

Sustainable Development

2011 Report

PT Holcim Indonesia Tbk



How Holcim approaches Sustainable Development – six key performance parameters

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.



In June 2011, over a continuous pouring event lasting 35 hours we delivered 5,500 cubic metres of ready-mixed concrete to the massive Green Bay development along the northern shoreline of Jakarta, a mixed-use apartment, shopping mall and leisure superblock.

The Sustainable Development Report:

Explores our contributions to local economic development, environmental management, and social responsibility.



Sapto Sugiono, Cilacap Environmental Officer, climbs the stack to check emissions monitoring equipment, a job he does once a month. Both Holcim's cement plants have emission levels far below Environment Ministry maximums.

10	20	30												
Economic Impact & Sustainable Construction	Occupational Health & Safety (OH&S)	People & Stakeholders												
 <p><i>Accessible, affordable housing: thanks to 11,535 Holcim trained masons and almost 400 Solusi Rumah outlets, the biggest franchised building materials network in Indonesia.</i></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>	 <p><i>Investing time for learning and development, engagement and dialogue generates returns in goodwill, synergy, mutual understanding and shared goals for Holcim and its key stakeholders.</i></p>												
42	52	60												
Social Responsibility	Climate & Energy	Compliance & Governance												
 <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>	 <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>	 <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>												
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Report Parameters

[3.3] Reporting cycle



These are GRI indicators. Have a look at page 66 for a complete listing and explanation.

Report Card

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	TARGET	2010 STATUS	2011 STATUS
Economic Impact & Sustainable Construction	Continue developing energy efficient, sustainable products and services.	Reduced the clinker factor slightly to 81.5 per cent.	Reduced the clinker factor to 80.4 per cent.
	Promote sustainable construction solutions.	Launched <i>Solusi Rumah</i> "5 Easy Steps" television commercial and billboard campaign.	Launched "More than Cement" television commercial and billboard campaign.
		Established strategic partnerships with Mortar Utama, Zurich Insurance, BNI, and CIMB Niaga – offering customers greater product and service options.	Introduced Indoor Climate Solutions together with Sanwell and Uponor, launched Zurich Insurance product in conjunction with <i>Solusi Rumah</i> , began a study on micro-level mortgages with the International Finance Corporation.
	Support the SME construction sector.	131 <i>Solusi Rumah</i> new franchises signed.	107 <i>Solusi Rumah</i> new franchises signed.
		Four Retail Distribution Centres operating and one Contractor Distribution Centre established.	Seven RDCs and one CDC operating.
	Train a further 4,000 masons in 2011.	A further 3,024 masons trained, bringing the total to 9,210. Mason training programme launched in Maloko aggregates quarry.	A further 2,325 masons trained, bringing the total to 11,535. Mason training programme launched in Tuban area as part of new plant construction.

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	TARGET	2010 STATUS	2011 STATUS
Social Responsibility	Establish and maintain Community Advisory Panels (CAP) for all large operations and quarries.	Launched CAP in Maloko.	CAPs established for all sites, including Tuban.
		Published new community relations blueprint and objectives.	Positions for Corporate CSR Manager and Community Relations Manager created for RMX and Aggregates.
	Establish Community Engagement Plans for all sites.	Established CEPs in Narogong, Cilacap, Tuban, and Maloko.	CEP in place; activity programmes underway.
	Increase educational opportunities for less privileged local community members.	770 new education scholarships awarded.	1,371 elementary, junior and high school scholarships awarded.
		180 EVE students studying or graduated to date.	218 EVE students currently studying or graduated to date.
Establish thriving microfinance programme.	Assets in Narogong grown to Rp 3.8 billion and supported 3,000 account holders.	Assets increased to Rp 5.2 billion serving 3,496 beneficiaries.	

