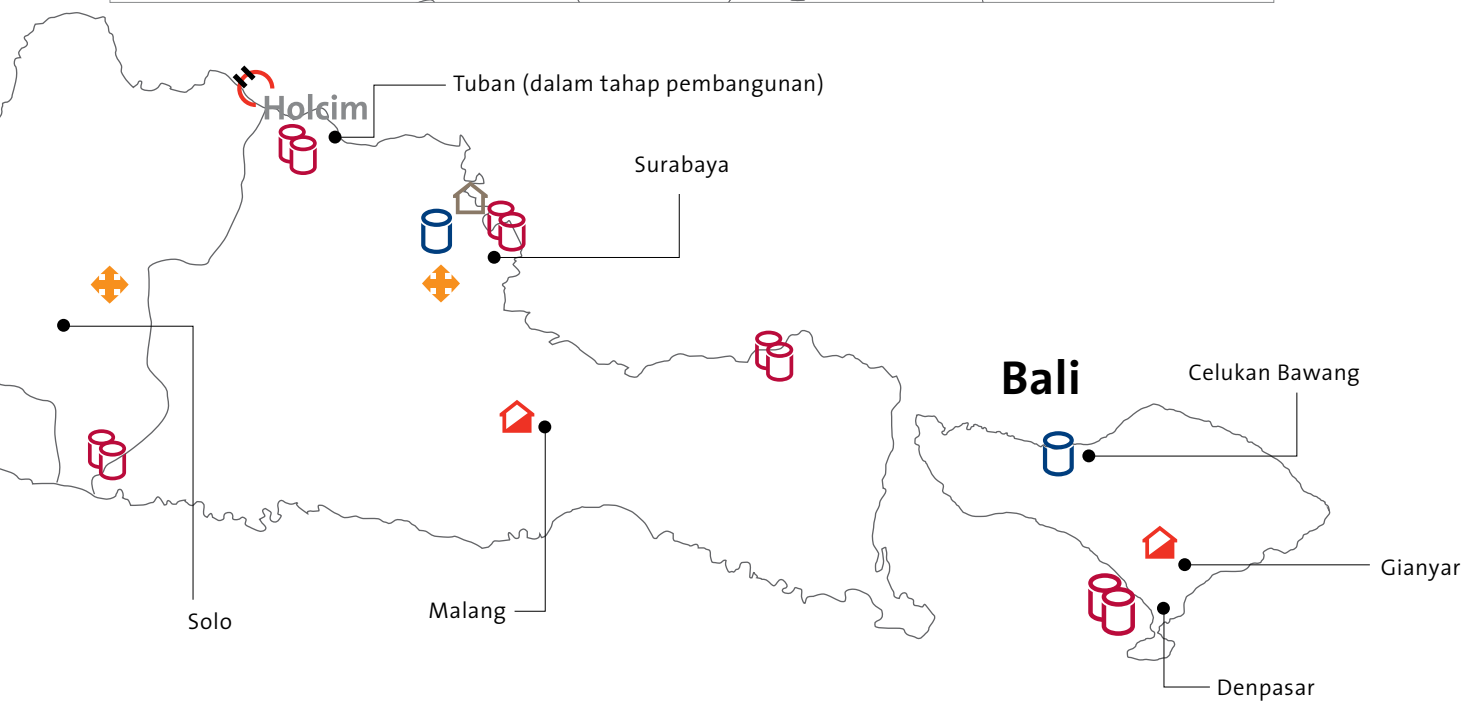
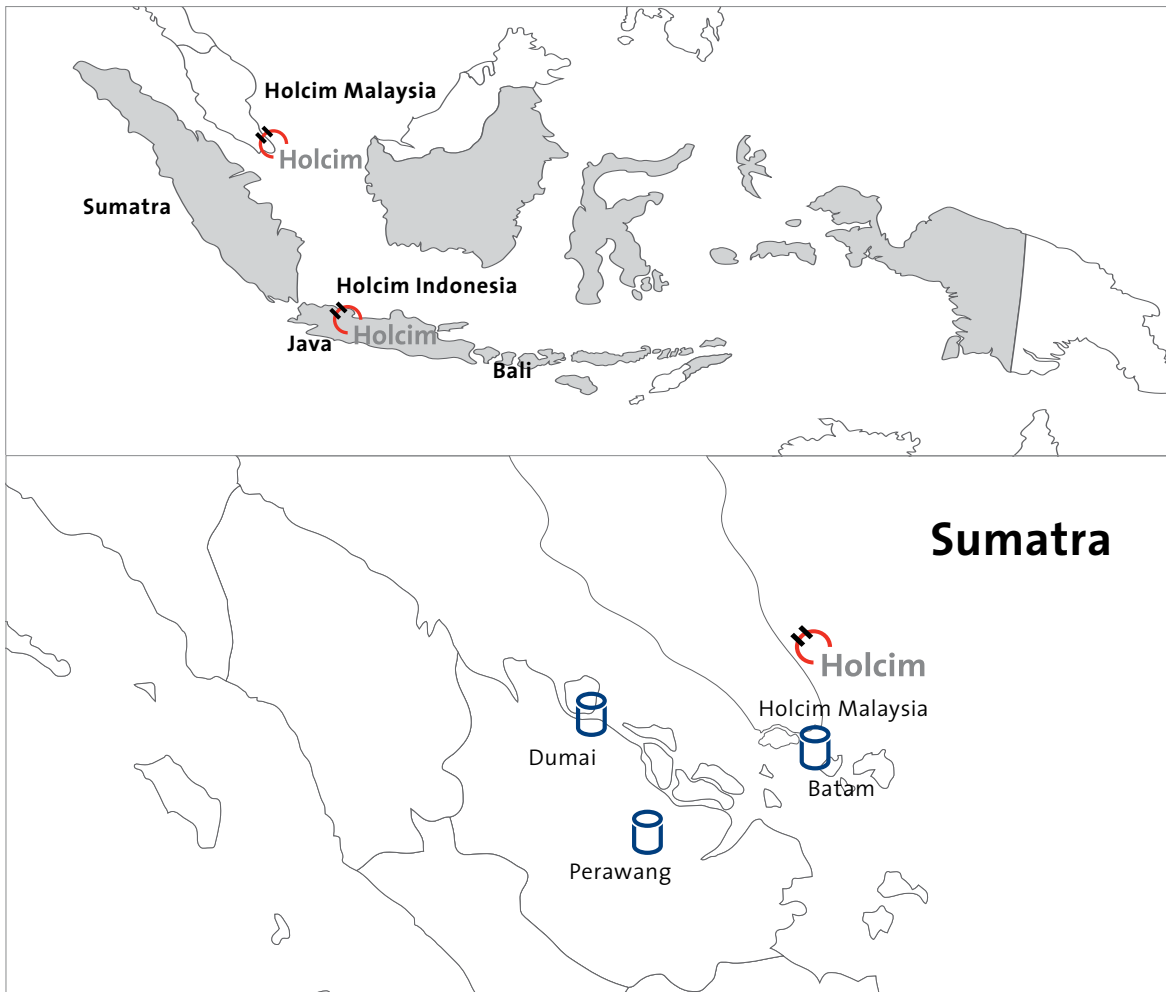


Jaringan geografis:

-  Pabrik atau penggilingan
-  Silo dan pusat distribusi
-  Distribution jaringan
-  **geocycle**
-  Unit produksi beton siap pakai (termasuk unit produksi *mobile*)
-  Waralaba bahan bangunan ritel (*Solusi Rumah*)
-  Kantor pemasaran

Jaringan informasi:

-  www.holcim.co.id
-  www.membangunbersama.com
-  Tanya Holcim **0800 1 465 246**
-  Sistem pelacakan GPS untuk Unit Induk Logistik
-  **Betonku Holcim 0811 811 811 0**
-  www.geocycle.co.id



Message from the President Director

*Holcim CEO
Eamon Ginley
(third from left)
during a visit to a
concrete batching
plant operation in
August 2012.*



Solving the development problem

In 2012 Indonesia has continued to show economic resilience. It is brimming with consumer confidence and blessed with a wealth of natural resources, political stability and a young and dynamic population. At the same time key questions remain on the ability of Indonesia to fulfil its true potential.

- **First** is the question of how soon Indonesia can unlock constraints on growth and address vulnerability to natural disasters, for as long as it is inadequately served by a chronic lack of infrastructure
- **Second**, is the need to build capacity, skills and hence productivity that will lift economic growth to the levels that will accommodate a fast-growing, job-seeking population and aspirations for improved living standards
- **Third**, is how to address growth and income inequity across the length and breadth of the archipelago – we live in a multiple speed, multiple need society

In short, Indonesia faces a development paradox - the potential for, but not yet the true realisation of inclusive, sustainable growth for all.

In Jakarta, the nation's economic hub, roads and public transport show the strain of new motor vehicles on city streets, with average recorded vehicle speeds of 10kmh or less during daytime hours. Poor air quality, lack of access to water, electricity and proper waste services are all worrying issues for its citizens. Flooding in early 2013 has been a reminder of the potential havoc climate change can cause to many low lying and informal settlements across the country. The risks of extreme weather extend into disruption and disorder when supply chains are snapped by poorly maintained infrastructure, or deforested hillsides collapse after rain, damaging precious rice crops and taking lives. And we cannot overlook the need for adequate shelter: in Java, the Housing Ministry estimates 8 million lack safe and affordable houses.[EC2]

Holcim, as part of the building materials industry, has the capacity to provide the means to address many of these issues. Our cement based building solutions are used in new homes and schools, power stations, flood barriers, proper drainage channels, roads, ports and many other vital projects. So, on the one hand our efforts keep the economy moving, create jobs and contribute to better living standards. On the other hand globally, not just in Indonesia, the cement industry is responsible for around 5 percent of all total greenhouse gas emissions contributing to global warming. We are part of the problem and the solution. We share the development

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We are part of the problem and the solution. We share the development paradox of Indonesia. But we can solve this together.

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As a business with a long-term commitment to Indonesia, sustainability is at the centre of our operations, as expressed in our triple bottom line (see page 2). Our sustainability focus also means creating products and services that address the issue, while minimising the impact. We call this “building sustainable solutions for society’s future” – our new mission statement for 2013 and evident throughout this report.

This is our seventh Sustainable Development Report, an account of the progress we have made as a company on our sustainability journey. It is prepared for the first time, to a level of disclosure of “A” rating, in accordance with the Global Reporting Initiative Framework and thus signifies our commitment to stakeholder engagement and transparent reporting.

We seek to operate responsibly and safely at all times in creating value for our stakeholders by being focused on distinct customer segments, and by working to the highest standards, transparently and efficiently. We aim to minimise our impact on the environment, conserving natural resources for future generations. And of equal if not more importance to us, is the development of our people in terms of leadership and knowledge, together with our communities, encouraging and supporting them to be self sufficient, equipping them with the education, skills and tools to achieve a sustainable livelihood, safety and good health.

In our motto “Safety First, No Compromise” Holcim is committed to zero harm in everything we do applying the same strict standards for fulltime employees to our 4,500 contractor workers.

Despite this focus, I regret to report that during this period one of our contractors lost his life while at work at Cilacap Plant in Central Java. The incident was thoroughly investigated, revealing that safety rules had not been followed. Lessons learned were shared throughout the company to ensure everyone was alert to the risks of not following procedures. Our deepest sympathies go to the family, friends and colleagues involved.

Our social development programme was full in 2012

- 1800 of our staff volunteered for 14,000 hours community work paving roads, building houses, and sanitation facilities, improving drains and floors and planting thousands of trees
- Community development efforts reached more people than ever before, including our microfinance, agriculture, skills, school and health programmes

In terms of our environment impact, in a year in which we worked at full capacity, we were able to:

- Cap CO₂ emissions to a 1 percent increase, despite continuing an expansion; and reduce our per tonne emissions of cement by 4 percent, meaning every bag of our product puts less pressure on the environment
- Generate 9 percent of heat in our cement kilns using waste co-processing, not fossil fuels

- Increase the use of recycled materials in our cement
- Complete biodiversity studies in all quarry areas

We rounded off the year by launching Indonesia’s most energy efficient structure – the Ecotech Building at technical academy ATMI’s Cikarang campus. This iconic building uses 50 percent less energy than traditional buildings and harvests rainwater. We continued to promote affordable, energy efficient house designs via our Solusi Rumah home building franchise. These are excellent developments, and we hope to encourage more high-profile sustainable buildings in Indonesia and a true green building revolution.

No one said the road to sustainability was easy. Turning a good idea into a reality takes grit and passion as well as a willingness to see other points of view. I am proud to find many examples of sustainable thinking and action evident in the pages of this document and I look forward to reporting on our progress in future.

Eamon Ginley
President Director



Winners of the 2012 Holcim CEO Awards, given to staff for innovation in business processes, with Holcim President Commissioner Paul Hugentobler (centre back row) and Eamon Ginley (second from right).

Report Card

The sustainability framework	The big issues in society today
Economic Impact & Sustainable Construction	<p>A fast expanding population and middle class buying power: - a backlog of over 8,000,000 homes needed</p> <p>Inadequate infrastructure impacting balanced growth and long term ambitions for Indonesia's future</p>
Occupational Health & Safety (OH&S)	<p>Preventable work related accidents, and a lack of safety awareness</p> <p>Under constantly heavy traffic conditions, roads are increasingly dangerous places in Indonesia</p> <p>Preventable, lifestyle related diseases are on the rise</p>
People & Human Rights	<p>Improved productivity and skills in order to develop Indonesia's comparative advantages to the full</p> <p>Attracting, developing and retaining our talent in a competitive market with a limited pool of tertiary educated, experienced labour</p> <p>A sustainable approach to industrial relations</p>
Social Responsibility & Stakeholders	<p>Engaging communities to ensure all negative operational impacts on them are minimised, consulting openly and transparently to resolve any differences peacefully</p> <p>Rising aspirations for jobs, and self-sustaining livelihoods to improve living conditions for the majority</p> <p>The building of infrastructure where it is needed to improve lives and reduce poverty</p>
Climate & Energy	<p>Minimising industry's impact on global warming by reducing per tonne emissions and managing efficiencies</p> <p>Making cement products as sustainable as possible Minimising and recycling to solve waste problems</p> <p>Minimising direct impact on on communities of industrial dust and other emissions, along with noise, smells and visual pollution</p> <p>Rehabilitating mining areas, and managing use of resources</p>
Compliance & Governance	<p>Governance issues and corruption remain a significant business risk in Indonesia</p>

How we responded in 2012

Our self-assessment

Our unique Solusi Rumah affordable homes franchise continues to expand: over 14,700 masons trained; over 43,000 housing projects visited by our support teams in 2012

Fair: Solusi Rumah is proving successful but we will have to do more to encourage banks to lend to home owners

Holcim Indonesia specialises in energy-efficient, value-added solutions and construction materials knowledge to create low impact, green buildings with low operating costs

Good: ATMI's Ecotech Campus unveiled was a great success, but we will need more such iconic buildings in the future

Our concrete products help expand the road network, build power projects and improve transport hubs

Good: 34% of sales volumes went into infrastructure projects from just 20% in 2010

Our logistics teams are solving customer needs using rail and sea alternatives, extra warehousing, silos and packing centres

Good: Rail and ship transportation now make up 29% of our transportation mix from only 6% in 2008

In 2012, for the first time, we extended our exacting safety standards to all contractors. While we recognise there is always room for improvement, some excellent individual performances stood out in this ambitious programme

Fair: We had one fatality with a contractor in 2012. Our focus will be on additional training to build contractor awareness on safety and bring down accident rates in line with our strict targets

Holcim's Logistics and Geocycle teams launched two breakthrough initiatives to promote safe driving, with a noticeable reduction in incidents

Good: These programs will continue in 2013

Under our team of four General Practitioners around 90% of employees attend annual medical check-ups

Good: Risk rates have been halved but more staff need to attend follow-up consultation sessions

In addition to our Holcim Academy we partnered ATMI and others in a new Ecotech campus to promote wider access to engineering skills

Good: Ecotech Campus opened successfully in December

We continued our successful Enterprised Based Vocational Education (EVE) and Graduate Development Programme (GDP)

Good: We continue to have many more applications than positions for both these education programmes

We carried out our two yearly Employee Climate Survey and negotiated labour agreements with three company unions

Fair: Employee Climate Survey shows we need to do more to ensure our staff engage with our corporate values and view us as a most favoured employer

Hence we will roll out the Employee Value Proposition this year to our staff

We increased our level of communication through CAP forums and standardised our Community Development Departments reporting systems and standardised a system for grievances

Good: Progress is being made with more focus on anticipating potential impacts on communities due to our Tuban construction

We continued our microfinance, home industry and other skills and educational scholarship programmes as well as supporting a network of health and community centres

Good: Future focus will remain on micro-finance and hand-up programmes rather than hand-outs

Our centennial year was a great opportunity to assist directly through the efforts of our employees who gave their time to a wide range of community projects

Excellent: Together for Communities extended our community development programmes, bringing them to more people than ever before, showing volunteering really works

We embarked on a new energy reduction programme, EARN, which will lower our emissions, while our Geocycle business began RAISE to increase awareness and bring in more ozone depleting substances to our ODS destruction facility

Excellent: In a time of expansion our per tonne emissions in greenhouse gases from the manufacturing process were down 4% from 2011, and 20% lower than a 2003 baseline

We continued to focus on keeping our emissions down and maximising our use of recyclable raw material and alternative fuel sources in co-processing

Good: We kept down our plant emissions well below all government set targets, while our use of waste and recycled materials are at all time highs

Biodiversity studies and re-vegetation of quarries help to protect and conserve the natural world around us

Good: We completed biodiversity plans for all our quarries, we are continuing to promote our Nusakambangan multi-stakeholder conservation programme, and Cibadak Educational Forest concepts

Promoted formal procedures, codes of conduct, accountability, transparency and a culture for maintaining responsible ethical practices and fair competition in our business

Good: We carried out an internal audit and our staff underwent anti-corruption training as well as human rights training during 2012. Our Speak Up! programme protects employees reporting malfeasance

To improve our sustainability reporting from a B-level of compliance and disclosure (self assessed to an A-Level)

Good: We improved our sustainability reporting from a B-level of compliance and disclosure (self assessed to an A-Level)



Economic Impact & Sustainable Construction



**SpeedCrete: Now
road repairs take
just seven hours,**

**the secret to
our speed is not
just fast-setting
concrete,**

**it's our drivers'
sense of urgency
– to make it
happen safely and
on time.**

As a leading cement
producer, we are
growing fast...