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	TARGET	2010 STATUS	2011 STATUS
Climate & Energy	All operations and quarries accredited and compliant under quality management systems ISO 9001 and ISO 14001.	ISO preparations continue at Jeladri, and at ready-mixed operations in East Java and Yogyakarta.	Sustained the certification for all operational sites.
	Reduce carbon dioxide (CO ₂) emissions globally by 25 per cent from 1990 levels by 2015.	Reduced net CO ₂ emissions by 14 per cent since 2003.	Reduced net CO ₂ emissions by 16 per cent since 2003.
	Exceed industry standards in responsible environmental management; achieve Gold PROPER Awards in both plants.	Achieved Gold PROPER status for Cilacap, Blue for Narogong; plus Silver Mining award for Narogong from the Ministry of Energy and Mining, and 1 st place in the Green Industry Awards.	Achieved Gold PROPER status for Cilacap, Green for Narogong, and Ozone Award, all from the Ministry of Environment. 1 st place in the Green Industry Awards.
	Increase the use of alternative fuels and raw materials to conserve natural resources.	12,088 CER certificates (carbon credits) issued, equivalent to Euro 137,000.	Second verification for 2009 – 2010 period completed.
		Co-processed 166,000 tonnes of industrial waste and 152,000 tonnes of biomass.	Co-processed 209,000 tonnes of industrial waste and 78,000 tonnes of biomass.
		Co-processed 3,174 kg of ozone depleting substances, bringing total to date to 19,893 kg.	Co-processed 280 kg of ozone depleting substances, bringing total to date to 20,173 kg.
	Initiate biodiversity plans at all Holcim production sites in accordance with IUCN guidelines.	Nusakambangan biodiversity study nearing completion; due May 2011.	Nusakambangan biodiversity action plan established.
		Planted 439,943 new trees in Narogong, Cilacap, Tuban.	Planted 37,768 new trees in Narogong, Cilacap, Tuban.
		Rehabilitated 20 hectares of former quarry land.	Rehabilitated 114 hectares of former quarry land in Narogong and Cilacap areas.
		Established deer, bird, and butterfly parks in the Cilacap plant and quarry.	Added species to deer, bird, and butterfly parks in the Cilacap plant.

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	TARGET	2010 STATUS	2011 STATUS
OH&S and People	Zero harm to all employees and third parties.	Best ever performance: 6.5 million man hours zero harm.	1.4 million man hours zero harm, with the figure for the first time including contract workers, during the second half of the year.
		Achieved ACert accreditation for Geocycle Operations.	Received Golden Flag Award from the Ministry of Manpower.
	New target LTI FR and LTI SR below 0.7 and 3.5 respectively.	LTI FR achieved: 0.12 and LTI SR: 1.98 - both within targets.	LTI FR achieved: 0.40 and LTI SR: 1.33 both within new stricter targets.
	Achieve OHSAS 18001 and SMK3 for all operations.	100 per cent of operational sites holding OHSAS 18001 and SMK3.	Sustained the certification for all operational sites and prepare the certification for new packing plants (Sumatra area).
		8,247 hours of safety training conducted.	14,012 hours of safety training conducted.
Be recognised as an employer of choice.	A new employee collective labour agreement to commence during 2012 was prepared.	Indonesia's Most Admired Company 2011 for cement industry, from Bloomberg, Business Review, and Frontier. Most Admired Company for property industry - Fortune Magazine.	

What others think about Holcim

Every year in the pages of our sustainable development report we include the views of our stakeholders, so we begin this report with arguably the toughest of critics – the judges of various performance awards [2.10]:

- For the second year running Holcim’s Cilacap plant has attained a GOLD PROPER rating for our environmental performance from the Ministry of Environment. This is the highest possible award for environmental compliance with national standards; we were one of only five winners from the business sector and the only manufacturer awarded. Our Narogong Plant attained a GREEN PROPER in 2011, signifying “beyond compliance”.
- Holcim Indonesia was also the only business to receive an Ozone Award from the ministry recognising our ongoing work to safely dispose of ozone depleting substances.
- For the second year running we were awarded a 1st place in the Green Industry Awards from the Ministry of Industry, and the Golden Flag occupational health and safety award from the Ministry of Manpower, for the third time consecutively.
- For community relations, Holcim programmes were recognised by corporate social responsibility awards from non-profit Dompet Dhuafa Foundation and local governments.



Above: Holcim employees from Cilacap and Narogong plants celebrate with their Gold and Green PROPER Awards in November.

Standing: (left - right) Kusdiharto, Feni Eka Juliani, Oepoyo Prakoso, Sidik Darusulistyo, Lilik Unggul Rahardjo, Thomas Elvermann, Vincent Aloysius, Satrio Imam Setiadi, Drs. Suyono (Kepala Badan Lingkungan Hidup Kab. Cilacap) and Susi Sumanti. Front row: (left - right) Kusrihadi, Uko Wijaya and Fa'iz Kurniawan.



Left: President Susilo Bambang Yudhoyono hands over the Green Industry 1st Place Award to Manufacturing Director Lilik Unggul Rahardjo on January 5, 2012.



Message from the President Director

Vision and Strategy

[1.1] Sustainability vision

[1.2] Key impacts, risks and opportunities

Report Parameters

[3.6] Report boundary

Economic Performance Indicator

[EC 2] Climate change implications

Standing out

During 2011, against a backdrop of economic stagnation and debt turmoil in major markets, Indonesia recorded 6.5 per cent GDP growth, and national debt to GDP of just 25 per cent. The past year has seen strong corporate sector results, rising consumer spending and active capital markets in southeast Asia's largest economy.

In its 66th year since independence, Indonesia represented the 17th largest economy in the world demonstrating stability, and a new sense of confidence as it chaired ASEAN in 2011 and made its debut as host to the World Economic Forum 20th anniversary meeting in East Asia last June.