...and we're also contributing more

Our building materials products and solutions were in strong demand during 2012 with cement consumption rising 15 percent.

Such demand at current installed capacity means cement prices in Indonesia continued to rise and we have responded. The first stage of our Tuban Plant in East Java will add another 1.7 million tonnes per annum to national capacity when fully operational in 2013. We are also accelerating our plans for Tuban 2, bringing our new additional capacity to a total of 3.4 million tonnes in 2015. The increase in scale is having positive direct and indirect impacts on Tuban's rural communities in terms of employment opportunities, additional income and access to infrastructure and Holcim is working to ensure these impacts are uniformly positive.

Meanwhile our community spending nationwide in terms of corporate responsibility rose by 43 percent in 2012 excluding overhead. For more on Tuban, see the Social Responsibility and Stakeholders Section on Page 46. [EC9]

Reflecting these changes the number of our direct employees expanded to 2,684 people during 2012, while we indirectly employed another 4,500 people throughout our operations.

We also moved closer to our customers, adding new silos in the Sumatra ports of Perawang



Cement packed in jumbo bags is unloaded in North Bali before transportation to our warehouse facility nearby. We expanded operations to Bali in January, opening our first concrete batching plant and Solusi Rumah store.

Graph of Economic Impact ¹ (Rp billion) [EC1]

	2010	2011	2012
Direct economy value generated	5,961	7,513	8,986
- Revenues	5,961	7,513	8,986
Economic value distributed	5,368	6,357	7,647
- Operating costs	4,119	5,201	6,179
- Employee wages and benefits	496	588	734
- Payments to providers of capital	438	82	157
- Payments to government	303	463	557
- Community investment ²	12	23	20
Economic value retained	593	1,156	1,339

¹ including Malaysia ² including CSR overhead

and Dumai, along with a cement batching plant and warehousing in Bali. We continued to revamp our supply chain to improve delivery times, save on fuel costs and ensure against shortages due to demand peaks.

During 2012, we worked closely with our distributors, retailers and contractor partners as well as pushing forward with development work in our communities. These are all part of the positive direct and indirect impacts our business is having on society. As our distribution footprint expanded in 2012, so did the economic value distributed to local suppliers – growing by 38 percent, year on year. [EC6]

This capacity expansion by Holcim, along with additions by other member companies in the Indonesian Cement Association and newcomers to the market will address market needs. We expect this will generate economies

stimulating the construction sector and spur the nation's development further.

Our Response: The Triple Bottom Line

Realising that Indonesian markets in future will be more competitive as well as more crowded, Holcim is responding with our triple bottom line strategy to ensure that we are sought out not just for our raw materials, but also for the value we add to our products, our building solutions, and for our stakeholders – including our employees, customers, shareholders, communities, NGOs, government and regulators and the construction industry as a whole.

We do so by creating new market opportunities through innovation, through more efficient use of raw materials and energy, by managing the environmental impact of our operations and in meeting stakeholder expectations through engagement and greater transparency.

↑ 38%

The increase in economic value distributed to local suppliers in 2012, rising to Rp 5.7 trillion.



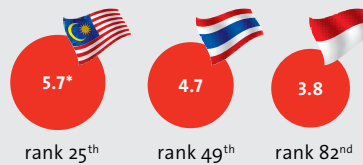
THE Big Picture



Economic growth is strong, but infrastructure is lagging behind

According to the World Economic Forum, the quality of Indonesia's roads, ports and airports and its ability to generate electricity could do with improvement. It ranks Indonesia at 82nd from 141 countries in terms of infrastructure quality, behind Malaysia and Thailand.

WEF Infrastructure Quality Index 2012



* score from a possible 7



Indonesia's Development: It's All About the Bag [EC9]

Around 72 percent of Holcim Indonesia's cement sales in Indonesia are by the bag to the retail market, while cement sold to transformational customers in the ready mixed business and other bulk sales make the remaining 28 percent – the reverse of most developed markets.

For economic reasons people often choose to build their own homes, using a contractor builder – often a small to medium-sized business. A lack of access to finance means that would-be homeowners often build in stages, over months or even years. Regulatory restrictions on building codes remain light for home developments and rarely enforced; consequently build quality can be variable, depending on contractors skills and trust between the contractor and the aspiring homeowner.

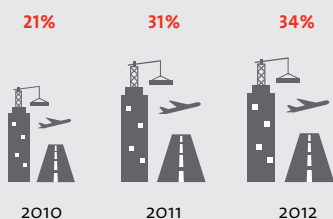


THE Holcim Solution



Supplying vital public projects

Infrastructure project spending



During 2012, our ready-mixed concrete unit participated in a range of public and private infrastructure projects, including an airport (pictured), toll road improvements and power stations. Over one third of our ready-mixed sales volumes went into these essential projects.



As the economy grows more sophisticated and access to finance widens we expect the market will shift to greater use of ready mixed concrete, faster built, more robust homes – with concrete replacing earth floors among low income communities. One of our key retail businesses, the Solusi Rumah building solutions franchise aims to

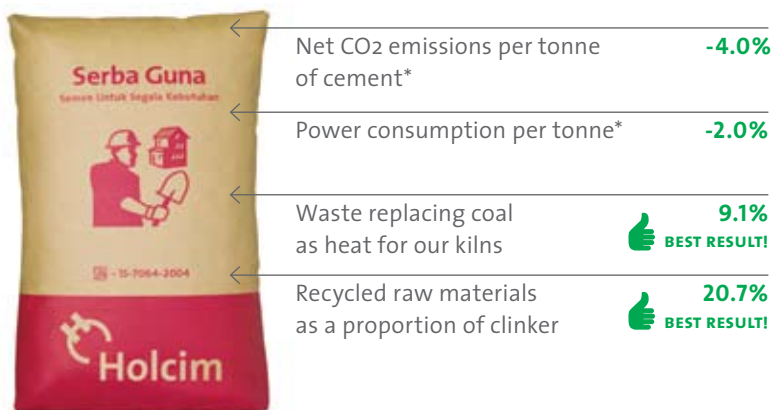
transform and develop this self-building market by creating quality, affordable and more energy-efficient houses.

Much of our key focus, therefore, remains on how we can go to the last mile to deliver to our bag customers. This means much of our sustainability premise begins – and ends – with the bag.

Rp **9 trillion**
was the value we added to local economy in 2012 - 20% more than in 2011.

Logistics staff including third party truck driver contractors (above left) and a example of our Concrete Batching Plants (above) are two ways we supply the building materials market.

More than cement: Serba Guna sustainability in 2012



* year on year efficiency gain

Sustainable Manufacturing Means Healthier Products

To make our cement production as sustainable as possible, we continued to introduce additives to the production process during 2012, which help reduce energy when grinding clinker. We also increased the amount of fly ash and other cementitious (cement-like) substances directly used to create strong and highly durable binders such as our Serba Guna brand. The results lowered CO₂ emissions per tonne of cement from our plants.

A Holcim technician (right) at a ball mill – Ciwandan Grinding Plant in Banten Province, Java.

We are able to reduce coal usage in the production process by increasing the amount of industrial and agricultural waste co-processed by our Geocycle business. The drive for greater efficiency using alternative fuels, lower electrical consumption, and lower clinker usage was formalised in our EARN - energy saving regional programme. This enabled us to lower our net global warming emissions by 4 percent per-tonne of cement, as well as a modest 2 percent saving in fuel consumption.

Co-processing of industrial and agricultural wastes grew by 28 percent year-on-year, to our highest volume ever, reducing the risk of untreated waste entering landfills and conserving the nation's natural resources. More about waste solutions can be found in the Climate and Energy section on page 58.

Improving Infrastructure

A significant reason for high retail prices of goods, including cement, in remote parts of Indonesia comes from Indonesia's geographical footprint as an archipelagic nation and the length of time it takes to source raw materials and deliver final products on the nation's network of underdeveloped, poorly maintained roads and seaports. Ironically, cement and cement products – used to build roads and ports – are also a solution to this problem.



Solusi Rumah was designed to solve a range of problems specific to Indonesian consumers – Peterson Siringoringo, Solusi Rumah Business General Manager.



Revamping Logistics

To reduce our use of Java's heavily congested roads in 2012, Holcim Indonesia revamped our logistics, which saw us concentrate more on using rail links and ship transport, increasing transportation efficiencies.

Contributing to National Development

Our Ready Mixed Concrete (RMX) division poured 34 percent of its concrete into infrastructure projects during 2012, representing its second largest market after the retail sector.

The large developments we supported included the Gempol-Pandaan Toll Road project, the Harvest City, Office One, and Hotel Mercure, Jakarta; we supplied cement and concrete to two power stations being built in Java.

Our fast setting SpeedCrete service helped increase the pace of road repairs, while a new cement type, ThruCrete, was developed to allow rainwater harvesting and reduce flooding in urban areas. We also created a specialised heat proof concrete SuperwellThermo for use in energy company Chevron's Geothermal Power Station development in West Java.

5% of global greenhouse gas emissions come from the cement industry.

Promoting Sustainable Construction [EN26]

We believe sustainable construction is the best way to contribute to reducing the effects of human on global warming. After all, while cement production worldwide contributes an estimated 5 percent to all CO2 emissions, the daily operation of a building over its lifetime is estimated to contribute as much as 50 percent of global greenhouse gas emissions.

During 2012 we unveiled what we hope will become an icon of sustainable construction, with the creation of ATMI (Technical Academy of Manufacturing Engineering) Ecotech Building. The building lives up to its name – currently it is the most energy efficient, sustainable building

↓ 50%

less energy than conventional buildings: the amount saved by ATMI's new Ecotech Building, developed and co-sponsored by Holcim.

complex so far built in Indonesia and the real-world successor to our EcoHome project showcasing sustainable living, which was completed in 2010. (See story on page 25)

Holcim Awards

We also continue to support the Holcim Group's Holcim Foundation for Sustainable Construction. Established in 2003, the foundation's mission is to promote sustainable responses to the technological, environmental, socioeconomic and cultural issues affecting building and construction. Its two-yearly "Holcim Awards" recognise innovative architectural projects globally that demonstrate what can be achieved through a commitment to sustainable building concepts. So far to date, three Indonesian-based projects have been given special mentions by the jury in the awards cycle, but no Indonesian project has yet won a major prize. Holcim Indonesia will continue to promote the competition to the Indonesian architectural community, with the aim of seeing an Indonesian finalist in the future.

On the drawing board

Since 2011 Holcim Indonesia has been a founding member of the Indonesia Business Council for Sustainable Development (IBCSD), a CEO-led association of companies operating in Indonesia, who share a commitment to promoting sustainable development through sustainable economic growth, ecological balance and social progress. We are also a



THE Big Picture

Traffic jams in Jakarta are costing the city trillions

As most commuters in Jakarta will tell you, the pace of traffic in the city has slowed to a crawl. In 2012, average daily vehicle speeds were measured at just 10kmh from 14kmh a few years before. The Ministry of Transportation estimates they are decreasing at 10 percent a year, with things set to reach a total gridlock in 2014 if nothing is done.

2012 average daily vehicle speeds



THE Holcim Solution



SpeedCrete: Road repairs with an on-time attitude

After a trial year in 2011, Holcim in 2012 increased the rollout of its SpeedCrete road and building repairs service. Combining excellent production logistics with this fast setting concrete means that roads only close for a maximum of seven hours, allowing for speedy, and often urgent, repairs. SpeedCrete is being increasingly used on toll roads, highways and residential complexes, as well as in ports and airports.



Holcim silos, Romokalisari, Surabaya. During 2012 we revamped out logistics.

member of the Green Building Council Indonesia, a think-tank whose industry members aim to promote ideas and techniques for sustainable construction.

Affordable, Healthy Living: Solusi Rumah

Our other main contribution to sustainable building is via Solusi Rumah, the market leading, one-stop, affordable building materials supplier and homebuilding service. Solusi Rumah retail sales stores offer the promise of affordable family homes that can be constructed quickly to industry best practises.

Using kit-sets of prefabricated building materials that lock together in a range of modular designs, Solusi Rumah designs aim to solve a range of problems specific to Indonesian consumers. The suppliers' "Five Easy Steps" include providing customers with tailored, computerised

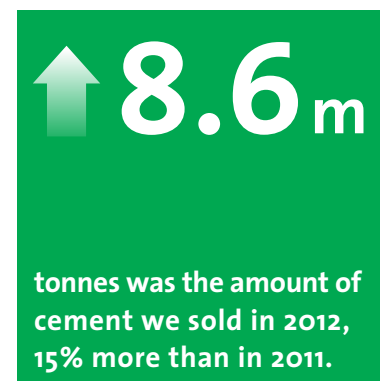
design plans for houses, as well as detailed material inventories with prices. This makes the entire process of constructing a home more transparent.

Access to mortgage finance is one vital key to the success of the business, and Solusi Rumah staff are trained to assist customers in understanding this process. They also help clients choose from a database of locally approved builders, who are recognised for safe and efficient construction.

Solusi Rumah draws from the experiences of Holcim managers assisting the rebuilding of houses in the aftermath of the 2004 Aceh earthquake and tsunami and the 2006 Yogyakarta earthquake. Solusi Rumah designs meet international health and safety standards for building structures, to resist extreme weather and earth tremors making them eligible for affordable building

insurance. By making use of natural ventilation and the positioning of houses relative to the sun, Solusi Rumah homes also minimise the use of electrical cooling systems.

Since launching the brand in May 2010, the chain has expanded to 380 Solusi Rumah retail businesses nationwide, which are supported by 53 Concrete Product Manufacturers – the workshops that make standardised prefabricated materials. At current





penetration this makes Solusi Rumah the largest branded chain of building materials suppliers in Indonesia.

In 2012, Solusi Rumah ended the first stage of its expansion and shifted its focus to optimising the delivery of the brand's promise to existing markets. Along with helping to build another 556 Solusi Rumah houses nationwide in 2012, the chain signed an agreement with bank BNI, to improve customer access to mortgage financing. Five years after the business began we have assisted in the creation of 1,799 houses in addition to numerous schools, Posdaya and other community buildings.

A customer-centred supply chain [PR5]

During 2012, Holcim continued efforts to establish a customer centric culture in all areas of our operations while modernising and revamping ways that



THE Big Picture



Eight million homes are needed in Java: Ministry of Housing

The Indonesian Housing Ministry currently estimates there is a deficit of eight million safe, healthy and affordable houses for middle to low-income Indonesians in the most-populated island of Java, and many more in other areas. If people's aspirations are not met for housing, this increases the likelihood of slums and disease as well as a host of other social and economic problems, officials say.



THE Holcim Solution



Solusi Rumah: sustainable living provided at affordable prices

With Solusi Rumah, Holcim has created five easy steps to build an affordable, healthy and safe home. Since rolling out the business five years ago, we've now built 1,799 houses nationwide, 556 of these in 2012. We've also supplied our unique, pre-fabricated building materials to numerous schools, Posdaya and other community buildings.

Solusi Rumah achievements 2012



Holcim staff deal with their internal and external customers. Internal customers are the key teams that form linkages from manufacturing to logistics inside the Holcim supply chain. External customers are generally dealt with by Customer Care and support staff during the processes of ordering, deliveries, tracking, invoicing as well as bill and credit management.

To serve customers better and faster, Holcim Indonesia has combined sophisticated logistics tracking, cloud computing and social media technology to expedite services and quickly respond to their queries.

In 2011, we upgraded to a cutting-edge customer relationship management system that combines call recognition and lists of customer profiles with feedback sent to our social media sites on Facebook and Twitter. With more than 9,000 Facebook and Twitter followers, our Membangun Bersama website now boasts one of the largest active discussion groups on safe and sustainable self-building in Indonesia.

These changes are all part of efforts made as part of the Customer Excellence stream in the Holcim's Group market leadership initiative known as the Holcim Leadership Journey. These processes not only improved service delivery to our customers, they also made a real impact on our sales for the year.

We continue to measure levels of customer satisfaction with a Customer Satisfaction Index and now also by the Net Promoter Score, a rating that indicates the number of our customers' who voluntarily promote the Holcim brand to their family, friends, colleagues and neighbours.

In 2012, the CSI results showed Holcim had improved its overall satisfaction rating among cement

bag retailers while maintaining 2011 levels with larger transformational customers. The company also scored highly on the harder-to-please Net Promoter Score results in the first year of surveying. Both surveys were compiled by independent market research firms. [PR5]

Product Labelling & Safety

All our products are responsibly labelled, marketed, and regularly checked through their lifecycle for performance issues, with specific quality management programmes to monitor the results. Customer health and safety is also measured at each stage in a product's lifecycle. [PR1, PR 3]

We follow government standards (SNI) for product information and labelling; which covers raw material sourcing, content,

safe use and disposal. We also have a written policy governing customer health and safety. We comply fully with regulations on product information and labelling. All marketing communications, including advertising, promotions and sponsorships are conducted in compliance with prevailing regulations. [PR3, PR4, PR6, PR7]

We also conduct safety analysis for all appointed suppliers, educating everyone in the supply chain on proper care for safe working conditions. All Holcim-trained masons have received tuition on how to use Holcim products safely. Our mobile technical laboratories (Mobile Labs) and motorcycle mini-mobile labs, or "Mimo", provide additional on-the-spot training and advice on proper product handling and application at building sites. [PR1, PR2]



Staff creating prefabricated building materials at a Solusi Rumah's Concrete Product Manufacturing plant.

Suppliers and on site contractors are assessed regarding occupational health and safety standards, labour and employment practices, grievance procedures, social accountability, human rights and environmental standards. Local suppliers are actively encouraged to contribute to the company's procurement of materials on commercial terms and subject to normal contractual requirements. [EC6, EC9] [HR1, HR2]

9,000

people now follow our membangunbersama.com website on Facebook and Twitter combined.



THE Big Picture



The daily operation of buildings causes 50% of global warming emissions

Most of a building's global warming emissions don't come in its construction or through the creation of its building materials – they come from its daily use of electricity. If we are to reduce global warming we need to make more energy efficient buildings.



THE Holcim Solution



We helped build an icon of sustainable construction

To promote sustainable construction and show what can be done, we recently unveiled the iconic Ecotech building in conjunction with ATMI, a technical academy in Bekasi, Greater Jakarta. With a solar powered "butterfly" roof design maximising shading and ventilation, and a state of the art thermal cooling system replacing air conditioning, the building uses less than half the energy of a traditional structure, while staying cool and airy inside. We'll continue to promote more such buildings in the future.

Ignatius Loyola Ecotech: Green solutions for a sustainable Indonesia

Client: Akademi Teknik Mesin Industri (ATMI)
Architect: PT Urbane Indonesia
Construction Management: Holcim Indonesia

Engineer: PT Metakom Pranata
Civil Engineer: PT Rekacipta Kinematika
Quantity Surveyor: PT Danata Estima Sarana



1 Under Floor Cooling System

This system uses Uponor cooling pipes embedded in the Holcim FloCrete floor structure, to lower the surface temperature of walls and floors to 20 degrees Celsius.

2 Smart Control

A computerised system allows the building thermostat to increase or decrease cooling at times of maximum usage by staff and students.

3 ThruCrete

A concrete pavement solution that is porous, increasing an area's natural drainage ability and reducing potential flooding, used in the Ecotech building for rainwater harvesting.

4 Thermally Activated Building System

A network of Uponor pipes carrying water embedded in Holcim's structural concrete.

5 FloCrete

Specially designed concrete with greater flow-ability that can achieve flat surfaces with minimum usage of equipment and manpower.

6 Bataton

A precast form of hollow concrete brick unique to the Solusi Rumah building concept that allows for fast, affordable building solutions, reducing the use of wooden formwork.

7 LED Smart Lamps

Lighting technology that uses less power and is switched on only when it is needed.

8 Solar panels

Installed in the Ecotech building's butterfly-shaped roof to supply power to the lighting and cooling systems of the building.

9 Shading

The sides and eaves of the building are designed to maximise the most efficient combination of light and natural shade to ensure buildings are kept naturally cool.

10 Rain Water Harvesting

An efficient system with a water tank ensures the building can recycle rainwater for use in wash basins, toilets and irrigation, minimising groundwater use.



*Top to bottom:
The outside of the
Ecotech building;
the interior now
being used by ATMI
administrators; a
grate revealing the
Under Floor Cooling
System.*



Occupational Health & Safety (OH&S)



*Holcim
Occupational
Health and
Safety staff and
security personnel
undergo water
rescue training on
Tuban beach, near
the Tuban jetty
construction.*

**No, this isn't
an Indonesian
remake of
the TV show
Baywatch...**

**It's how we put
safety first:
in our factories,
in logistics, on
land and at sea**

**...it's our health
and safety team
training staff
and security
guards in water
rescue at Tuban.**



Holcim staff test the company's new lift facility for working at height at Narogong Plant.

Our workplace safety is of the highest importance...

... that's why our motto is 'Safety First, No Compromise'

Our workforce is comprised of 2,684 employees and approximately 4,500 third-party contractors; their health and safety, that of our visitors and the broader communities in which we operate are central to the continuing success of our business. Irrespective of location, function, activity or individual status, we strive to create a working environment that is free from harm.

When procedures are not followed, safety is compromised. We regret to report that a failure to follow required procedures resulted in the death of a contractor on site in May 2012. This incident was thoroughly investigated by Corporate Occupational Health and Safety and the findings were reported to our employees, government health and safety and

manpower bodies, as well as to the Holcim Group. The lessons learned are being shared and acted upon throughout the company and in other operating companies around the globe.

Health Awareness

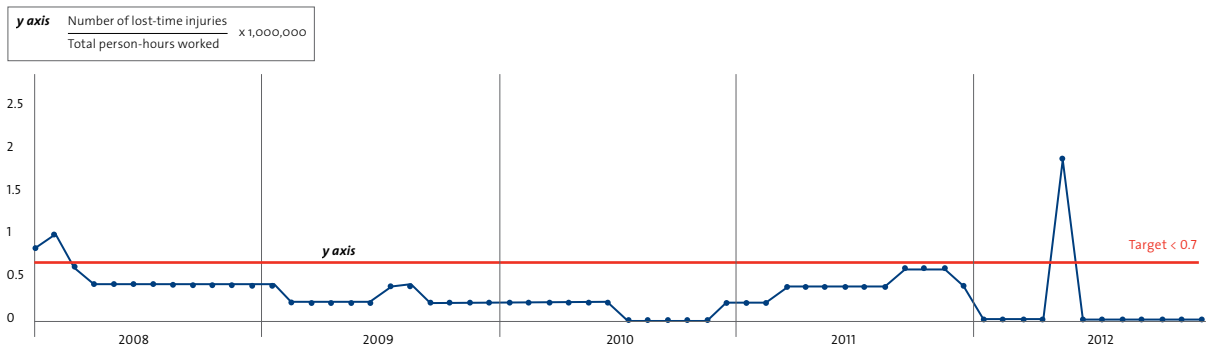
It is critical that our people are fit for work physically and mentally. The nature of the processes at work in cement production necessitate due care and alert attention to safe working at all times. Potential long-term disabilities are equally serious and are monitored. We are continuously working to reduce the potential for these exposures. We also work through community to support programmes focused on issues such as child mortality and immunisation, nutrition as well as road safety, our people and their dependents.

The year 2012 was the first we began to record safety statistics

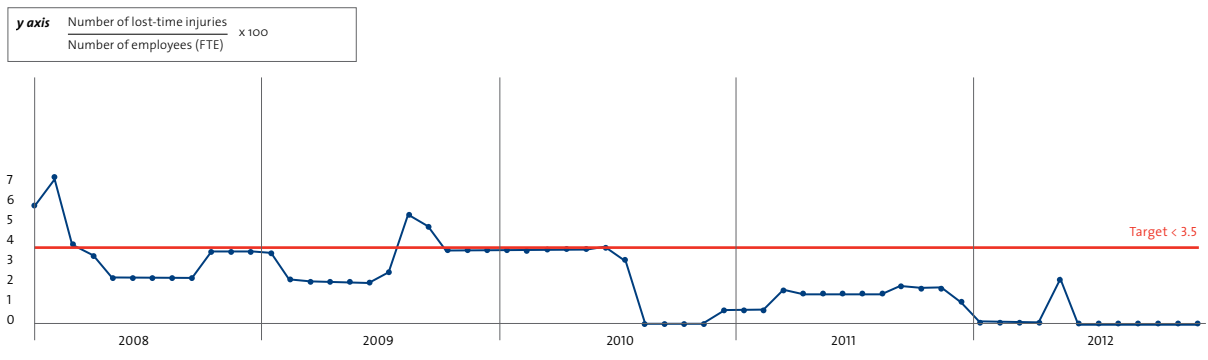
2.97m
hours worked without an accident by Holcim staff in 2012.

for all contractors on and off-site, including our Tuban construction project. Overall Lost Time Injury Frequency Rates (LTI-FR) and Lost Time Injury Severity Rates (LTI-SR) for Holcim employees remained well under our annual targets at 0.19 for LTI-FR (target 0.7) and 0.20 LTI-SR (target 3.5). Our staff recorded 2.97 million hours worked without incident by the end of the year, an improvement on last year's results but still below our 6 million record.

Lost Time Injuries - Frequency Rate (LTI-FR): Employees



Lost Time Injuries - Severity Rate (LTI-SR): Employees





THE Big Picture

Our roads are often dangerous places

Around 35,000 people died on Indonesia's roads in 2012 according to global estimates compiled by the World Health Organisation. At 14 per 100,000 people, this fatality rate is higher than many of Indonesia's neighbours and the Indonesian Ministry of Transportation acknowledges that progress must be made.

35,000

*people died on
Indonesia's roads in 2012*



THE Holcim Solution



Our logistics training initiative for drivers

In response to this danger and with increasing drivers on the nation's roads to serve an expanding market, Holcim Indonesia was chosen to contribute to a pilot project in road safety. In April 2012, seven local transportation contractors were selected to participate in the Logistics Safety Improvement (LSI) initiative.

In LSI, targets were set to improve technical capabilities, infrastructure management and patterns of behaviour.

This has led to far more intensive testing of drivers by Holcim Indonesia's Logistics department, as well as defensive driving training and increased levels of certification for companies.

The results? Zero fatalities on the roads involving contractor drivers after the programme began, and a halving of total off-plant road accidents compared to 2011.

A Safety Driver Handbook especially for waste carriers

Geocycle Indonesia's transporters carry waste, which would represent a health and safety hazard if it spilled in an accident. To work for Geocycle Indonesia, all third-party drivers and transporter companies must pass a strict certification process and undergo regular testing to remain business partners. Now, these experiences certifying Geocycle drivers are being benchmarked for the wider Indonesian transportation industry.

Launched at a Geocycle Customer Gathering on November 22, the "Safety Driver Handbook for Hazardous Waste Transporters" was created by Geocycle and Indonesia's Ministry of Transportation. It is the first complete guide in Indonesia, especially developed for hazardous waste transport companies, particularly the drivers who transport waste to its final destinations. A visibly impressed Hotma Simanjuntak, the Transportation Ministry's Director for Land Transportation Safety, spoke at the launch. "My highest appreciation goes to Geocycle and Holcim Indonesia, for their initiative in developing this handbook," Hotma said. "You have shown your concern and responsibility for the safety aspects of waste transportation."



My highest appreciation goes to Geocycle, for developing this handbook – Hotma Simanjuntak, Director for Land Transportation Safety

The results for our contract workers, however, shows room for improvement. LTI-FR for staff at contractor companies working at our Holcim Indonesia sites met our target of 0.7, however, our LTI-SR was 5.3 and therefore over our 3.5 target.

At the Holcim Indonesia cement factory construction site at Tuban, the average LTI-FR for the year was recorded at 0.8, while the LTI-SR was at 7.2. All contractors undertake compulsory safety awareness instruction and there have been more than 8,000 safety inductions since construction began. [LA8]

To bring these rates down we have increased the amount and regularity of safety training for both staff and contractors.

In 2012, 17,433 hours of formal safety courses were attended by 1,972 participants of directly employed staff along with contractors, with hours of safety training more than doubling from two years ago. To mark our focus on safety, all Holcim Indonesia meetings begin with a “safety pause” while on all worksites for both employees and contractors the day begins with Safety Toolbox meetings.

Modules involving staff and contractors included increasing driver safety, working at height and in controlled confined spaces, electrical safety and high voltage work, traffic and



Holcim staff and contractors work on a maintenance job at the Narogong Plant in West Java. Our health and safety standards are the same for both permanent staff and third party employees.

forklift safety, scaffolding and the use of personal fall arrest systems, hazard identification and reporting, incident reporting and investigation, and crane and lifting operations. All our contractors undertake compulsory safety awareness instruction. [LA8]

Safety Champions

This year was the sixth for our Push & Pull Safety Champions competition. The programme contributes to a safe working environment by encouraging hazard reporting by employees. There were a total of 3,286 participants in programmes this year including third party contractor drivers in our Geocycle operation at Narogong, up from 1,386 last year, meaning that numbers more than doubled.

Road safety

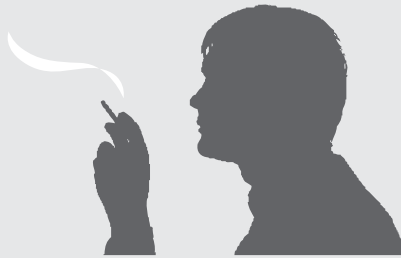
Recognising increasingly dangerous road conditions in Indonesia, our Logistics Safety Improvement (LSI) programme began in 2012, while the Geocycle team created a Driver Safety Handbook for hazardous waste drivers, which has become a benchmark publication for industry.

7.2
Lost Time Injury - Severity Rate for contractors at Tuban breached our 3.5 target.



THE Big Picture

Preventable, lifestyle related diseases are on the rise



As Indonesia's workforce becomes more office-bound and sedentary, rates of lung cancer, heart disease, hypertension and diabetes are on the rise. However rates can go down if people make better diet choices and do more exercise.



THE Holcim Solution

Our four company doctors promote healthy living

"In truth, you're your own best doctor," says Dr Kiki Sutjahyo, a senior Health Ministry policy advisor, who also happens to be Holcim Indonesia's Occupational Health and Industrial Hygiene Coordinator. "The more engaged and interested you are in your own health, the better the opportunity for you and the doctor to work together to work on common goals and keep diseases from starting."

At Holcim Indonesia, the employee health results were reflecting the national problem. In 2010, the number of staff judged to be at-risk from developing cardio vascular disease using the international Framingham score was at an alarming 40 percent if no action was taken. However, by 2012 this number had dropped to a more manageable 23 percent. What happened?

During the past three years, Holcim's four company doctors (pictured right) have put an emphasis on health both at home and work. Employees have participated in personal fitness programmes during a pilot scheme, while a greater emphasis has been put on providing healthy food options in company cafeterias, as well as sporting activities around work-shifts at all the company offices and factories. Health discussions were also conducted with employee spouses. Now around 90 percent of Holcim employees attend the annual medical check-ups.

Despite this improvement, Dr Kiki says that a Farmingham Score of 23 percent is still too high. "But if we keep offering healthier alternatives, if we don't give up the fight, I believe we'll see further improvements," she said.





A safety inspector and a member of the Holcim logistics team inspect trucks and drivers as part of our Logistics Safety Improvement.

The LSI programme during 2012 included 1,703 (around 90 percent) of our contractor drivers attending defensive driving programmes in 2012, with 345 certified at an advanced level. Checking and certification will be ongoing, as part of our logistics safety journey.

Clinics for hazardous waste drivers included afternoon sessions on dealing with chemical spills, and we operated door-to-door driver and staff safety programmes and health checkups at our six busiest concrete batching plants. Over the year we made 5,180 fatigue checks on drivers at both our Narogong and Cilacap plants, more than double the previous year's checks of 1,967.

Awards & Appointments

Holcim maintained SMK₃ and OHSAS 18001 accreditation in 2012, and for the third consecutive time we were awarded the tri-annual Golden Flag Award from the Ministry of Manpower with scores of over 90 percent, a top ranking for our occupational health and safety management.

We also achieved a Safety Award-Mudik Bareng for our Go Home Safely Campaign for staff and Mudik Bersama programme for masons from the national Manpower Ministry. The year saw a company representative appointed as executive member on the National Safety Council for Indonesia (NSCI); the third time since 2007.

All site visitors are given safety briefings and provided with the appropriate personal protection equipment for the areas they visit. All employees are aware of the company's 10 Golden Rules of Safety. [2.10]

AFR Certification (ACert)

Launched four years ago, ACert is a comprehensive and externally certifiable management system focusing on safety, compliance, and environmental management throughout the waste management chain: from customer sites to final co-processing. ACert involves multiple stakeholders including customers, third-party transporters, Holcim and Geocycle staff, the Indonesian Ministry of Transport,

the Indonesian Ministry of Environment, and the Indonesian Association of Hazardous Waste Transporters.

Occupational Health

On-site dust, noise, vibration, illumination and indoor air quality levels are monitored periodically by an industrial hygiene team, and employees working in areas where dust may be present are equipped with appropriate PPE. There were no identified occurrences of work-related disease during the reporting period. The absentee rate stood at 0.08 for the third year running, and the average number of sick days taken was 1.6 days per employee per year, down from 2.1 in 2009. [LA7]



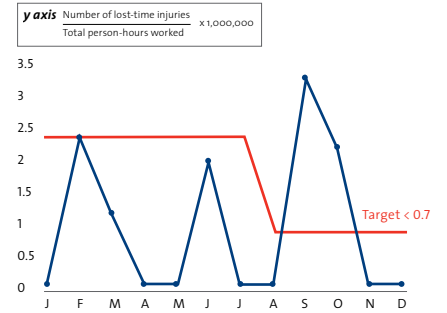
Holcim Indonesia has formal health and safety committees comprising management, employee representatives, and trade unions; 100 percent of the workforce is represented. All formal agreements with trade unions cover health and safety issues including safety training, in- and out-patient policies, family planning, immunisation, and industrial accidents benefits. [LA6, LA9]

Healthy habits at home encourage healthy habits at work. In 2012 our four company doctors participated in weekly door-to-door meetings giving personal health advice to company departments around our operations. Other discussions were attended by employee

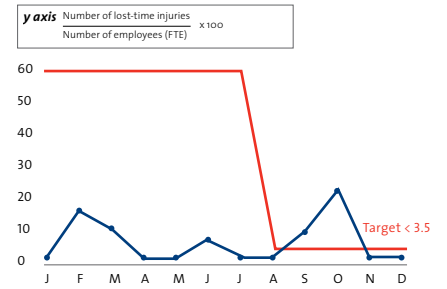
family and community members. Topics included healthy diets, personal hygiene, and safe home environments. Health treatment is provided for family and community members through monthly clinics (Posyandu).

3,286
The number of employees in our Safety Champions Programme, a 137% rise from 2011!

LTI - Frequency Rate: Contractors (2012)



LTI - Severity Rate: Contractors



Members of a local community in Ring One of the Narogong plant pose with a Holcim community relations officer and a company doctor after a regular immunisation and post-natal baby nutrition programme run by the company.





Bus drivers employed at Holcim's annual Mudik Bersama event get tested for fatigue in Jakarta. The drivers took Holcim masons home safely for the annual Muslim Idul Fitri holiday.



*The employees
from the Cilacap
Cement Plant enter
a venue for the
Holcim annual
Business Briefing
in 2012.*



People & Human Rights



**Empowering our
people means
equipping them
with confidence,**

**so they're
brave enough
to leave their
comfort zones,**

**and make a
real difference**

Having proud and passionate employees involves more than just providing competitive pay and conditions



Attracting, employing and developing people with exceptional skills and who share our business values is vital to sustainability over the long term in Indonesia.