In standing out today, Indonesia has rarely possessed as good an opportunity to attain better living standards for its people.

Coping with seven billion

Sometime late in October 2011, the world's population reached 7 billion, more than doubling in the last 50 years. It was a reminder that, irrespective of the contrasts between excessive debt in legacy 'western' economies and consumer aspirations in emerging ones, we share a number of pressing issues in the world at large. The list is a familiar one - poverty (an area in which Indonesia has made considerable progress) and education, health and empowerment for women, disease prevention and not least, environmental and resource conservation. Most will still be issues in the future, underlining the importance of pursuing sustainable economic and social development, that is, the quest for a better quality of life today without compromising the prospects of successive generations. Holcim is very much a company focused on the future, our corporate vision being to provide healthy living for society, and this is our annual account of progress.

The triple bottom line

Our approach to sustainable development is primarily as exponents of sustainable construction – to produce cement based building materials, including associated skills and services, to meet the needs of a growing society, while seeking to conserve resources. 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.

We measure our performance towards these objectives in three ways.

- First, in economic terms: in 2011 we achieved outstanding sales and profit performance from our core business and in so doing generated considerable stakeholder value. This was expressed as dividends paid to public shareholders, reliability and quality in product and service support for our customers in the building materials sector, and innovation - from highly efficient building cooling systems, to fast drying, durable concrete road surfaces; from affordable homes, to waste management solutions. This is how we **deliver value**.
- Second, in social terms: the earnings from delivering value also assure our ability to **share value** – with the communities around us in terms of education, communal health and safety, by encouraging self help and entrepreneurship - not charity - and care for the less privileged in society. In 2011, community development centres supported by Holcim in Cilacap were cited as among the top 10 per cent by results under the Government's Posdaya scheme and in Narogong our microfinance customer base is expanding rapidly – sewing the seeds for future local SME business. We share knowledge on a regular basis with others in local communities, institutions and companies who seek us out as a benchmark for their efforts in vital areas such as occupational health and safety.
- Third, in environmental terms: by operating sustainably we are making progress in **protecting and conserving value**, through strict controls over our operational impact in air and water quality, and waste management. In 2011, for the second successive year we attained the very highest environmental standards under the Government's PROPER ratings system. Over 1,000 companies were examined and Holcim stood out as the sole manufacturing company amid 5 Gold Award winners. The results of recent biodiversity studies will be used for improving and adding to our management and rehabilitation of spent quarry areas. We are able to reduce use of coal and raw materials for each bag of cement we produce by using a selection of treated waste materials in our production process. Our Geocycle specialists in materials recycling and energy recovery help safely eradicate industrial and municipal waste otherwise destined to already over-pressed landfills. [EC 2]



Accelerated development

Power shortages, port congestion, crowded airports, leading cities mired in traffic and a lack of real progress on completing inter-city tollroads is impacting productivity, limiting consumer choice and driving up the cost of business. In May 2011, Government launched a bold masterplan, known as MP3EI. The core objective is to accelerate and expand the Indonesian economy by annual growth rates of 7-9 per cent to enter the ranks of the top ten leading economies by 2025. The masterplan will require significant expansion in the building materials and construction sector in order to meet demand driven by infrastructure investment projects totaling Rp 4 trillion (about US\$ 440 million). Government has signalled the need for private-public partnerships, is enabling land purchase in the public interest and encouraging collaboration on a scale never seen before. Holcim fully supports such positive change and the opportunity to play a role in realising these vital measures.

Empowerment

As is evident in the pages of this report, the most vital part of sustainable development lies in the skills and commitment of people. For a company investing in large scale equipment and production facilities we spend equally substantial amounts of energy and expertise in empowering our employees, business partners and communities – in fact all our

stakeholders. Coping with rapid urbanisation and the hopes of the next billion world inhabitants requires new and fresh thinking – as conventional growth models are being questioned. Whether through our own local strategies to engage stakeholders, or via the global reach of the Holcim Foundation, bright ideas to support healthy living and a secure future for society, are always welcome.