Local employment

At group level we currently do not have a policy on maximising local employment, however at Holcim Indonesia, we have made hiring locally a priority, especially in our new construction site at Tuban. At the Tuban construction site by end 2012 we had 1,210 workers classified as local (as coming from the local Tuban district or Kabupaten) approximately 44 percent of the total 2,500-strong workforce, with around 120 villagers from the communities closest to our operations employed on our Stone Wall project. We also recruited local high school graduates from Tuban who became part of the latest batch of our Enterprise-based Vocation Educational (EVE) on-the-job education programme.

This is especially important in the context of a relatively limited available pool of talent as Indonesia's economy continues to grow vigorously attracting inward investment.

New arrivals and cement sector expansion brings higher employee turnover and a stronger focus, not only on building skills but developing compelling career opportunities.

Workforce structure - number of employees [LA1]

By Location	2010	2011	2012
Cilacap	616	623	608
Narogong	960	1,000	983
Others	885	953	1,093
Total	2,461	2,576	2,684
By Gender			
Female	220	244	271
Male	2,241	2,332	2,413
Total	2,461	2,576	2,684
By Age			
< 30	295	380	443
30 - 50	1,928	1,974	2,033
> 50	238	222	208
Total	2,461	2,576	2,684

We hired 156 new entrants raising our total complement by 5.8 percent. Our annual turnover was 4.3 percent, an increase over previous years and indicative of the growing competition for human resources. [LA2]

Upward pressure on wages was high during 2012, with raises of the official minimum wage in West Java, Jakarta and other provinces putting pressure on businesses to follow suit. We negotiated the framework of a new Collective Labour Agreement in 2012 for the 75 percent of total staff who are union members. Holcim Indonesia fully understands the right of labour to organise and negotiate for better conditions and we are committed to full and fair settlement of labour issues within a highly consultative framework. [LA4]

2,684

Our permanent staff in 2012, with 156 new hires over the year.

We continue to provide facilities and time within working periods for our predominantly unionised staff to organise, regularly give feedback to management, notifying them before we make any major operational changes. [LA5]



Eamon Ginley (centre left) and representatives from two of Holcim Indonesia's three labour unions after negotiating the details of Collective Labour Agreement.

As a part of an international organisation with representation in many countries, we aim for mutually effective collective labour agreements to sustain a competitive advantage within the cement industry. We are aware that we need to be competitive in terms of salary and benefits. We are committed to provide professional training, learning and working experience to challenge and grow our people and ensure the alignment of their interests in establishing Holcim as an employer of choice. [HR5]

The year 2012 saw 17 meetings by official union bodies conducted on company premises, involving 65 people and representing an estimated 9,995 person-hours. [LA4 LA5]

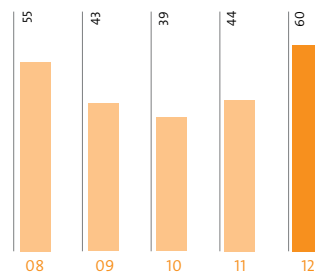
Holcim's entry level wages remain on average 235 percent above national minimum wages and are benchmarked against the market. We believe our terms and conditions remain highly competitive. Additional benefits include skills development and educational sponsorships for

families, medical coverage, dental care, maternity leave, social security, a company loans facility. We provide pensions, retirement planning, counseling and retraining. Our retirement plan includes four years of medical coverage for the retiree and their spouse after retirement. [EC3, EC5] [LA3, LA11]

Following the latest Employee Climate Survey (conducted every two years) by an independent agency, it is apparent that employees sought more engagement with the company. A series of consultations has been undertaken since the survey and we are developing a new Employee Value Proposition to be finalised in 2013. As CEO Eamon Ginley said in a February 2013 message to staff: "These survey results will focus our efforts on developing and delivering the right Employee Value Proposition (EVP) to our employees, because we know that we need to focus and have a clear strategy for both the retention and attraction of key talent."

“
The survey will focus our efforts on delivering the right Employee Value Proposition to our staff – CEO Eamon Ginley

Average training hours per employee [LA10]



Staff gather round a teammate during the annual Manager's Forum in Bandung.



Percentage of female workforce (%)

By Level	2012
Board and senior management	16%
Middle management	15%
Superintendent level	10%
Supervisors & officers	10%

During 2013, management will begin a series of consultations with employees to develop this EVP. [LA5]

Equal Opportunities

Holcim maintains a non-discriminatory policy of hiring as an equal opportunities employer and there is no difference in basic salaries in every area of our organisations between male and female employees within the same employment categories.

Our human resources directorate has a comprehensive database on our employees. Understanding them better, means knowing ratios of males to females, qualifications, and their skill levels and experience. We also take into account the number of local hires from the immediate area of operations and the proportion of expatriates employed. Women are increasingly being hired in management and governance positions and now make up 16 percent of senior management. [LA13, LA14]

Ten percent of our total employees are female, a figure which has risen from 8 percent in 2008. Female staff turnover is on average higher than men (5.17 percent versus 4.19 percent in 2012) but we believe this reflects international norms which see women more likely to leave the workforce for traditional reasons to begin families, and increasingly in Indonesia because they are more upwardly mobile than men. [LA2]

One of the key ways we continue to attract and retain staff is via



THE Big Picture

Just 8% of Indonesians have tertiary qualifications

Indonesia has made great strides in primary level education over the past few decades, with more than 90 percent attendance, but the same cannot be said for later education. Currently only 8 percent of the adult-age workforce has been to a university, although this is rising.



THE Holcim Solution



Providing enterprised-based vocational education



In 2012, 48 students successfully began the sixth and seventh batches of our Enterprise-based Vocational Education (EVE) technical course. With 321 students either still studying or graduated by end 2012, EVE recruits the best candidates from high schools around our company operations and gives them three years of on-the-job training and theory, introducing them to all aspects of the cement industry.

Melisa Budiman

EVE Graduate Melisa Budiman is now working at Narogong Laboratory as a Chemical Test Analyst. "I got the opportunity to learn about everything – mechanical, electrical, production – and help contractors do their jobs," Melisa said of EVE in a 2012 interview. "It was another world for me to enter, and I'm proud I could do that as a woman."

All 32 students from batch six of the EVE programme were selected from the Tuban district to maximise local employment at the Tuban plant.



THE
Big Picture

Indonesia needs innovators

The World Economic Forum in its 2011 study on global business competitiveness notes that Indonesia has recently moved from being a basic “factor-based economy” to a more sophisticated, “efficiency-based” one. Put simply, this means that Indonesia has moved beyond a reliance on basic infrastructure, health care and primary education to succeed.

The needs of a efficiency based economy are more people in tertiary education, higher technology and more efficient logistics, labour and capital markets. Generating efficiencies means having more innovators, who aren’t afraid to try new ideas.



THE
Holcim Solution



Our superheroes of innovation

At Holcim, innovation is recognised by the CEO Awards, the fourth round which was held in 2012. With 10 finalists selected from more than 200 entries from across Holcim’s operations, the 2012 competition ended with a fun-filled gala awards ceremony with a superhero theme in January 2013. A stricter criteria for entry specified a strong customer focus; candidates also had to cost their projects and estimate the value added and the risks and benefits analysis. Five winners were selected for the CEO Award and another six won prizes for innovation performance. The best ideas included changes to cement bag design to prevent breakage, a bar code scanning system for invoicing and a modification to reduce dust emissions.

our in-house training institution, Holcim Academy, the first facility of its kind for Holcim in Southeast Asia. This academy regularly hosts international programmes as well as cross-border capacity building activities with Holcim Malaysia, Sri Lanka, Vietnam, and the Philippines.

The Academy has three pillars: Learning and Development, Organisational Performance Improvement (OPI), and Talent Management. Teachers at the academy provide hard and soft skills training and explores career advancement opportunities with employees. Overall average training hours per employee increased to 60 hours per year from 44 in 2011. [LA10]

EVE (Enterprise-based Vocational Education) and GDP (Graduate Development Programmes) continue to attract talent from school leavers and university graduates.

In 2012, the sixth and seventh batches of 48 EVE students began a three-year technical course. A total of 321 students have been through these programmes. Batch six of the EVE programme’s 32 students were sourced from the Tuban area for eventual employment at the plant in line with our policy to hire locally. In 2012, 46 GDP graduates gained full time employment with Holcim. [EC6]

Human resources management

Internet technology solutions for human resources management, allow staff more access and direct involvement in human resourcing policies, with them able to update their own HR profiles by uploading necessary personal documents. This system, moderated by HR staff, will also see increased efficiencies in the speed of employee transfers and promotions – a past issue now resolved.

Company wide business briefings are held during the year to discuss the company's present and future strategies. Other in-house communication tools and publications used during the year included the monthly Berita Kita staff magazine, Holcim TV, staff notice boards, and the intranet. All staff have access to human resources representatives through a dedicated HR contact person in each department. [LA12]

Child labour policies & human rights

International Labour Organisation (ILO) stipulations on human rights, the rights of children and labour rights are part of our Group and local employment policies. This means Holcim does not employ children under the minimum age for employment, does not support forced or compulsory labour, and does not tolerate racial, gender, sexual orientation, disability, or religious discrimination.

Holcim applies the same standards for all contractors and suppliers as used for the company itself. We did not investigate complaints regarding forced or indentured labour, or child labour issues because these issues did not arise. Holcim's ethics policy is available to staff on the company intranet. [HR4, HR6, HR7] [LA13]

Since 2010 all of our directly employed security personnel have received training on Holcim policies and standard operating procedures, including the company's human rights policy.

400
 applicants applied for Holcim jobs online one week after we improved our recruitment website.

Total training hours [LA10]

	2010	2011	2012
Top & senior management levels	1,320	2,530	3,835
Middle management levels	17,425	22,840	37,421
Other levels	72,525	84,301	114,093
Total	91,270	109,671	155,349

We require our contractors to train third-party security personnel in human rights, terms which are specified in procurement contracts. [HR3, HR8]



An employee takes part in the annual Employee Climate Survey held during November.

Staff from Jeladri Quarry and local villagers pose for a group photo after building a water tank facility as part of the "Together for Communities" Centennial Celebrations.



Social Responsibility & Stakeholders



**To celebrate our Group's
centennial,**

**our staff
worked with
communities
in key projects,**

**to prepare them
for the next
hundred years**

We're here for the long term...

A woman from a village nearby Narogong plant carries collected firewood, with the newly concreted village road, a Holcim centennial project, behind her.



...so we need to get the basics right

Holcim's social development programmes are a key way we add value to the lives of communities living around our operations. In 2012, we continued to refocus our community development programmes, with an emphasis on standardising measurements of performance. The year, in which Holcim staff volunteered en masse in "Together for Communities", also saw us increase our community development budgets and reach more people with our programmes than ever before. We also designed a standardised grievance reporting and response procedures for all our operations.

Wherever we operate we seek to engage frequently and transparently with the people interested in and affected by our operations. Through meaningful dialogue with these stakeholders, we aim to resolve any issues with our operations, to eliminate negative impacts and address concerns, while also seeking to create opportunities in terms of employment, education or livelihoods training.

We define stakeholders widely; as the investment community and our shareholders, customers, our employees and business partners, the media, the local communities and indigenous groups around our areas of operations and broader communities, industry associations, suppliers, local and central governments, regulators, non-government organisations (NGOs) including social and environmental groups and development organisations, community-based organisations and labour unions.

Our Community Relations Departments are integrated into the manufacturing and quarrying directorate and report to each site manager, supported by a community relations coordinator who provides general

Community Spending (Rp million) [EC 8]

	2010	2011	2012
Donations & charity			1,835
Education projects			2,391
Community development projects			9,290
Infrastructure community projects			1,827
Total	7,069	8,686	15,343



oversight and programme design. Departments are established in each of our major operations – at our cement plants in Narogong, Cilacap and Tuban – and at our stand alone aggregate quarries in Jeladri and Maloko. In 2012, we began community relations programmes at 12 of our 30 ready-mixed concrete batching plants. [SO1]

Our operations and performance objectives are governed by the Community Relations Department Six Pillars of Sustainable Development, as an expansion of our triple bottom line philosophy. These are:

1. Business Conduct

Committed to high standards of conduct; participation in the Indonesia Business Council on Sustainable Development. Express support for the Universal Declaration of Human Rights.

2. Employment Practices

To respect the rights of workers; to ensure wages meet local industry best practices and strive to provide the best possible working and development conditions. To commit to



A schoolboy takes a book from the new library in Desa Nambo subdistrict that opened with the help of Narogong's Community Relations team in April.



Detail of a handbag designed from recycled materials; part of a Holcim sponsored Posdaya community livelihood scheme.

responsible restructuring and reorganisation within the local legal framework. To promote equal opportunities in recruitment, employment, development, and retention. To refuse to employ children or young adults at an age where education is still compulsory.

3. Occupational Health & Safety

To provide healthy and safe workplaces by striving to reduce and eliminate risks to our employees, contractors, and visitors; apply OH&S standards and guidelines; provide the necessary training and measure performance.

4. Community Involvement

To assess local needs, promote community involvement and partner with local stakeholders around our operations to improve educational, cultural and social development. To encourage and support our employees' engagement in volunteering and local community work.

5. Customer and Supplier relations

To offer competitive and innovative products and services that meet the needs of our clients and expect our suppliers to do likewise. To seek to engage in sustainable relationships with customers and suppliers which adhere to the principles of the United Nations Global Compact and the Universal Declaration of Human Rights.

6. Monitoring and Reporting

To identify and monitor issues important to our social performance. Evaluate our programs and activities and

publicly report on performance and progress. To aim to have our social reports independently assessed. To encourage stakeholder feedback and consider their suggestions for future actions.

Improving our community relations approach

In 2012 we continued to redefine and modernise our corporate social responsibility objectives and strategies. We standardised our reporting of the cost and value added to communities and the number of people affected by our three main businesses. We also created a grievance mechanism for use across our operations. This will ensure we properly record all complaints and then react adequately and in a timely manner to address concerns. We are currently implementing this mechanism. [SO1]

Identifying potential impacts on communities [SO9]

Almost all of Holcim operations have potential negative impacts on the communities if they are not dealt with properly. Our six quarry



Installing the 4,000 m³ water tank provides the community with piped water for the first time – Nur Lailiyah, Jeladri Quarry Community Relations Officer.



Students in Maloko Quarry's "English for Fun" programme crowd round a computer to see their test results.



35

Community Advisory Panel meetings were held in 2012, a vital way we communicate with our stakeholders.

operations are restricted areas for legal and health and safety reasons because of heavy truck traffic and blasting, and their hazardous water catchment areas. Our factory operations are similarly restricted. Environmentally our cement factories, clinker grinding plants and concrete batching plants all present potential issues for cement dust emissions, noise and visual pollution, as well as increased truck traffic. We are users of groundwater and our factory operations produce carbon and air emissions. Minimising or eliminating these potential impacts is the job of our environmental teams and their work is dealt with in our Climate and Energy Section on page 60. [SO10]

We also present opportunities to communities living around our areas of operation in terms of employment and income, in skilled and unskilled labour, in skills and livelihoods training and education as part of our social responsibility programmes.

Knowing our communities – their different needs, the level of training and existing infrastructure is vitally important for our community relations and relationships.

The neighbourhoods around Holcim Indonesia's areas of operations reflect the ethnic and socio-economic diversity of Java, the world's most densely populated island. Our factory in Narogong, West Java is in an industrial area only an hour or so from the capital Jakarta. Many of our stakeholders work in industry but there are also pockets of traditional farming areas. Cilacap, an industrial town on the South Java coast, lies next to a highly biodiverse island, while our Tuban project is located on agricultural land where a predominantly rural

and highly traditional community is witnessing the construction of a modern cement factory. [EC9]

Having a community relations programme means understanding the economics of an area as well as the people, traditional rules, and ways of living. Working with universities as well as local development NGOs, Holcim has been a sponsor of a number of studies to identify how best we can help our surrounding communities, the most substantive and recent being a review of a detailed community mapping exercise carried out around our Tuban site in 2007 and 2012.

Issues: Small-scale artisanal miners

As a miner of raw materials, Holcim Indonesia understands the health and safety risks surrounding small-scale artisanal mining in Indonesia. During 2012 we recorded artisanal limestone mining operations adjacent to two of our quarries. Given their minimal scale, they have not



THE Big Picture

Many rural communities still lack access to basic hygiene

Forty eight percent of rural Indonesians still lack access to basic sanitation facilities like public toilets with running water according to 2012 World Health Organisation statistics. Without this infrastructure, communities are more prone to diseases from polluted ground and water sources. [EC9]



THE Holcim Solution



Providing kitset sanitation for local public toilets

Launched in late 2012, during the Holcim Group centennial, the village sanitation project saw Holcim Indonesia staff join members of three village subdistricts to build the public toilets. This included connecting the facilities to a water supply, improving drainage and building an underground septic waste facility that separates liquids and uses bacteria to break down solid waste.

By providing a standard kit of prefabricated building materials, the toilets are affordable and quick to build – taking around three days to complete with the help of an active community. In a typical design with an estimated 150 families using the facility, septic tanks take around five years before they need to be emptied.

Local health officials like the design because the facility can store a lot of waste that would otherwise go into rivers and water supplies. [EC8]

released any significant pollutants into the environment.

Currently there is an area used for small-scale artisanal limestone mining adjacent to our Narogong limestone quarry, on land owned by state-owned forestry firm Perhutani and on which mining is prohibited. The miners operate on the surface in open pit mining only, using homemade explosives made from fertilizer and diesel fuel. This area is not part of our mining licence (IUP) and it has no impact on our operations.

In Sawir village adjacent to our limestone mining area in Tuban, we identified several areas where artisanal miners were operating. These were unlicensed and OH&S standards were very low. Several of the mines went underground, with up to six metres of limestone above the miners. There was a very real concern related to the danger of a collapse of one of these mines, especially if Holcim quarry operations blasted in the area. An alternative, safer, source of income was offered to miners by Holcim in the form of the Tuban stone wall project to build a 23km natural wall around our mining licence area. Miners were also invited to join the Holcim-supported Tuban integrated farming programme. While many miners have taken up these options a small number have returned to mining on a greatly reduced scale. [MM8]

Issues: Significant land disputes

All but one of our six quarry operations have been established

10,100

community magazines published by Holcim in 2012 for the neighbours of our three cement plants.

in areas for a number of years and there are no significant land disputes. In Tuban, local farmers had been allowed to farm on company-owned land before development of the plant and compensation was paid for loss of income in two rounds of community consultation during 2011 and 2012. [MM6, MM7]

We also negotiated and purchased extra plots of land surrounding our quarry operations in 2011 and 2012. There are no significant outstanding disputes over formerly privately owned land involving our Tuban operations.

In 2010, we implemented a new land management system using a combination of satellite mapping, GPS devices and physical markers to precisely map our territory. The system is being rolled out across our limestone quarry operations.

Resettled communities

In Tuban there are resettlement issues surrounding land previously used by farming communities in two surrounding villages. These families were using Holcim land for economic activities prior to the plant construction beginning, although the ownership of the land is not in dispute. Holcim has offered these families special compensation for economic, rather than physical, displacement. To date 112 fishermen and 88 women are the beneficiaries of our Fishermen Empowerment Program and 100 farming families were given the first right to participate in our Integrated Farming Program. [MM9]

Community Advisory Panels: A key channel of communication

The first step toward working with communities is ensuring we have the capacity to understand and respond to their needs. Developed by the group, Holcim’s Community Advisory Panels (CAPs) have been set up at our three main areas of operations in Narogong, Cilacap and Tuban, as well as at our



A goalie in the final of Holcim’s annual Gala Bola competition takes a kick.

separate quarry area in Maloko along with Community Relations Departments in these areas.

Listening to our stakeholders

The CAP is a formal channel for community members and employees to engage with Holcim representatives along with Public Communication Forums. CAP meetings are regularly held with local leaders and members of the communities immediately around our operational sites. These meetings are where discussions begin about potential cooperative projects— perhaps the prioritising of village roads or discussions about improvements to a school or public recreation centre; as well as issues, feedback and concerns relating to Holcim’s operations. [SO1]

Holcim representatives organise and attend these meetings and begin a process of planning and executing the management,

↑ **1,985**

people in our vocational training programmes in 2012, more than double 2011’s number.

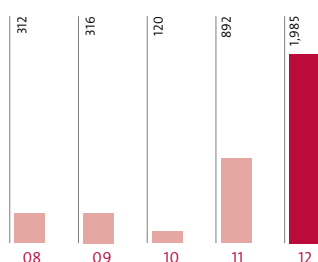
monitoring and evaluation stages of each community project. As well as updating communities on the status of these projects, CAP meetings are used to inform communities about the potential impacts of Holcim’s operations and the measures the company is taking to minimise these impacts. All sites also hold many more informal meetings open to all community members.

The CAPs have three objectives:

- To improve education and cultural and social development through community involvement and partnerships with the company;
- To implement community development programmes based on community consultations;
- To receive and resolve community issues.

Vocational Training Participants

[EC 8]



We held 35 CAP meetings nationwide in 2012, an increase from 25 the previous year.

Communicating our point of view

Along with CAP meetings, another key communication channel is our regular CSR bulletins. Written in a magazine style in Bahasa Indonesia (and occasional Javanese), they carry topical news stories about Holcim's work with the neighbouring community, along with more general community news and opinion pieces from local personalities and leaders. These publications are produced in conjunction with our Community Relations and Corporate Communications teams, while the writers are a mixture of experienced local journalists and media trainees.

With many rural local communities lacking the resources to publish their own journals, these free-to-read magazines have become key sources of local news and are distributed and read widely by communities surrounding our operations. Currently our Narogong Community Relations Department publishes three editions annually, while Cilacap, and Tuban publish four editions a year with a total of 10,100 copies in circulation in 2012.

Complaints received

During 2012, we recorded 13 complaints made by communities against our operations. These consisted of two regarding Narogong Plant operations (smell from operations); seven from

Community Relations: newsletters

	2010		2011		2012	
	Editions	Recipients	Editions	Recipients	Editions	Recipients
Narogong Plant			3	3,600	3	3,600
Cilacap Plant	4	4,000	4	4,000	4	4,000
Tuban Plant	4	2,500	4	2,500	4	2,500
Total	8	6,500	11	10,100	11	10,100

Tuban (requests for jobs, concerns over jetty, request for local procurements from businessmen) and four from Holcim Beton operations.

We responded to all the complaints and entered into dialogue with residents in seven cases.

Our work with masons

Motivated by a desire for masons to get the best results from our products we continued to roll out our mason training programme in 2012. The mixture of classroom and practical lessons in 2012 covered health and safety, with modules on proper concrete pouring techniques, safe foundation building, bricklaying, and concrete casting. A wide pool of knowledgeable building partners is also essential for the success of our Solusi Rumah programme where we have begun detailing a database of preferred builders recommended to potential clients.

In 2012 we gave basic construction training to 3,218 masons across Java, and 506 more in our basic and advanced Solusi Rumah

construction courses, bringing the total of masons trained to 14,753 since 2007. During the year around 65,000 masons also attended our Cement Intros and Cement Clinics.

Mudik Bersama and Gala Bola

Our masons are our business partners as well as important customers and two annual events recognise this partnership.

Held in 2012 from August 16-17 our eighth annual Mudik Bersama for masons kicked off at the Senayan Sporting Complex East Parking Area in Jakarta and Surabaya. During the carnival like event we safely sent home 2,760 masons to 78 destinations in Java and Sumatra as part of the Muslim Eid or Idul Fitri celebrations, expanding our mudik bus services from Surabaya.

Our Gala Bola competition aims to connect masons with a sport most of them love – soccer. The fourth annual football series in 2012 involved around 1,400 mason players in 11 cities with the league-style tournament running over three months before the finals matches were held in Jakarta in early November.

14,753

Masons have been trained in basic and advanced building and Solusi Rumah programmes since 2007.

Mason Activity [ECg]

	2010	2011	2012
Basic Training participants	2,918	1,988	3,218
Advance Training participants			
Solusi Rumah Basic Training participants	75	423	
Solusi Rumah Advance Training participants	31	83	
Cement Intro		2,331	49,000
Cement Clinic	2,127	8,337	16,500



Communities want jobs, income from new industry, but what happens when the construction ends?



Most communities have high expectations for jobs coming out of a new industry based in their area. But many locals lack the construction and engineering skills to fully participate in large-scale projects until they receive training.

Another challenge for community relations staff is planning for the end of a large industrial project, which often sees opportunities for work and extra income for small businesses drying up as large numbers of labourers leave the area. This change can be jarring for local communities and cause economic hardship. It can even be the source of future conflicts. [EC9]



The Stone Wall Project



The project to build a 23 kilometre natural stone wall gave local farmers, knowledgeable about traditional stone wall building techniques, a chance to earn extra income with flexible hours of work.

Ramiro Velasco

Ramiro Velasco, Tuban Project Manager, helped design the project. "The wall has significantly reduced the local pressure on our construction operations because it's allowed us to hire people directly from the area," he said. "This has also led to improved communications with people." [EC8]



Integrated Farming Project

Thinking long-term by creating and supporting a community-managed cattle rearing cooperative.

In the pilot programme, 100 local farmers borrowed money from Bank Syariah Mandiri, to buy young cattle from co-op breeders as part of contracted cattle fattening programme. Holcim provided access to finance, collective infrastructure in the form of animal shelters, as well as access to animal feed and water supplies. The programme is now being increased to 213 farming families and is expected to improve farmers' incomes. [EC8]

The best players of the tournament were then selected by Indonesian soccer officials and Holcim staff to create an all-star Masons team to play their Sri Lankan equivalents for the second-ever Asia Masons Cup. Travelling away to Colombo this year for the finals, the Indonesia masons proved victorious for the second time, bringing home the trophy after a game that ended in an exciting penalty shootout.

Livelihood development

Launched in 2006, the revolving community microfinance funds are both a source of local pride and economic empowerment to participants living near our Narogong plant. These micro-finance institutions (MFIs) provide community entrepreneurs with the means to create, invest in, and manage their own micro businesses. The combined assets of the MFIs in Narogong have grown to Rp 6.1 billion, up from Rp 5.2 billion in 2011, and support 4,223 account holders. [EC9]

Education and skills development

As the relationship between Holcim and many of our local communities matures, community members now make less cash requests and make more proposals aligned with sustainable development principles: particularly education and vocational skills training.

In 2012, we awarded 1,089 new education scholarships to high-scoring but under-privileged local students in Narogong, Cilacap

and Tuban. The students range from elementary to senior high-school level and are selected in partnership with education officials.

Educational materials

We also launched the Geocycle Green Adventure eco-comic – an educational resource book – and set up a library and reading room in a Narogong community centre.

Vocational training sessions in Narogong, Cilacap, and Maloko continued throughout the year with courses offered on welding, sewing, animal husbandry, and electrical and cooling system maintenance reaching 1,985

participants, a 123 percent increase from the year before, and most at our new Tuban 1 Plant construction site. On Nusakambangan Island, we continued a skills training programme for about 400 prisoners. Courses cover computer skills, English language, basic construction, and automotive repairs, among others.

In Narogong, we provide a general health and weight check-up service at 36 children’s health centres; as well as inoculation services and food to improve child nutrition. Four public dialogue seminars on environmental health care and healthy living conditions were presented at two villages during



“
The training was very useful as it showed me how to get the most out of Holcim products – Saiful, a mason trained in Jakarta.

Rp **6 billion**

funds now in our revolving microcredit system, up from 5.2 billion in 2011.

2012. The seminars, presented in conjunction with local nurses and village health facility agents, covered air pollution, malaria, and domestic waste management. [EC9]



THE
Big Picture

Large developments concern neighbours

Communities are often unsure about large-scale infrastructure developments taking place on their doorsteps. Reassuring them about any potential impacts requires a willingness to engage in transparency and dialogue. Such a process, while it may minimise the potential for conflict, doesn't mean there won't be any disagreements. [SO10]



THE
Holcim Solution



The Tuban Wharf Project: Transparency in building

When it is complete, Tuban 1 Cement Plant's jetty will stretch more than a kilometer out to sea, and will serve as a vital link between the cement plant and the outside world. This large construction has been controversial with the fishing community living nearby and fears about the impact of its construction have led to several peaceful demonstrations during 2012 as well as newspaper articles in the local media. Interviewed in November, Johan Setiawan, Tuban Jetty Construction Engineer (pictured) said, key concerns revolved around the construction work's pollution of seawater; high potential noise pollution and access to the beach for fisherman.

In response to these concerns, Holcim cooperated with local groups and officials to set up an independent group to monitor noise levels and sea water pollution. A community-led group of fishermen also witnessed the off-shore disposal of sand deposits from dredging at a government-approved designated area of low conservation value. Water pollution and our noise levels remained within acceptable and legal limits. To improve local access Holcim increased the height of the jetty to allow fishermen's boats to pass under at designated safe access points. [SO10]



Together for Communities: proof volunteering works



Dean Boulding

Indonesia's growth is uneven, focussed on cities and the middle class, and many rural communities continue to lack access to basic infrastructure. Some of these communities are also our neighbours.

In 2012, to mark Holcim Group's centennial we held "Together for Communities", a series of events where staff spent a day working in local communities to help fill some of these gaps.

The programme saw 1,800 employees work on more than 30 separate projects around Java, laying concrete roads on dirt tracks, flooring houses, installing water infrastructure, building public toilets and improving drainage. From mid-year, in partnership with the NGO Habitat for Humanity, we helped build safe and healthy homes for migrants in West Java, donating











materials for others. We repaired a health clinic and two mosques, and planted thousands of trees.

All in all, Holcim employees contributed a total of 13,905 hours in Together for Communities – much of it with physical work done under the hot sun – to improve the lives of an estimated 50,000 people in 22 village subdistricts.

The programme's organiser, Corporate Social Responsibility Coordinator Dean Boulding, recently summed up his feelings about the events. "As the year ended and I added up the numbers, I came to an encouraging realisation: volunteering really works," Boulding wrote in the February 2013 edition of staff magazine Berita Kita.

"The enthusiasm generated by Together for Communities was contagious - it helped bring Holcim employees together as a business and closer to the neighbourhoods we work in."

Together for Communities

	Road paved	2,822m
	Houses built	100 sets of materials, 24 built with Holcim volunteer labour
	Fruit, shade trees planted	6,996
	Mangrove trees planted	12,000
	Metres of footpaths paved with blocks	220
	Water reservoirs built	2
	Public toilets built	2
	Drainage channels improved	650m
	Mosques rehabilitated	2
	Houses rehabilitated (concrete floors)	9





Some of our many volunteer projects in 2012. From top-left clockwise: building sanitation at Narogong; Tuban beach cleaning; Tree Planting in Tuban; road construction in Cibitung; road construction at Nambo Village; mangrove planting on Nusakambangan; house building with Habitat for Humanity in Sentul.



Climate & Energy



The view from the Cilacap plant stack looking over the 46-ha City Forest.

Our slogan “*More than Cement*” means

we produce
Holcim cement
as sustainably
as we can.

Putting *less*
pressure on the
environment

As a cement company,
we are committed
to creating a more
sustainable future in
Indonesia



The downside of Indonesia's robust growth is that it is putting even more pressure on the country's natural heritage.

While many socio-economic indicators in Indonesia are improving, it is coming at a considerable expense to the environment in ways that many Indonesians experience every day. Most rivers in Java are heavily polluted, much of the pollution from factory wastes, while a key indicator of economic prosperity, the rising number of new vehicle sales are leading to increasingly clogged roads and deteriorating air quality. Full to overflowing landfills are a serious concern for many municipalities, while continuing agricultural developments encroaching on forested areas leading to further deforestation.

As a cement company in an industry which produces approximately 5 percent of all global warming emissions, we have made environmentalism and conservation a core business and strategic value in our triple bottom line philosophy. For us, adhering to the triple bottom line in Indonesia means leading the way in direct impact mitigation, environmental protection and rehabilitation, energy efficiency, via greater recycling and in co-processing, as well as through smarter, more efficient logistics and through the general promotion and championing of environmentalism, conservation and green building designs. We also work consultatively to

ensure communities around our plants are not adversely affected by our operations. Instead we seek to contribute to lasting environmental benefits for communities.

Identifying impacts

We identify the potential negative impacts of our operations in a number of ways. These include daily emissions monitoring carried out by our environmental teams at cement plants, the commissioning of academic studies, via independent practical tests, and by regular consultation with our neighbours.

Primary negative impacts identified come from land use and the loss of vegetation in quarries as well as safety issues in catchment ponds and blasting, greenhouse gasses and dust emissions from our cement factories, grinding stations and batching plants. Other possible impacts include spillages by bag handlers and from cement trucks, including designated transporters carrying potentially hazardous waste for Geocycle.

Further direct impacts which need to be mitigated are periods of heavy truck traffic around our busier operations, including quarries and batching plants. We are processors of natural resources including limestone and coal and aggregate materials like sand and gravel, while we use water in cooling systems and in emissions mitigation and dust control, as well as in our administration buildings

7%
of global GDP – the estimated cost of climate change by 2030.

and offices, and in our concrete batching plants. Finally, Holcim is a significant commercial consumer of electricity, which we take from the national grid, and our logistics chain and mining vehicles are significant users of fossil fuels, primarily diesel.

The danger of global emissions

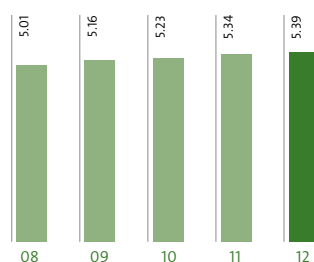
A 2012 study made by Europe's DARA Group, estimates climate change is already wiping 1.6 percent, or US\$1.2 trillion, annually from global GDP. These impacts are being felt most keenly in countries like Indonesia – where the potential risks are already well documented.

They include damage to agricultural production from extreme weather, which would increase rates of malnutrition and disease, while rising water levels from melting ice caps could also put many coastal areas of this archipelago permanently underwater.

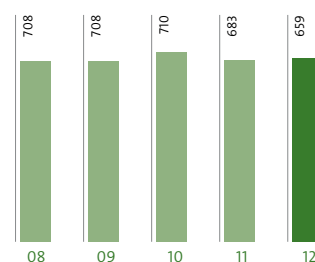
By 2030, DARA estimates climate change-related problems could see countries like Indonesia lose up to 11 percent of their annual

4%
efficiencies achieved in greenhouse gas emissions per tonne of cement achieved in 2012.

Total Absolute Net CO2 Emissions
[EN16, EN18] (million tonnes)



Net CO2 Emissions [EN16, EN18]
(kg CO2/ tonne cementitious materials)





THE Big Picture

Ozone depleting gases are still a problem in Indonesia

While Indonesia has banned the use of ozone depleting substances like CFCs and H-CFCs, many substances still exist in older, closed-circuit refrigeration systems used by industry. ODS when released into the air damage the ozone layer that protects us from the sun's harmful radiation. Estimated to be up to 10,000 times more global warming potential than carbon dioxide, these ODS gasses need to be identified, located and safely destroyed when phased-out.



THE Geocycle Solution



Narogong's ODS Destruction Facility and RAISE initiative

In 2007, we began operating Southeast Asia's first Ozone Depleting Substances (ODS) Destruction Facility, at our Geocycle operation in the Narogong Cement Plant. Developed in conjunction with the Japanese government the system feeds ODS gasses into Narogong's ultra-high temperature cement kilns where they are broken down harmlessly. As end of 2012, we had safely destroyed over 20,000 kilograms of ODS.

With many refrigerants containing ODS still known to be in use in Indonesia, in the final quarter of 2012 we took the next step, beginning the "RAISE Indonesia", a public private partnership project, in partnership with ASSIST, a human capital development non-profit organisation. With RAISE, we aim to improve awareness among industrial, academic and government stakeholders about the needs to properly identify and safely dispose of ODS refrigerants while aiming to help promote lower energy consumption through the adoption of modern and efficient refrigeration and cooling systems. Our first forums involving key stakeholders began in December 2012.