Come join this discussion by visiting any of our websites listed in this report (page 8) or getting in touch with us. There is never a better time than today. [1.1, 1.2, 3.6]

Eamon Ginley
President Director

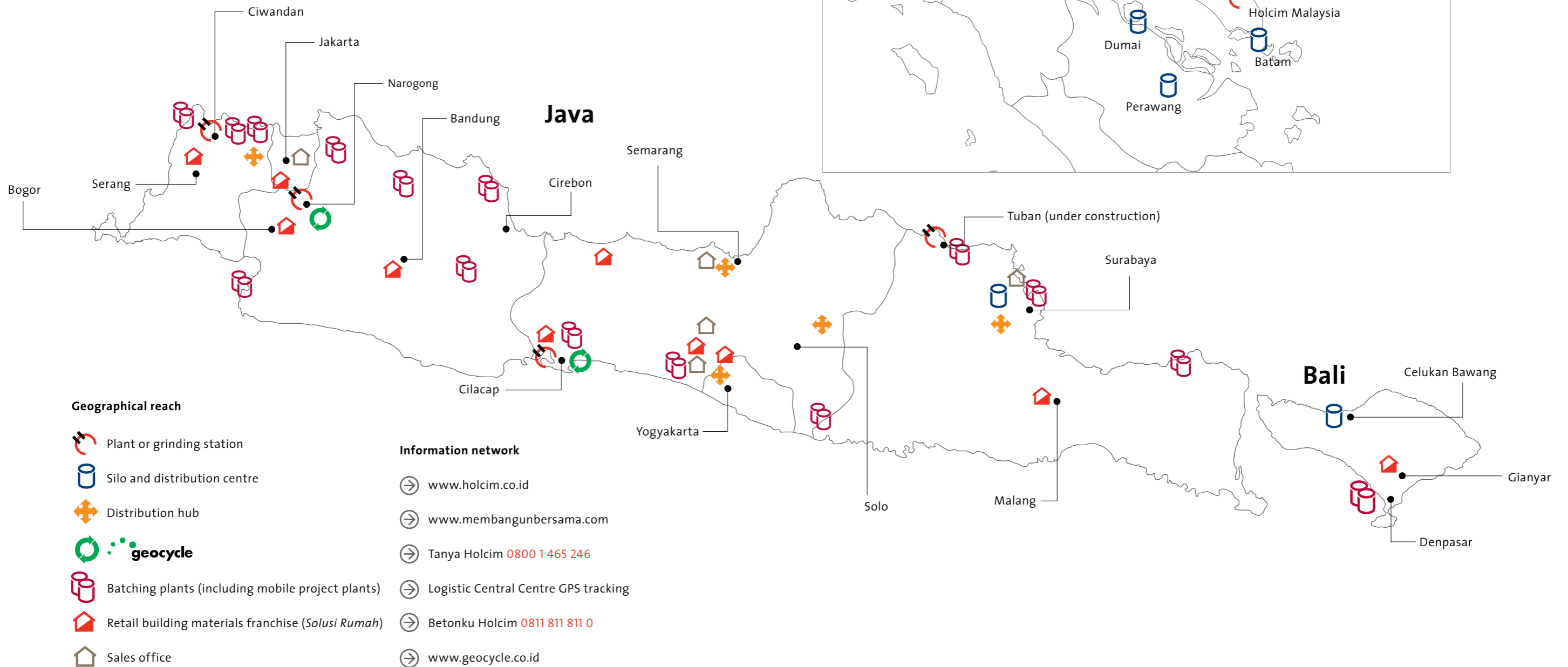
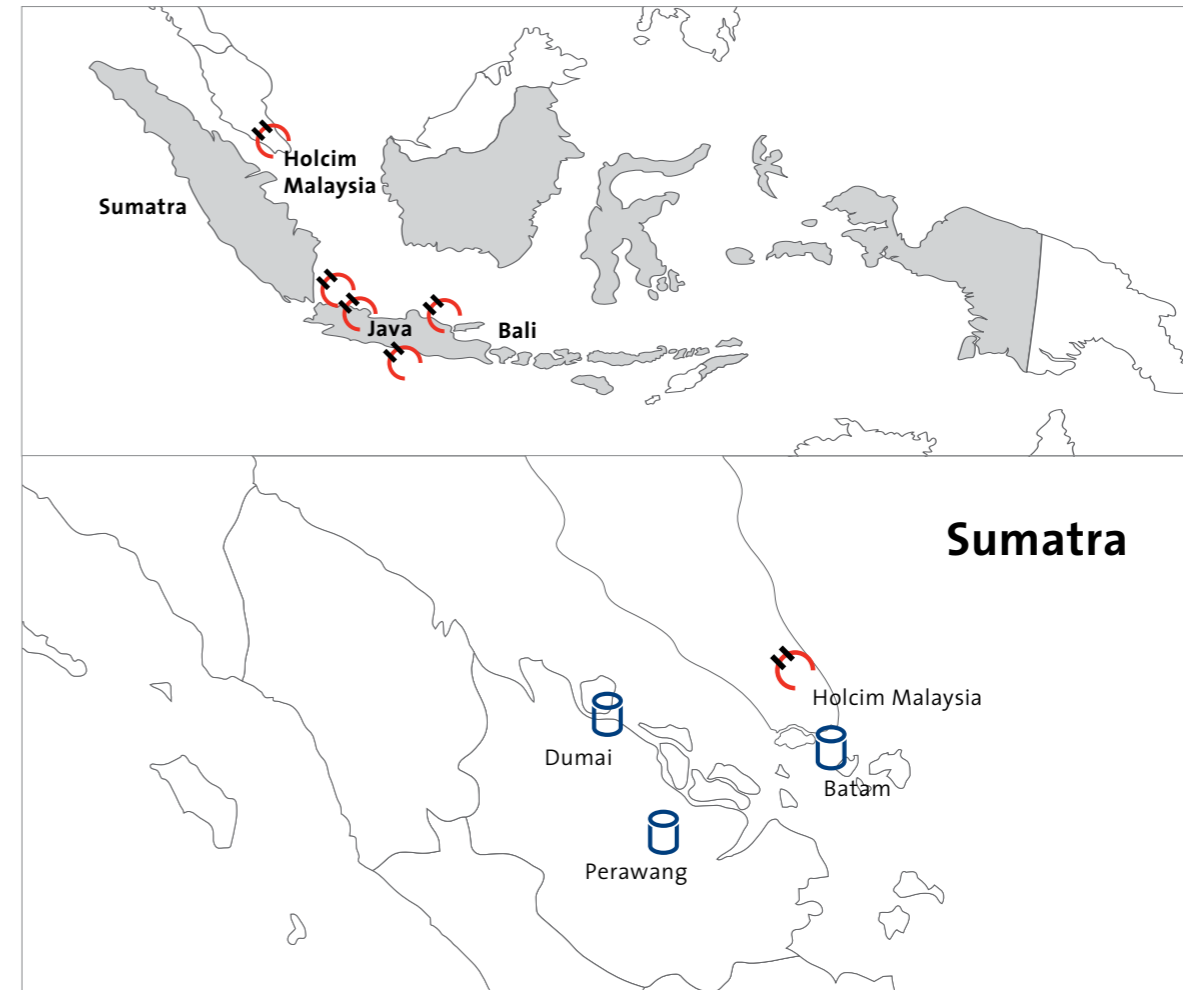
Top left: Eamon Ginley joins volunteers building roads. Top right: Holcim masons "Asia Mason Cup 2011" celebrations. Bottom right: At a regular Business Briefing.