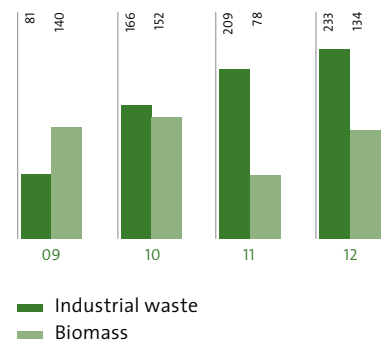
The project will include training for technicians in the relevant fields about potential energy efficiency opportunities involving improvements to refrigeration and cooling systems. The project supports the government's HCFC phase-out programme and contributes to indirect CO2 reduction through energy efficiency.

GDP. The Asian Development Bank, meanwhile, estimates that by 2100, the impacts of climate change will cost between 2.5 percent to 7 percent of global GDP. The poorest will bear the brunt of this burden, the bank says, "as they are typically most vulnerable to the impacts of drought, floods and landslides and pursue livelihoods that are highly dependent on climate-sensitive sectors (i.e. fisheries and forestry)." [EC2]

Plant CO2 Emissions

A key impact of Holcim Indonesia's operations are global warming gasses and chemicals released into the atmosphere by our cement factories. Another important concern of neighbouring communities living near our operations is dust emissions. Our emission collection data includes our three integrated cement plants, grinding stations and terminals, as well as from our six raw material and aggregate

Total Waste Co-processed (alternative fuel and raw materials) (000 tonnes)

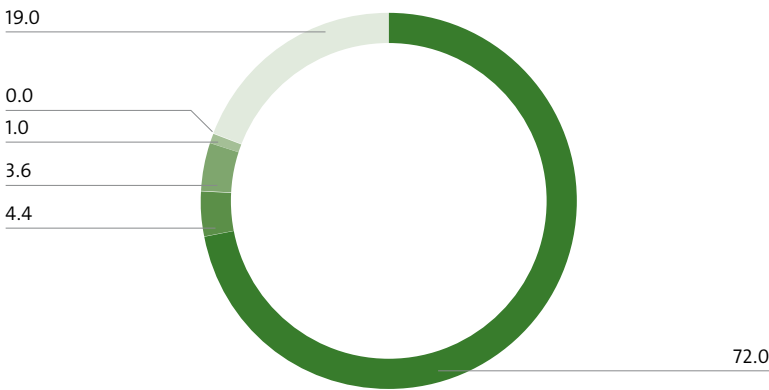


The rural poor will bear the worst burden of climate change – Asian Development Bank

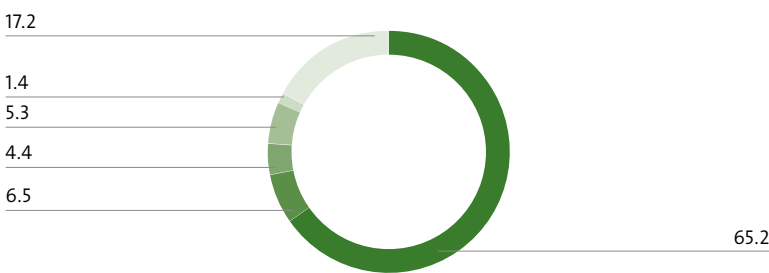


Waste Types Co-processed as Alternative Fuels only (% by volume)

2012 (Volume: 185,704 tonnes)



2011 (Volume: 119,465 tonnes)



- Biomass
- Mixed Liquid Waste
- Rejected Consumer Products
- Sorted Municipal Solid Waste
- Oil Sludge
- Other industrial waste (>20 different types)

↑ 28%
the increase in total waste co-processed by Geocycle in 2012 to make our cement, equal to 367,000 tonnes.

Staff cycle to work in Cilacap. Employees at both our cement plants use bicycles to get around the large premises, an efficient and safe form of transportation.

quarries and ready mixed plants. This information is based on plant technical reports and corporate CO₂ inventories according to the World Business Council for Sustainable Development/World Resources Institute (WBCSD-WRI) Cement CO₂ Protocol.

Over 95 percent of the CO₂ emissions from cement come from the manufacturing of clinker, one of its key components. About 60 percent of these emissions are from the limestone used to make clinker and about 40 percent are from the burning of fossil fuels. The scope for using less energy

Our central control room at Cilacap Plant (right) is where we monitor co-processing operations in our cement kiln.

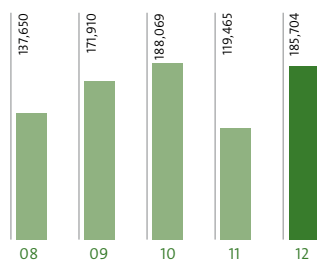
to produce clinker is limited by the available technology. However, by reducing the amount of clinker we use per ton of cement, we can significantly lower the carbon intensity of the cement. We can also reduce emissions by using greener sources of energy to heat the kilns.

During 2012, with national demand for our cement increasing by 15 percent, Holcim along with most of our competitors was operating at maximum capacity to meet demand that is growing faster than the industry's combined ability to supply. Over the year, we sold 8.6 million metric tonnes on the local market, compared to 7.5 million the year before. We also grew our logistics fleet of trucks from 217 trucks to 285, and we rolled out new Solusi Rumah franchises and one concrete batching plant.

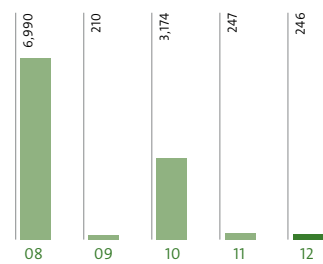
Despite this expansion we managed to cap Holcim's overall net CO2 emissions to a 1 percent increase, to 5.39 million tonnes of CO2 equivalent gasses. This compares favourably to a global increase of CO2 emissions in 2012 estimated at 2.6 percent. A reality of our expanding business is that we expect our net total emissions will increase further in future years as our Tuban 1 and Tuban 2 cement plant operations come online in 2013 and 2015. These future rises are the unavoidable impact of our expansion in a developing market that still experiences cement shortages.



Quantity of Alternative Fuel - Biomass & Industrial Waste (tonnes)



Ozone - depleting CFCs processed [EN19] (kg)



↑ 9%
reducing Clinker Factor means our cement contains this amount of recycled raw materials. Our best-ever result!

We have chosen to focus on efficiencies in energy use and production per tonne of cement. Here we have been successful, reducing our net CO2 emissions per tonne of cement to 659 kg in 2012. This is a 4 percent decline from 2011 and part of a trend that has seen net per tonne emissions drop by 7 percent over the past three years, and by 20 percent since our baseline result in 2003.

In our three main businesses, the optimum result in minimising CO2 emissions was achieved by our Aggregates division, which reduced total gross CO2 emissions by 48 percent in 2012 through adopting a more selective mining strategy, making considerable savings on fuels and vehicle operations.



THE Big Picture

A power grid under pressure

An expanding economy is eating up more of Indonesia's natural resources and putting heavy pressure on the national power grid. If we wish to conserve these resources, industry needs to be more efficient.



THE Holcim Solution



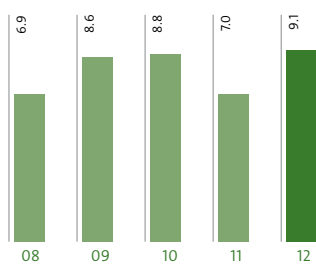
Introducing EARN, part of the Holcim Leadership Journey

Focussed on cement production, the EARN programme benchmarks Holcim Indonesia's energy use against other Holcim operating companies in the region to encourage friendly competition, innovation as well as best practise sharing. The programme has a regional e-bulletin which is widely disseminated, and EARN results are featured regularly in Berita Kita, our staff magazine.

EARN has five production focussed-pillars dealing with: (1) making the best use of coal (2) maximising alternative fuel sources and renewable energy use via Geocycle; (3) saving thermal energy in production (4) electrical savings and finally (5) by reducing cement Clinker Factor through the use of additives and recycled raw materials to the cement grinding process.

A recent EARN success was achieved by Holcim's Ciwandan Grinding Plant in Banten. There, the production team made significant energy saving by adding a grinding additive to the cement process, while adding recycled fly ash as a cement raw material. Since the addition of fly ash Clinker Factor has been reduced to around 78 percent from 81 percent previously.

Thermal Substitution Rate (%)



Our increased logistics fleet, made up predominantly of third-party transporters also had an effect on our CO2 emissions. We mitigated this rise by increasing our use of rail and ship transportation links during 2012.

Savings on energy, heat and Clinker Factor

Energy saving was a key strategy over 2012 and is now measured



THE Big Picture



'Not in my backyard'

Many people perceive cement plants to be grimy and industrial places, where heavy machinery and dust dominate and there is little greenery in the way of plants and trees. But with the right management, they don't have to be.



THE Holcim Solution



Cilacap's city forest

In August 2012, a deer was born for the first time in Cilacap Plant's 46ha City Forest, pushing up total corvine population to 13. To Cilacap's environmental team, the birth was further proof that the integrated conservation plan for the plant – which combines emissions monitoring, dust mitigation and a large, cultivated green belt – was working. Along with the deer and ducks, Cilacap environmental team also operates bird and butterfly breeding enclosures where they breed rare butterflies and insects sourced from a nearby centre of biodiversity, Nusakambangan Island.

The environmental department has decided to call the deer Robin, "... because its already robbed our hearts," says Widjayadi, Environment Department Superintendent. "What more beautiful proof could you need that our environmental programme is working?"

through Holcim Indonesia's membership of the regional EARN programme, which was launched in the second half of 2012.

This programme and previous energy savings initiatives saw efficiencies achieved in 2012 including 2 percent improvement in electricity use per tonne of cement, and an identical reduction in fuel use per tonne of cement. Our overall electrical power consumption rose 6 percent by total volume in 2012, as we continued to produce at maximum capacity.

A key way of indirectly reducing our emissions is by increasing the amount of recycled raw materials in cement production, reducing the percentage of clinker – the active binding ingredient – in our cement without impacting quality, durability or safety. We source these raw materials, which include pozzolona and fly ash via our waste management and co-processing business, Geocycle. Our average Clinker Factor in cement during 2012 was 79 percent, a 1 percent improvement.

Reducing dust and other emissions

Another key impact of operations that is of most concern to neighbouring communities is dust in the form of cement dust as well as ground dust, thrown up by trucks. Average dust emissions in 2012 were 35 g/t cement, well below the tolerance limit. Although there was a recorded 6 percent increase from previous year (33 g/t cement in 2011) this increase is within the margin of error of our measuring devices. We expect our emissions to continue to drop in coming years, as part of a general and positive downward trend. We have succeeded in reducing average dust emissions by 63 percent since 2008. All our other emissions (SOx, NOx) are also well below the allowable maximums set by the Indonesian Ministry for the Environment.

↓ 48%

the amount our aggregates division cut on emissions through selective mining in 2012.

Our two cement plants use electrostatic precipitators to trap and collect dust generated through the production process. Cement bag breakages, from improper loading and stacking is another area of concern. We are currently modifying the dimensions of our 40kg cement bags in a project that won prizes at our 2012 CEO Awards for staff innovation.

Dust and exhaust fumes from heavy mining equipment are monitored in our quarries, and water is sprayed on quarry roads for dust control. Vehicles pass through water dips before entering public roads. We also measure run-off levels in the quarries and use settling ponds.

To reduce dust generated during truck loading at our batching plants, another recent winner of the company's CEO Awards modified the process and his idea is currently being implemented across our operations. An increased focus on local communities at our batching plants and silo operations has seen an electronic dust censor and display set up in the entrance of our new cement silo in Batam, which provides real-time air quality measurements.

Continuous emission monitoring and other emissions

Other emissions monitored daily at our two operating cement factories include quantities of oxygen, sulphur dioxide, nitrogen oxide, and volatile organic compounds to ensure Indonesian

legislative and Holcim standards are met or bettered. Monitoring instruments are regularly cleaned and inspected to give accurate readings.

Water

Another environmental impact of our operations is as a user of water. We draw and reuse water in closed circuit cooling systems in our cement plants, in emissions capture technology, in our quarry areas and for use in our concrete batching plants, as well as in minimal quantities for sanitation at our administration buildings.

As mentioned in our 2011 Holcim Group Corporate Sustainability Report, the Group has committed to develop a group-wide water management system by the end of 2013, which is being developed by group companies, including Holcim Indonesia, as well as experts from the IUCN Water Program. We expect to report in more detail over the medium term.

Water in all our areas is drawn from a combination of groundwater sources and local rivers. None of these sources are designated as biodiversity areas but all require permits for commercial water extraction. Currently our water use is not measured as significant at any source because we are not withdrawing more than 5 percent of the total supply in any area. [ENg]

Most of our current water use (60 percent) is concentrated in cement production, followed by ready mixed operations (37 percent) and in our aggregate operations via water withdrawal.

Overall our water use rose during 2012, by 16 percent to 1.3 million cubic meters of water consumed. The largest increase, of 55 percent was from the cement batching plant operations in our ready-mixed business, however the recorded increase has been inflated as more batching plants

accurately reported their water use in 2012 than in 2011, as we began to conform with the Group-wide water management strategy.

Water efficiency statistics for our business have yet to be audited and will not be included in this report. We have also begun to design water harvesting systems and tanks across many of our operations for the capture and recycling of water, but have not yet begun to measure the impact of these on our overall water use.

Water treatment

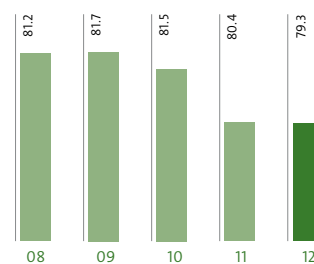
Cement plants have "closed loop systems" and there is minimal industrial process water discharge. Water discharge is mainly from quarry dewatering, open equipment cooling systems and minimal quantities of sanitary waste water.

We have established black-water treatment plants for the Narogong Plant Main Office, OH&S building, and Central Control Room.

Discharged water from our plants is tested for pH levels and total suspended solids (TSS) and meets provincial standards for treated water.

Clinker Factor [EN2]

(average % clinker in cement)



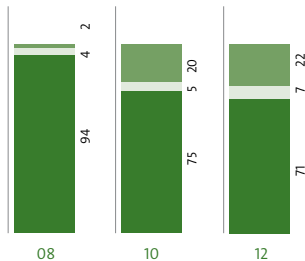
9.1%

represents the amount of heat we produced by co-processing waste, which replaced heat from coal.



A geocycle staffer taking an initial test of industrial waste at Narogong Plant's Megadome facility (left) and tree planting at Nusakambangan Island (right).

Transportation Mix, 2008, 2010 and 2012 (%) [EN16]



↑ 6%

average dust emissions rose slightly in 2012, but are below tolerance limits.

Narogong's hazardous wastewater treatment plant collects waste water from Geocycle's waste storage facilities. The plant processes five cubic metres of water an hour through biological and chemical treatment stages. Sludge from the process is pressed into cakes and returned to the production process as fuel. [EN10, EN21]

More detail on our treatment of waste water will be available in the medium term after our Group-wide water management strategy is implemented at the end of 2013.

Noise

To ensure our operations meet health and safety and environmental noise pollution standards, machinery in our production areas is fitted with silencers and located in closed buildings. Noise and vibration levels due to cement plant operation and blasting activity are monitored regularly and levels meet or better local environmental limits. Noise levels were most recently tested by a monitoring team comprising academics and

local government regulators during the construction of the Tuban Plant Jetty in East Java (see story page 57). These results, which were within regulatory maximums, were shared with the neighbouring community.

The lungs of our operation: green belts and green buffer zones

One vital way we work to protect the community from noise, dust the other direct impacts of our production facilities is by maintaining large green belts around our main areas of operation, with designated areas often set aside for the recreation use of our staff. We do not believe cement plants should be industrial, dirty places and we have spent the past five years planting 50,842 trees in and around our operations.

Trees are not only natural beautifiers, they also help offset our carbon emissions. They also act as a buffer to noise insulating communities from industrial processes, and for wind-carrying dust. Of these, the green zone and 46-ha City Forest area at our Cilacap Cement Plant is the largest



and most developed but large sized green belts also in exist in Narogong and are being developed in Tuban and we have planted trees in and around all our concrete batching plants, Maloko and Jeladri aggregate quarries and our Ciwandan Grinding Station.

Biodiversity studies and quarry rehabilitation

Our environmental plans begin in our quarries, in the form of biodiversity studies carried out to protect cave formations and identify any important flora and fauna which need protecting. As part of our Five-Year Corporate Environmental Roadmap, 2012 saw us complete the establishment of biodiversity management plans at all production sites and quarries; the process has led us to designate protected area status for 168 hectares of land from a total of 566 ha in our six quarry areas. In 2012, we completed a biodiversity study with environmental consultant Energy and Management Resources (ERM) at our Tuban Quarry area. We found no at-risk species in this area of operation as per IUCN Guidelines and Indonesian regulations.

Another important study undertaken during 2011 was on Nusakambangan Island, off the south coast of Java where we have a 94ha quarry operation surrounded by 12,000 hectares of mostly high grade forest. There are also seven government-run prisons operating on the island, which is a restricted area. During 2011, we carried out a biodiversity study on our operations with Flora & Fauna International designating protected areas in our mining concession; we also formulated a multi-stakeholder conservation strategy for the entire island. This island-wide audit identified two species on the IUCN Red List of protected flora and fauna as living

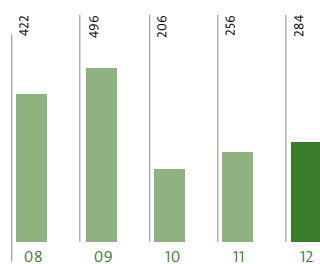
on the island, although these were not found to be directly affected by our operations, which take up less than 1 percent of the total land area. Another 22 rare or uncommon species including bats, birds and monkeys, were found on the island. Working together with stakeholders in local government, the justice department and the prisons, we are now promoting the joint biodiversity action plan.

Tree planting

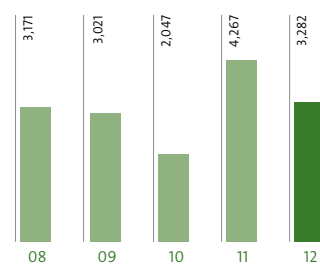
In 2012 we planted approximately 51,000 trees around our operations on Java, including quarry rehabilitation of 168ha of former quarry areas. We added deer, bird and butterfly breeding sanctuaries in our Cilacap plant and Jeruk Legi quarries, and increased the tree species planted in the 46-hectare Cilacap City Forest. Tree planting in the community is also a frequent development exercise, often involving company staff. Several important such planting activities were part of our 2012 “Together for Communities” centennial theme, including the planting of 12,000 mangrove trees on Nusakambangan Island’s northern coast. [EN13]

The year saw some progress in our plans to turn our 76ha former mine area in Cibadak, West Java, into the Cibadak Educational Forest. We envisage the site would combine community recreational facilities with a centre for forestry research and sustainability to support local forest communities living in the area and we are working with IPB (Bogor Agricultural Institute) in realising this project.

Total dust emission
(tonnes)



Total SO2 emission [EN20]
(tonnes)



Geocycle and waste management

With the concept that conservation begins at home, at Holcim Indonesia we carefully manage and separate our solid and liquid wastes at our factory and business sites, with plastic bottles and paper from our plants collected and given to local communities for recycling. Our business unit Geocycle processes the rest, along with a much larger range of externally sourced industrial, agricultural and municipal waste streams. Usable waste from our plants, such as plastic bottles and paper are

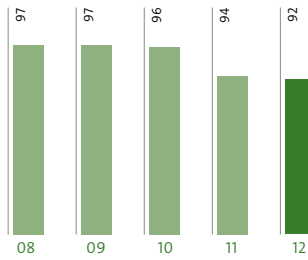
collected by informal community waste collectors who are able to recover the economic value in it. The remainder is co-processed using our kilns. [EN22]

In 2012, the Geocycle team continued its work with a growing list of businesses, identifying, sorting, safely transporting, storing and finally co-processing a large variety of hazardous and non-hazardous waste. The team's efforts ensured clients complied with regulations and improved their position in the waste management hierarchy.

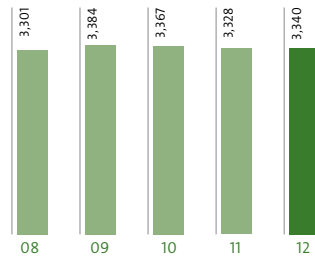
Total waste volumes for fuel handled by Geocycle rose during the year, up 55 percent to 185,000 tonnes, with the primary reason being increased biomass waste from agriculture and from increases in industrial waste processing. We also took time to mechanise our kiln feeding procedure with a conveyor in Cilacap Plant.

This coupled with the increase in volumes saw us increase alternative fuel use to 9 percent of all fuel used in Holcim cement production – a indicator known

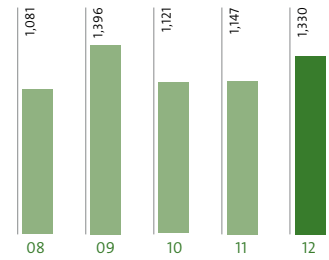
Power Consumption [EN4]
(kWh/tonne clinker)



Heat Consumption [EN5]
(MJ/t clinker)



Water Consumption [EN8]
(000 m³)



A digger loads a truck in the quarry on Nusakambangan Island.



as the thermal substitution rate. One of our key metrics for environmental success the 9 percent TSR score represented a 31 percent increase from 2011 and our best-ever result, see page 67.

In 2012, Geocycle also co-processed 246 kilogrammes of ozone depleting substances or ODS, an amount we expect to see rise as our RAISE programme gains traction.

We processed less municipal waste in 2012 than in previous years. Geocycle staff recognise that overflowing dumps are a serious environmental and health hazard in Java and in Indonesia generally. Members of the team are currently in talks with several local authorities in Java about the possibility of cooperation in waste processing and disposal. [EN19]

In order to promote environmentalism and educate and discuss issues Geocycle

held two customer forums in 2012 attended by a total of 250 customers, while another 350 visited the company's Narogong operations. The customer gathering in November 2012 was the platform for the launching of the transportation/ driver guidelines by the Director of the road transport authority. The road transport authority will utilise the guidelines for further awareness in the road transport sector.

Environmental policy, standards and compliance

In 2012 Holcim's Cilacap Cement Plant was one a handful of companies in Indonesia to be awarded the Gold PROPER status for environmental excellence in the Ministry of Environment's annual corporate environmental performance ratings, the third year running. Our Narogong Cement Plant was awarded its second green rating. Both plants maintained ISO 14001 standards during 2012, and the Narogong

Quarry received the Silver Award for Mining from the Ministry of Mining - which placed Holcim above other cement peers. Holcim was awarded 1st place in the Green Industry Awards from the Ministry of Industry. [2.10]

Compliance

Holcim Indonesia operations meet or better all applicable environmental laws and regulations and no fines for non-compliance were issued during the reporting period. [EN28]



Geocycle's educational eco-comic: Green Adventure 2.



Compliance & Governance



Every Holcim site has a lit perimeter and security to ensure our premises are secured and communities are kept safe.

This is governance at work: a responsible approach,

with the interests of shareholders and society evenly balanced

Safeguarding our brand image...



...means protecting our good name

Despite many positive developments in the past decade, including a free and independent press and the creation of a robust national anticorruption body, doing business in Indonesia continues to carry significant corruption risk.

In December 2012, Transparency International rated the country 118th out of 176 countries polled in terms of corruption risk, while a local civil society NGO, Indonesian Corruption Watch, estimates that graft causes the nation to lose around Rp 2 trillion rupiah every year.

Holcim Indonesia is keenly aware of this issue, and our governance structure embraces the interests of our stakeholders, the management of business risks, the protection of our reputation and the welfare of our communities and the environment. Our code of conduct promotes fairness, transparency and accountability, and is applied across all levels of the company, to all individuals.

During 2012, Holcim management formulated an Anti-Bribery and Corruption Directive (ABCD) and our Legal & Corporate Affairs directorate began training staff in anti-corruption best practises, with 99 employees trained in 2012. The directive will come into force in the next reporting year, on March 1, 2013.



The results of an Internal Audit Plan also analysed business units for corruption risk.

Governance and Board functions

Ultimate responsibility for Holcim Indonesia lies with the Board of Directors and the Board of Commissioners in their oversight role. The Board of Directors is responsible for financial reporting, developing structured Business Plans including risk management and strategic plans, complying with Indonesian laws and regulations, and establishing and overseeing the internal control System. The Board comprises a President Director and seven Directors and is representative in background, by age and by qualification, appropriate to their areas of functional expertise in every case. Further details are carried in the companion Annual Report to this Sustainable Development report, as disclosed on the company's website www.holcim.co.id [4.1]

The Board of Commissioners, comprised of the President Commissioner and five Commissioners, including three Independent Commissioners, is unitary with a representation of wide-ranging skills and both genders. It acts as a supervisory body to the Board of Directors representing the interests of all shareholders, and is tasked with reviewing and approving management and policy decisions. [4.2, 4.3]

No member of either Board has financial or direct familial relations with any other member of the Board of Commissioners or Board of Directors. All members of both boards are required to sign a No Conflict of Interest statement. [4.6]

All members of the Boards have been through a formal selection process to test their suitability and experience, qualifications

and background. A record of the compensation for both Boards is available in the companion Annual Report. [4.7]

The Audit Committee

The Audit Committee is an expert independent body chaired by one of the Independent Commissioners. The Audit Committee is appointed by and is responsible to the Board of Commissioners, and supports the Board of Commissioners regarding internal control systems, the evaluation of external and internal audits, the review of risk management processes, and the evaluation of finances. [4.1, 4.3]

An internal audit function, reporting to Audit Committee tests the integrity of all business routines and controls over the company's financial condition and operating procedures or assets, including cash and human resources. Strict assessments are made for planned capital expenditures including a complete evaluation of the economic benefits and internal rate of return for all such expenditures. The internal audit department operates in full compliance with international auditing standards, and reports to the Audit Committee.

Shareholders

All shareholders have the opportunity to provide input, feedback and recommendations to the company at the Annual General Meeting of Shareholders (AGM). [4.4]

During the AGM, shareholders review the performance, membership, responsibilities, remuneration of the Board of Commissioners and Board of Directors. [4.5, 4.10]

Shareholders have access during the year to the Board of Commissioners, to make recommendations or express their

opinion on the operations and obligations of the company, as part of its duties as publicly listed on the Indonesia Stock Exchange. Every year the company conducts a public expose, to provide access to the investing public.

Ethics and best practice

Collectively and individually, Holcim Indonesia Board members pay close attention to sustaining a sound reputation as a leading listed company in the strategic sector of cement-based building materials and as a representative of Holcim, a major business group operating worldwide.

Through the functions of compliance and governance we monitor and assess our performance in line with local public company regulations and legal requirements, local and international accounting and safety standards, as well as local labour law, cement industry practice, and environmental permitting and best practice. [4.12]

Proper conduct in the workplace is encompassed in codes of practice and formal training regarding safety and health, professional competence, environmental management, community engagement and ethical conduct. Our terms of engagement with business partners contain our standards for fairness and ethical business practice and allow for checks to be made to verify proper behaviour and best practice are being followed.

Holcim is committed to being an equal-opportunities employer. Through the use of bulletin boards, intranet, and company newsletters inter alia, all employees are made aware of pertinent information on the condition of the company, and any changes or additions to procedures, policies, and guidelines applicable to normal



operations. Any employee may make representation to the Board of Directors or Board of Commissioners via the President Director or through an independently managed whistle blowing facility (see under Compliance function). [4.4]

Compliance function

The Compliance function promotes and instills our code of conduct at all levels of day-to-day operations. A code of conduct booklet provides a framework for ethical and transparent interaction with all stakeholders. The booklet is available for all employees and business partners, and is accessible via the company's intranet. The Holcim code of conduct promotes fairness, transparency and accountability. An independently managed whistle-blowing facility is in place, with all reports received in strict confidence and information on follow-up action made available to whistleblowers. In 2012, reminders about the service were issued via internal channels including publication of the internal monthly magazine, Berita Kita.

Holcim's Community Relations department also developed and began to implement a standardised grievance procedure through operations during 2012 to deal with external complaints against our operations. There were a total of 13 stakeholder

complaints against our operations in 2012.

Fair, open competition

As a group operating worldwide, Holcim has a well-established policy on fair competition and, in line with the Group Mission statement, has issued a Fair Competition Directive and mandatory training for all employees engaged in conducting its business operations. This directive requires that all Holcim companies adhere in full with applicable competition laws and implement processes and guidance to ensure the company is aware of and fully compliant with the competition laws prevailing. In addition, Holcim operates in full compliance with applicable laws and regulations regarding the provision and use of its products and services. [PR9, SO8]

Fines

There were no fines incurred during 2012 at any of the company's operational activities. Holcim is full compliance with existing laws and regulations relating to public companies, the commercial code, labour regulations, consumer standards and regulations for the cement industry, including the environment.

Setting standards

The company does not provide or give contribution or donation to any political parties and did not receive subsidies from national governments or local authorities in the form of grants, tax relief, or other types of financial benefits that did not relate to a transaction of goods and services. [SO6]

Risk management

As part of the annual business strategy planning process, Holcim assesses the global, regional and local macro economy, the risks germane to the company's

business, and the prevailing industry market conditions. Assessments are consolidated and discussed between the Board of Directors. From these, assessments and discussions, the Board of Directors determines the key opportunities for the company, which form the base of the strategic plan going forward. [4-9, 4.11]

An important Issue - transparency on royalty fees

Holcim Indonesia received comments during December 2012 from a selection of institutional investors who stated their objection to the revision of international franchise fee arrangements (IFF), otherwise known as 'royalty fees,' communicated to all shareholders.

An exemption from the requirement to obtain independent shareholder approval to an increase in IFF, was made on the basis of a fairness opinion given by an independent appraiser. The appraiser indicated the proposed changes were in line with international market practice and commensurate with the value provided for the use of the Holcim brand and the costs associated with technical expertise given to Holcim Indonesia by the Holcim Group to ensure it is able to compete effectively.

We believe the revisions were fair, while we will continue to monitor the situation and the company's needs, as demands on the building materials industry continue to escalate and inevitably, Holcim will face stiffer competition.



THE **Big Picture**

Whistleblowers need protecting



If you discover wrongdoing going on in a business, deciding what to do about it can be stressful. This is especially true in businesses where there is no clear reporting mechanism or assurance that your rights as a whistle-blower are being protected.



THE **Holcim Solution**



The Speak Up! Programme

Fortunately this is not the case in Holcim, which has created a special reporting system known as the Speak Up! programme. Speak Up! was designed to ensure that employees and other stakeholders who report on wrongdoing can do so, safe in the knowledge that their identities and rights will be protected.

When individuals contact Speak Up! they are reporting all instances of wrongdoing to an independent third party, HelpGlobalEthics.com, a portal created especially to protect whistleblowers. They can do this in four ways – via an email address, a mobile phone number, a toll-free number, or on a website. From there, HelpGlobalEthics collects the information and sends it directly to CEO Eamon Ginley, who is the only Holcim person to see your information.

Most importantly, the Speak Up! programme involves comprehensive guidelines on how to protect witnesses. It's essentially a guarantee their identity will not be revealed during the course of any investigation.

GRI Content Index ^[3.12]

In this report we include the core GRI indicators only.

For a full list of GRI indicators, please see our website at www.holcim.co.id/id/sustainable-development/sustainable-development-reports.html

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
1	Strategy and Analysis						
1.1	Statement from senior decision-makers about sustainability	Fully	2,10, 11 (Outline of Triple Bottom line)				
1.2	Key impacts, risks, and opportunities	Fully	10-11				
2	Organisational Profile						
2.1	Name of organisation	Fully	5				
2.2	Primary brands, products, and / or services	Fully	5				
2.3	Operational structure of the organisation	Fully	5				
2.4	Location of organisation's headquarters	Fully	4				
2.5	Countries of operation	Fully	5				
2.6	Nature of ownership and legal form	Fully	5				
2.7	Markets served including geographic breakdown, sectors served, and types of customers, beneficiaries	Fully	5				
2.8	Scale of organisation	Fully	5				
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	5				
2.10	Awards received in the reporting period	Fully	35, 73				
3	Report Parameters						
	Report Profile						
3.1	Reporting period for information provided	Fully	4				
3.2	Date of most recent previous report	Fully	4				
3.3	Reporting cycle	Fully	Inside Front Cover (IFC)				
3.4	Contact point for questions regarding the report or its contents	Fully	4				
	Report Scope and Boundary						
3.5	Process for defining report content	Fully	4				
3.6	Boundary of the report	Fully	4				
3.7	Limitations on the scope or boundary of the report	Fully	4				
3.8	Basis for reporting on joint ventures	Fully	Not Applicable (NA)				
3.9	Data measurement techniques and the bases of calculations	Fully	4				
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Fully	NA				

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
3.11	Significant changes from previous reporting periods in the scope, boundary, or methods contained in this report	Fully	NA				
3.12	GRI Content Index	Fully	80				
3.13	Assurance	Fully	4				
4	Governance						
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	77-79				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	77-79				
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	77-79				
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	77-79				
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Fully	77-79				
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	77-79				
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	77-79				
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	4				
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	77-79				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	77-79				

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Not	77-79				
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	4	Company profile			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	77-79	CHECK			
4.14	List of stakeholder groups engaged by the organisation.	Fully	49	Stakeholder			
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	49-59	People, Stakeholder & Governance sections all detail different ways per stakeholders			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	49-59				
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	77-79	Complaints against operations, Royalty fees issue			
Economic Performance							
EC1	Economic value (Rp billion)	Fully	17				
	Direct economic value generated						
	- Revenues				5,961	7,513	8,986
	Economic value distributed						
	- Operating costs				4,119	5,201	6,179
	- Employee wages and benefits				496	588	734
	- Payments to providers of capital				438	82	157
	- Payments to government				303	463	557
	- Community investment				12	23	20
	Economic value retained				593	1,156	1,339
	Cement types produced by Holcim (%)						
	- Ordinary Portland cement				19.6	16.4	16.2
	- Limestone cement				78.2	81.1	82.4
	- Oil Well cement				2.2	1.5	1.4
	- Special binder					1	
EC2	Climate change implications and other risks and opportunities	Fully	10, 63, 64				
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	42				
EC4	Significant financial assistance received from government	Fully			None	None	None

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
EC6	Spending on locally-based suppliers	Partially	17, 25, 44	We do not yet report on local suppliers by location or proportion to total.			
	- Number of local suppliers				1,275	1,361	1,400
	- Value (Rp billion)				2,929	4,135	5,728
EC7	Local hiring and proportion of senior management hired from the local community	Partially		We do prioritize local employment as an operating company, especially in our new Tuban construction			
EC8	Investments and services provided primarily for public benefit	Fully	49, 53				
	Type: In-Kind			CSR activities			
	- Total Cost (Rp million)						1,827
	Community spending (Rp million)						
	- Donations and charity			Not reported before 2012			1,835
	- Education projects			Not reported before 2012			2,391
	- Community development projects			Not reported before 2012			9,290
	- Infrastructure community projects			Not reported before 2012			1,827
	- Total				7,069	8,686	15,343
Product Responsibility							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Fully	24	We have a written policy governing customer health and safety. We conduct safety analysis for all appointed suppliers, educating everyone in the supply chain on proper care for safe working conditions			
PR3	Specific product information and labelling policy in place	Fully	24	We comply fully with regulations and government standards (SNI) on product information and labelling			
PR6	Marketing communications, including advertising, promotion, and sponsorship	Fully	24	All marketing communications are conducted in compliance with prevailing regulations.			
PR9	Fines for non-compliance concerning use of products and services.	Fully	78	None in the reporting period	0	0	0
Human Rights							
HR1	Percentage of significant agreements & contracts screened by following	Fully	25	All our standard contracts with suppliers contain clauses on human rights, OHS Standards, Labour Standards along with other social accountability			
	- OHS standards						100%
	- EMS systems						100%
	- Labor standards (incl. human rights)						100%
	- Social accountability						100%
HR2	Suppliers screened using the self-assessment questionnaire (%)	Fully	25				
	Percentage of local suppliers screened						
	- OHS standards						100%
	- EMS systems						100%
	- Labor standards (incl human rights)						100%
	- Social accountability						100%
HR3	Staff trained on human rights policies (hours)	Fully	45	In professional circles there is not a perceived equal opportunity risk in Indonesia.			0
	Staff trained on equal opportunity policies (hours)			In professional circles there is not a perceived equal opportunity risk in Indonesia.	0	0	0
HR4	Number of incidents of discrimination and corrective actions taken.	Fully	45	None in 2012.	0	0	0