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. The year saw us add important silos, packing plants and batching plants in Sumatra and Bali, expanding our presence in these markets.

Our network includes about 15,000 retailers and almost 400 *Solusi Rumah* outlets, dedicated sales offices, building materials distribution centres and ready-mixed concrete batching plants - served by a logistics matrix of supply depots.

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



Geographical reach

- Plant or grinding station
- Silo and distribution centre
- Distribution hub
- geocycle**
- Batching plants (including mobile project plants)
- Retail building materials franchise (*Solusi Rumah*)
- Sales office

Information network

- www.holcim.co.id
- www.membangunbersama.com
- Tanya Holcim 0800 1 465 246
- Logistic Central Centre GPS tracking
- Betonku Holcim 0811 811 811 0
- www.geocycle.co.id

Economic Impact & Sustainable Construction



399

Solusi Rumah stores

15,000

retailers

31

concrete batching plants

FULL

compliance with product safety

Phillip Tanamas
in front of his Solusi
Rumah retail store.

Environmental
Performance Indicator[EN 26]
Environmental
impact on products**Partnerships for affordable, healthier living**

The creation of jobs, livelihoods and commerce through the natural extension of our business with the construction and building materials sector is part of a much larger sustainability story.

Our vision encompasses affordable healthy living conditions for all Indonesians. Such a vision is embodied in *Solusi Rumah*, Holcim's one-stop affordable homebuilding franchise. Our five easy steps to building a home are designed to help customers with all aspects, from planning and design, to financing and final construction. We provide the building materials, valuable advice and the connections to banks and trusted building partners. We spent time adding further value in 2011. In a partnership with Zurich Insurance we have launched Asia's first micro-insurance product for homebuilders. Working closely with the International Finance Corporation, the private sector investment branch of the World Bank, we're studying ways to make it easier for banks to lend to low-to middle-income consumers.

Right: Value added partners in Solusi Rumah

Sustainable products and processes

The introduction of additives in the cement production process helped us expand production by around 10 per cent in 2011, while reducing energy and raw material costs on a per tonne basis. We continue to leverage our knowledge on the use of applicable alternatives, to provide problem-solving products of high standard. Amounts of recycled industrial waste, like fly ash and cementitious substances such as pozzolana are used in creating strong and highly durable cements such as our *Serba Guna* brand. We co-process industrial and municipal waste as a service in itself, and also an opportunity to reduce coal usage. In short, our sustainable business approach helps eradicate the environmental risks of untreated waste and conserves natural resources. [EN 26]

Sustainable building

It has been recognised for some time that substantial energy savings are possible over the life of any building. Holcim invests globally through our own Foundation in the pursuit of knowledge on this and many other aspects of sustainable construction and building materials, specifically through a global Holcim Awards programme. Occurring every three years the Awards celebrate innovative, future-oriented sustainable building projects. In 2011, two Indonesian architects and three Indonesian based projects received special merit mentions in the awards. We use road shows to attract talent and



spread ideas that contribute to energy and water conservation, recycling and the use of renewable materials.