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
HR5	Operations and significant suppliers identified regarding freedom of association	Fully	42	We have a Human Rights Policy which specifically and clearly addresses all of these areas.	0	0	0
	- Company Operations Identified				0	0	All
	- Suppliers Identified				0	0	All
	Union representation				75%	75%	75%
HR6	Operations and significant suppliers identified regarding child labour	Fully	45	We have a Human Rights Policy, specifically addresses all of these areas.	0	0	0
	- Company				0	0	0
	- Suppliers				0	0	0
HR7	Operations and significant suppliers regarding forced or compulsory labour	Fully	45	We have a Human Rights Policy, specifically addresses all of these areas.			
	- Company				0	0	0
	- Suppliers				0	0	
HR10	Human rights reviews and/or impact assessments.	Fully			0	0	100%
HR11	Grievances related to human rights	Fully			0	0	0
Labour practises							
LA1	Employment practices and decent work	Partially	41	Currently Holcim Indonesia doesn't not report by gender at every significant location of employment			
	Staff by type						
	- Permanent				2,396	2,487	2,598
	- Temporary				48	66	61
	- Expatriate				17	23	25
	- Total				2,461	2,576	2,684
	Staff by significant location						
	- Cilacap				616	623	608
	- Narogong				960	1,000	983
	- Others				885	953	1,093
	- Total				2,461	2,576	2,684
	Total workforce by age						
	- Age <30				295	380	443
	- Age 30 - 50				1,928	1,974	2,033
	- Age >50				238	222	208
	- Total				2,461	2,576	2,684
	Total workforce by gender						
	- Male				2,241	2,332	2,413
	- Female				220	244	271
	- Total				2,461	2,576	2,684
	EVE programme						
	- New participants				32	41	48
	- Graduated				32	32	24
	GDP programme						
	- New participants				12	48	0
	- Graduated				12	11	46

GRI	Disclosures	Reporting Level Pages		Explanation	2010	2011	2012
LA2	Employee turnover (%)	Partially	41, 43		3.09%	3.18%	4.29%
	Employee turn over (FTE)						
	- Male				64	60	101
	- Female				12	22	14
	- Total				76	82	115
	Employee turn over (FTE) by locations						
	- Cilacap Plant						36
	- Narogong Plant						22
	- Others (Head office, Aggregates + Ready mixed business)						57
	- Total						115
	New employee number						
	- Narogong						44
	- Cilacap						15
	- Tuban						55
	- Others						42
	- Total						156
LA4	Percentage of employees covered by collective bargaining agreements	Fully	41-42	100% of non-management and 75% of total staff			
LA5	Notice given for operational changes	Partially	42				
	Percentage of employee participants in Employee Satisfaction survey						84%
	Percentage of employee participants in e-Dialogue					100%	100%
	Employee grievance procedure in place						Yes
LA7	Rates of injury	Fully	31, 33, 36				
	Holcim Employees LTI-FR				0.12	0.40	0.19
	Holcim Employees LTI-FR Target				<1	<0.7	<0.7
	Holcim Employees LTI-SR				1.98	1.33	0.20
	Holcim Employees LTI-SR Target				<5	<3.5	<3.5
	Holcim Contractors (Non Tuban) LTI-FR						0.7
	Holcim Contractors (Non Tuban) LTI-FR Target				<1	<0.7	<0.7
	Holcim Contractors (Non Tuban) LTI-SR						5.3
	Holcim Contractors (Non Tuban) LTI-SR Target				<5	<3.5	<3.5
	Holcim Contractors Tuban LTI-FR						0.8
	Holcim Contractors Tuban LTI-FR Target				<1	<0.7	<0.7
	Holcim Contractors Tuban LTI-SR						7.2
	Holcim Contractors Tuban LTI-SR Target				<5	<3.5	<3.5
	Incidents: full time employees						
	- Fatalities				0	0	0
	- Permanent disabilities				0	0	0
	- Non permanent disabilities				23	6	19
	- Location: Inside plant				19	6	17
	- Location: Outside plant				4	0	2
	- Day lost				3	20	1

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
	Incidents: contractors						
	- Fatalities				0	0	1
	- Permanent disabilities				0	0	0
	- Non permanent disabilities				23	21	148
	- Location: Inside plant				19	20	156
	- Location: Outside plant				4	1	5
	Safe working hours (million hours)				6.56	1.38	2.97
	Push & Pull Safety Champion participants				1,272	1,386	3,286
LA8	Health programmes	Fully	33				
	Prevention						
	- Employees						Yes
	- Contractors						Yes
	- Family members						Yes
	- Community members						Yes
	Treatment						
	- Employees						Yes
	- Contractors						No
	- Family members						Yes
	- Community members						Partial
	Formal safety courses						
	- Hours				8,247	14,012	17,433
	- Participant				1,943	1,249	1,972
	Individual Health Development Programme participants				225		169
	Medical check ups participants						
	- Employees					86%	85.8%
	- Family member					17%	16%
	Absentee rate				0.08	0.08	0.08
	Average number of sick day/employee				1.70	1.60	1.60
LA10	Training	Fully	42, 44-45	Holcim does not report training by gender presently.			
	- Top & senior management levels				1,320	2,530	3,835
	- Middle management levels				17,425	22,840	37,421
	- Other levels				72,525	84,301	114,093
	- Total				91,270	109,671	155,349
	Average training hours / employee				39	44	60
LA13	% of female workforce	Fully	43				
	- Board and senior management				12%	15%	16%
	- Middle management				16%	16%	15%
	- Superintendent level				9%	7%	10%
	- Supervisors & officers				9%	9%	10%
LA14	Ratio of basic salary and remuneration of women to men	Fully	43	Female salaries and male salaries are the same at all levels			
LA15	Return to work and retention rates after parental leave	Fully					
	- Male						100%
	- Female						100%

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
Society							
SO1	Stakeholder engagement	Fully	49-51				
	Operations with Comrel engagement						
	- Cement plant				3	3	3
	- Total cement plant				3	3	3
	- Quarry				1	2	2
	- Total quarry				2	2	2
	- RMX batching plant				0	3	12
	- Total RMX batching plant				26	26	30
	Operations with engagement						
	- Stakeholder involvement in planning				4	5	5
	- CSR/SD membership				4	5	5
	- Stakeholder dialogues				4	5	5
	- Community advisory panels				4	4	4
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully		Holcim Indonesia undertook an internal audit of all businesses during 2012. The audit in line with Holcim Group risk compliance analyzed operations for all forms of questionable and illegal behavior, but was not specifically focused on corruption or illegality.			0%
	Percentage of total Analyzed for Corruption Risk						100% in audit
	Total business units			100% analysed for general risk			100%
SO3	Percentage of employees trained in organization's anti-corruption policies	Fully		All Holcim sales staff are trained in anti-corruption-business ethics policies			4%
	- Management employees trained						99
	- Non-management employees trained						12
SO4	Actions taken in response to incidents of corruption.	Fully					0
	- Incidents in which employees dismissed						0
	- Incident contracts not renewed with suppliers						0
	Report Concluded Legal Cases against HIL and outcomes for corruption						0
SO5	Public policy positions and participation in public policy development and lobbying	Fully		As members of the Indonesian Cement Producers Association we take a stance on prices and speak on building and construction issues, as members of two green building councils Holcim Indonesia is lobbying government and the private sector to support sustainable building techniques and solutions			
SO8	Fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	78		0	0	0
SO9	Significant potential or actual negative impacts on local communities	Fully	49-57, 63-73				
SO10	Prevention and mitigation of potential or actual negative impacts on local communities.	Fully	49-57, 63-73				

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
Environment							
EN1	Raw material consumption (million tonnes)	Fully					
	- Limestone				8,620	8,952	9,169
	- Clay				1,686	1,499	1,348
	- Silica sand				353	346	432
	- Copper slag				62	113	86
	- Iron sand				96	90	94
	- Gypsum				218	276	323
	- Fly ash				92	61	189
	- Dust				150	130	103
	- Others				578	840	849
	Packaging Materials (paper)				14	18	24
	Total Non Renewable				94%	93%	92%
	Raw meal consumption (million tonnes)				9,659	9,819	10,088
EN2	Sustainable product	Fully	69				
	Clinker factor (average % of clinker in cement)				81.5	80.4	79.3
	Implementation of ISO 14001 (% of plants)						
	- Cement plants				100%	100%	100%
	- Aggregate plants				50%	50%	100%
	- Ready-mixed concrete plants				75%	75%	100%
EN3	Direct energy consumption by primary energy source (%)	Fully					
	- Medium Rank Coal				43%	33%	24%
	- Low Rank Coal				47%	59%	67%
	- Industrial Diesel Oil				1%	1%	1%
	- Alternative Biomass Fuel				6%	3%	6%
	- Alternative other Fuel				3%	4%	3%
	Direct energy consumption (million tonnes)				21.0	21.0	21.4
	Direct Energy Sources purchased industrial diesel oil (million joules)						129
	Direct Energy Sources purchased (milliom joules) coal						19,301
	Direct Energy Sold (million joules)				0	0	0
	Total Direct Energy Produced (million joules)						21,374
	Fuel consumption (MGJ)						
	- Cement				21.22	21.27	21.65
	- Aggregates				0.07	0.04	0.04
	- Ready-mixed concrete				0.03	0.06	0.06
	Fuel consumption efficiency (MJ/t)						
	- Cement				2,867	2,689	2,643
	- Aggregates				48	20	19
	- Ready-mixed concrete				45	52	46
	- Total					2,761	2,708

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
	Power consumption total (specific) (MWh)						
	- Cement				686,310	747,376	786,184
	- Aggregates				887	984	1,166
	- Ready-mixed concrete				1,025	8,860	13,285
	- Total				688,222	757,220	800,634
	Power consumption efficiency (kWh/tonne cement)				96	94	92
	Heat consumption total (GJ)				20,978	20,999	21,374
	Heat consumption efficiency (MJ/tonne clinker)				3,367	3,328	3,340
EN4	Indirect CO2 from purchased power (million tonnes)	Fully	72		611	662	677
	Biomass based intermediate energy				0	0	0
EN8	Water consumption (000 m3)	Fully	69, 72				
	- Cement				1,121	785	799
	- Aggregates (water withdrawal)				NDA	49	44
	- Ready-mix concrete				NDA	313	486
	- Total				1,121	1,147	1,330
EN11	Number of land areas owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (ha)	Fully	68, 70-71		94	94	94
	- Cement				1	1	1
	- Aggregates				0	0	0
EN12	Impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	68, 70-71				
EN16	Total indirect and direct greenhouse emissions by weight	Fully	63, 70	In line with the Holcim Group, Holcim Indonesia reports CO2 emissions in line with the WBCSD Cement Sustainability Initiative CO2 Protocol June 2005			
	- Absolute gross CO2 emissions (indirect and direct) (000 tonnes)				5,282	5,396	5,446
	- Absolute net CO2 emissions (000 tonnes)				5,234	5,336	5,389
	- Specific gross CO2 emissions (kg CO2/tonne cementitious materials)				722	691	666
	- Specific net CO2 emissions (kg CO2/tonne cementitious materials)				710	683	659
	Aggregates CO2 emissions						
	- Absolute gross CO2 emissions (tonnes)				5,783	5,998	3,148
	- Specific gross CO2 emissions (kg CO2/tonne of product)				2.40	1.49	1.43
	Ready-mixed concrete CO2 emission						
	- Absolute gross CO2 emissions (tonnes)				2,476	4,347	10,910
	- Specific gross CO2 emissions (kg CO2/tonne of product)				2.16	2.32	2.05
EN17	Other relevant indirect greenhouse gas emissions by weight	Fully					None
EN19	Emissions of ozone-depleting substances by weight.	Fully	66, 73	Not applicable, as cement plants do not generate significant quantities of ODS	0	0	0

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
EN20	Other atmospheric emissions	Fully	71	Reported for all three kilns (Narogong Kilns 1 + 2, Cilacap)			
	Nox (total) - tonnes				2,212	2,132	1,905
	- g/t cement				418.0	551.5	406
	SO ₂ (total) - tonnes				2,047	4,267	3,282
	- g/t cement				386.9	275.5	236
	Dust (total) - tonnes				206	256	284
	- g/t cement				38.8	33.0	35
	Mercury (total) - tonnes				0.0166	0.0497	0.0552
	- g/t cementitious material				0.003	0.006	0.007
	Organics (total)- tonnes				104.8	298.4	267.0
	- g/t cementitious material				19.8	38.6	33.0
	Dioxins + Furans - grammes				0.132	0.005	0.002
	- microgramme TEQ/tonne cementitious material				0.0249	0.0006	0.0003
	Implementation rate of continuous emission monitors (%)	Fully		Continuous emissions monitoring takes place at all three kiln sites	100%	100%	100%
EN21	Total water discharge by quality and destination	Not reported		The Holcim Group is developing a water management scheme for all business units, which we intend to implement by the end of 2013 and report on by 2015			
EN22	General waste management system (%)	Partially	72	Our current level of waste produced by our operations is subject to an audit and we will not release confirmed figures until 2013			
	- Cement				100%	100%	100%
	- Aggregates				100%	100%	100%
	- Ready-mixed concrete				100%	100%	100%
	- Returned concrete recycling system (%)			We have not yet begun to measure concrete recycling in batching plants which is taking place	0	0	0
	Total waste generated (ooo tonnes)* *unaudited number			Not reported before 2012			1,938
	- Non-hazardous waste						1,643
	- Hazardous waste						295
	Total waste co-processed as alternative fuel and raw materials (ooo tonnes)						
	- Industrial waste				166	209	233
	- Biomass				152	78	134
	- Total				318	287	366
EN23	Total number and volume of significant spills in m³	Fully		No significant spills in 2012			0
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	20	The introduction of additives in the cement production process helped us expand production by around 10 percent in 2012, while reducing energy and raw material costs on a per tonne basis.			
	Materials use (eg of non-renewable, energy intensive, or toxic materials)						
	Efficiency achieved (%)			9% TSR/ 20.7% use of recyclable materials (reverse of Clinker Factor 79.3%)			
	Water use (e.g. volumes used during production and/or use)		65				
	Efficiency achieved (%)	Not reported					

GRI	Disclosures	Reporting Level	Pages	Explanation	2010	2011	2012
	Emissions (eg. GHG, toxic, or ozone depleting emissions)		60-67				
	Efficiency achieved (%)			4% per tonne of GHG			
	Effluents (e.g. quality of water used during production and/or use)	Not reported	65-67				
	Noise		66				
	Waste	Reported					
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not reported		Our products are 60 sold by the bag but we do not have a formal packaging reclaiming service. Despite this an informal recycling programme of cement bags using existing networks of rubbish collectors is underway in Java and we currently estimate that around 15% of our bags are reclaimed in this manner			
	Percentage of total products sold in reporting period						15%
EN28	Plants/quarries reporting non-compliance cases (Cement, Aggregates, Ready-mixed)	Fully	73		0	0	0
	Fines (Rp)				No fines	No fines	No fines
	Non severe compliance cases reported (cement, aggregates, ready-mixed)				0	0	0
Mining & Metals Supplement							
MM1	Number of total land owned/ leased	Fully			6	6	6
	- Location			Jeruk Legi, Nusa Kambangan, Kembang Kuning, Nambo, Sekarwangi - Cibadak, Cicantayan			
	- Size of total land owned/ leased (ha)				2,628	2,628	2,610
	- Opening (ha)				561	574	566
	- Operations (ha)				318	299	302
	- Rehabilitated (ha)				107	128	168
MM2	% of quarry with Quarry Rehabilitation Plans in place	Fully			100%	100%	100%
MM3	Total waste from mining (tonnes)	Fully					
	- Overburden				95,232	248,330	310,696
	- Rock/ batu coklat				67,650	71,472	64,109
MM4	Number of strikes and lock-outs exceeding one week's duration	Fully			0	0	0
MM5	Operations taking place in or adjacent to indigenous people's territories	Fully			0	0	0
MM6	Number and description of significant disputes relating to land use	Fully			0	0	0
MM7	Grievance mechanism used to resolve disputes relating to land use	Fully		Holcim conduct dialog with community, involved and facilitated by Local Government Institution			
MM8	Number (and percentage) of sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to	Fully	51-52		0	1	2
MM9	Number of sites where resettlements took place	Fully	49	At Jeruk Legi quarry	1	1	1
	Any related disputes/ resolution process		49	None related to land or resettlement			
MM10	Number and percentage of operations with closure plans.	Fully		All mine sites and quarries have closure plans in line with Indonesian law	3	4	4
MM11	Programs and progress relating to materials stewardship	Fully		None at this stage	0	0	0

Glossary of terms

CAP

Community Advisory Panel

CDM

The Clean Development Mechanism - under the Kyoto Protocol, the CDM empowers developing countries with reduced GHG emissions to earn carbon credits

CER

Certified Emissions Reductions

CFCs

Chlorofluorocarbons

CPM

Concrete Product Manufacturer

CSI

Customer Satisfaction Index

EVE

Enterprise-based Vocational Education

GDP

Graduate Development Programme

GHG

Greenhouse gases, including CO₂ and CFCs

GRI

Global Reporting Initiative

IUCN

International Union for Conservation of Nature

LTI-FR

Lost Time Injury – Frequency Rate

LTI-SR

Lost Time Injury – Severity Rate

MFI

Micro Finance Institution

NGO

Non Government

NPS

Net Promoter Score

ODS

Ozone-Depleting Substances

OH&S

Occupational Health & Safety

OPI

Organisational Performance Improvements

RDC / CDC

Retail Distribution Centre/ Contractor Distribution Centre

RMX

Ready-Mixed Concrete

SR

Solusi Rumah

UNFCCC

United Nations Framework Convention on Climate Change

WBCSD

World Business Council for Sustainable Development



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