In 2011 in conjunction with two companies, Uponor and Sanwell, we launched Indoor Climate Solutions; cooling system products that greatly reduce a building's energy footprint. We can assist architects and developers incorporate such techniques in the creation of new building projects, a far more cost effective approach over the commercial life of any building than refits or modifications.

We also helped create a new icon for green building in the development and financing of the sustainably designed Mechatronics Study Building for Jakarta's Academy of Industrial Engineering and Technology (ATMI) to be finished by the end of 2012. In an agreement reached with ATMI and our own Holcim Academy, the building will also serve as a centre of learning for current and future Holcim employees.

The Green Building Council Indonesia was officially launched in Jakarta on September 20, with Holcim as a founding member. Part of the World Building Council, now in 89 countries, GBC-Indonesia is dedicated to improving construction techniques so buildings save on energy and are more integrated with the natural environment. GBC-Indonesia will provide information and advice to central and local governments, NGOs and the private sector.

Ernawati takes the time to help customers compile all the information needed to make their mortgage applications complete.

From commodity retailer, to solutions provider

Having spent seven years in the building supply business, Ibu Ernawati Prayogo, (pictured right), was one of the first retailers to transform into a *Solusi Rumah* retail outlet. In just two years her business is now Serang City's most popular building materials franchise. Business is brisk, but Ernawati acknowledges things weren't always so easy. "At first, there wasn't much awareness of the product," Ernawati says. "You really need examples of successfully completed houses in order to get those all important person-to-person recommendations."

As local banks proved very strict on credit applications, Ernawati has taken time to help her customers compile all the information needed to make their mortgage applications complete. Accompanied by Made Yugi Wikana, Holcim's Territorial Sales Officer for Serang, Pandeglang and Lebak area, she visited bankers in her area to explain the Holcim product. "Now things are easier," she smiles.



Datang dengan mimpi, pulang bawa solusi.

Ikuti 5 langkah mudah Solusi Rumah dan segera wujudkan rumah impian Anda.



www.membangunrumah.com
Call Center: 0800 1 Holcim
(1000100)

Ready-mixed concrete and vital infrastructure needs

The year saw us participate in a range of important infrastructure projects. We promoted the fast-setting Holcim SpeedCrete more widely into the market after a successful introduction in 2010. Especially practical as a quick and effective solution for repairs in busy urban areas, demand for SpeedCrete in major tollroads projects quickly escalated. These included Jakarta's Merak toll road, the Cikampek-Palimanan toll road, and the second stage of the Bogor Ring Road II.

We also participated in a number of large continuous pouring projects in the fast growing capital of Jakarta and surrounds, including the sustainably designed Green Bay Pluit mixed use residential and business complex in North Jakarta.

We began to supply concrete to the state owned electricity supplier Perusahaan Listrik Negara's Adipala Power Plant under construction in Central Java. We operate 28 concrete plants, and three franchised concrete batching plants – the latest one opening in Bali in January 2012. Our 217 mixer truck fleet is supported by 24-truck MiniMix fleet allowing access into smaller streets. We use GPS on our trucks to better track orders.



Infrastructure X-ports

Work was completed on the project to supply concrete X-Blocs, materials for a tidal breakwater system for Chevron's massive project on Gorgon Island off the Australian coast. This represented a breakthrough – the first time Indonesia had exported concrete to Australia. It also presented a good case study, by demonstrating value creation, skills development and creating more local jobs.



Customer care

Looking out for our customers, our employees and our business partners is a sustainable approach to doing business. Customer service differentiates us in a tight and competitive market. Internal meetings feature a customer pause in addition to our customary safety pause, underlining the importance we place



on service and quality alongside health and safety. In a formal Customer Centric Culture programme, we are broadening the concept to include 'internal customers' and measurable service-level agreements in order to become a more cohesive organisation of people who appreciate that their daily tasks, wherever they work, can and do make a difference to the customer. We combine call recognition and customer order tracking technology with real-time feedback from Holcim's Facebook and Twitter accounts, putting all of this disparate information into one desk-top operation.

These innovations are in addition to our established customer call centre, website, direct customer phone lines and complaint tracking. We monitor our performance against our main competitors via an annual Customer Satisfaction Index compiled by independent market researchers. The results for 2011 showed selected gains for us for example in reliable product packaging, a factor rated by retailers – given that 80 per cent of sales are by bag rather than bulk. [PR 5]

Product Responsibility Indicators

[PR 5] Customer satisfaction

Product Responsibility Indicator

[PR 1] Product safety lifecycle

[PR 2] Non-compliance re: product safety

[PR 3] Required product information

[PR 4] Non-compliance re: product labeling

[PR 6] Marketing

[PR 7] Non-compliance re: marketing

[PR 8] Customer privacy breaches

Economic Performance Indicator

[EC 6] Use of local suppliers

[EC 9] Indirect economic impacts

Human Rights Indicator

[HR 1] HR screening on agreements

[HR 2] HR screening for contractors

Our mobile laboratory fleet provided customers and building partners with valuable technical advice and training and we have added 30 motorcycle Mini Labs which will serve the East and Central Java regions.



Customer and product safety

Quality Circle Meetings between key members of Production, Logistics and Customer Care help us to respond on any issues raised about quality in the field and to inform our customers in advance about new products. [PR 8]

We comply fully with regulations and government standards (SNI) on product information and labelling, raw material sourcing, content, safe use and disposal. We have a written policy governing customer health and safety. All marketing communications, including advertising, promotions and sponsorships are conducted in compliance with prevailing regulations. [PR 3, PR 4, PR 6, PR 7]

We 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 information on how to use Holcim products safely. Our mobile technical laboratories provide additional training on proper product handling and application on project sites. [PR 1, PR 2]

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 based on commercial terms and subject to normal contractual requirements. [EC 6, EC 9] [HR 1, HR 2]



Our MiniMix trucks and Mobile Labs are solutions to two challenges in Indonesian construction – narrow winding inner city streets, and the lack of trained builders. With the ability to get where larger trucks can't, our fleet of MiniMix trucks have proved extremely popular for bringing concrete to commercial and residential developments. Our mobile labs, meanwhile, travel the length and breadth of Java dispensing product knowledge and application training to Indonesian masons.

Customer-centred supply chain

A comprehensive review of our logistics in Java in 2011 brought us closer to our customers. Rerouting goods, substituting train and ship links for roads and increasing the numbers of silos and warehouses in Java ensured our products were more accessible and energy-efficient in transportation. This was

all managed by our Logistics Control Centre, which opened in Narogong in late 2010. A total of 350 Holcim bulk cement trucks now have GPS tracking systems to enable real-time monitoring of delivery. In addition to our established network on Java, new silo and packing plants established during 2011, are now meeting market needs in Sumatra and Bali.



Smarter channel management

We added three more Retail Distribution Centres (RDCs) to our supply chain in 2011. RDCs are one-stop supply depots carrying cement-based and other construction materials and save our retail trade customers time and money. Our Contractor Distribution Centre is a larger version of the RDC, to handle major orders from construction companies.

Environmentally aware

As we expand our presence in Indonesia, we ensure that all new plants have green areas and are designed with the aspirations of our neighbouring stakeholders firmly in mind. Our new silo in Batam, which opened in October is complete with modern vacuum dust capture technology in both bag and bulk filling areas, along with a sophisticated real-time air quality monitoring system. A green belt of trees is planted around the silo. Re-greening work is also continuous in former quarry areas, including the Cibadak Quarry as well as our sites are at Tuban and Cilacap. (See also chapter “Climate and Energy”).

A sign monitoring dust levels outside our Batam silo.



Solusi Rumah – affordable housing and much more

The largest branded chain of building materials suppliers in Indonesia, Solusi Rumah expanded by more than a third to 399 outlets in 2011. The number of Concrete Product Manufacturers (CPMs) also grew to 47 during 2011 as demand for precast materials is rising quickly. All outlets are audited every six months to ensure safety and quality standards are consistent.

Sharing knowledge, support and service

In *Solusi Rumah*, customers can choose between different housing designs, accurately budget the cost of a new home very easily, and get practical help with the application to obtain finance from Holcim partner banks. All the materials required are either on site, thanks to a growing number of concrete product manufacturing centres (CPM), or can be delivered from our network of retail and contractor distribution centres – plus other key items – from steel reinforcing to piping, water tanks, special mortars and sealants. *Solusi Rumah* offers a complete service.

A pool of 11,535 Holcim-trained masons represents a powerful database of skilled entrepreneurs, able to build quality homes, safely and efficiently. Basic, advanced, and specialised courses are available from

mix application and safety to advanced masonry and drawing, from project planning to financial management. Training is provided in conjunction with the National Jakarta Polytechnic.

A nationwide advertising themed advertising campaign “More than Cement” was used in 2011 to communicate the additional value available at *Solusi Rumah* from Mobile Laboratory onsite technical service to MiniMix door to door concrete deliveries. Helpful tips and ideas are available on our website www.membangunbersama.com, together with information across social networks Facebook and Twitter. We have added more talent to strengthen our Customer Care call centre and launched a state-of-the-art customer relationship management tool www.salesforce.com to support the customer enquiries team.



Occupational Health & Safety (OH&S)



Anda Memasuki Area Wajib Safety
You are entering a safety - wear area

Gunakan APD wajib dan APD tambahan, sesuai ketentuan dan resiko yang muncul di tempat kerja Anda
Wear mandatory PPE and additional Safety Equipment, as instructed or by refer to the potential risk which can be happened at your workplace

 Korpi Safety Safety Vest	 Helm Safety Safety Helmet	 Sepatu Safety Safety Shoes	 Masker Debu Dust Respirator	 Pelindung Pendengaran Ear Protection	 Kacamata Safety Safety Glasses
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Wajib dipakai saat berada di area Pabrik
Must wear while in Plant area

Beberapa contoh APD Tambahan yang Wajib dibawa dan dikenakan jika diperlukan
Examples for additional safety equipment that must be wear when needed

Hubungi kantor OH&S atau Satpam apabila Anda tidak mempunyai perlengkapan APD
Please contact safety office or Security Office if you do not have safety equipment

1,386
staff in safety competition

14,012
hours of formal safety courses

1,249
participants of formal safety courses

0
tolerance for accidents

Contractors are part of our "Safety first, no compromise" policy. From 2011 we began adding contractors to our safety statistics.

Organisational Profile

[2.10] Awards & Recognition

Labour Indicator

[LA 7] Injury and disease rate

On the spot safety

Employee and site visitor safety is the most important operational consideration in Holcim Indonesia and is guided by our mandate – Safety First, No Compromise. We continue to place employee health and well being above all.

Once again we completed the year well within the strict safety targets set by Holcim Group for Lost Time Injury Frequency Rates and Lost Time Injury Severity Rates while widening our scope. In 2011, our safety performance ranked among the best in Holcim operations globally. There were no fatalities to employees or contractors and within our RMX operation there have been no injuries to any employee over the last five years. Our Lost Time Incident Frequency Rate at 0.40 was below the target of 0.7 and the severity rate was down to 1.33, considerably better than the 3.5 target. [LA 7]

We began integrating around 12,000 third party contractors into our company safety statistics, a process which will be completed during in 2012.

Road safety

We remain concerned over the rising level of accidents on public roads. The combination of inadequate

highway signage and lighting, driver indiscipline and poorly serviced vehicles is lethal. Low safety awareness and driver fatigue contribute to making highways a high-risk environment for our employees and contractor transporters. During 2011 with support from an independent safety consultant, we provided advanced heavy vehicle driver training and defensive driving techniques to a large number of contractor transporters. This will continue through 2012.

Over the year we made checks for fatigue on 1,967 logistics drivers from Cilacap and Narogong. To push our safety message home to contractors we held two “training the trainers” sessions run by an independent third party safety consultant. The programme included formative assessment, defensive driving, and competence-based training.

Awards

Holcim maintained the government’s safety standard, SMK3 and the international OHSAS 18001 accreditation and for the third consecutive year we received the Golden Flag Award from the Ministry of Public Works for high standards in OH&S management. [2.10]

Checks ensure that trucks carry the right safety equipment, have the proper documents and are being driven within plant speed limits.

Safety first, no compromise

One of the frontline members involved in vehicle safety checks is Jumadi, a Safety Officer for OHS Logistics at Cilacap Plant. A 15-year-veteran of the Cilacap plant, Jumadi carries out checks on drivers and trucks leaving the plant to ensure they are complying with Holcim’s strict safety standards.

Checks are there to ensure that trucks carry the right safety equipment, have the proper documents and are being driven within plant speed limits. Trucks

cannot be overloaded, and personal protective equipment is mandatory for those who load and unload cargo,

Jumadi says nothing is too difficult as long as one remains committed to OHS principles. “By maintaining discipline and a consistent approach, contractor transporter firms and their drivers know and what to expect if they ignore the rules. Most are compliant but there’s always work to be done.”



Safety champions

This year was the fourth for our Push and Pull, Safety Champion programme, encouraging voluntary safety inspections, timely reports and corrective action by our employees. A total of 1,386 staff participated, up from 1,272 in 2010. Safety Champions receive Rp 20 million education scholarships for their children.

In 2011, 14,012 hours of formal safety courses were attended by 1,249 participants. General safety and hazard identification refresher training was conducted for all employees through the Holcim Academy.

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. In November 2011, a team of eight OH&S Safety Wardens from Cilacap completed the punishing National Indonesian Fire & Rescue Challenge.

ACert Certification

Launched three 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

Dust levels are monitored by a team of pulmonologists, at all sites every week. All employees working in areas with dust are equipped with appropriate safety equipment. There were no identified occurrences of work-related disease during the reporting period.

The absentee rate stood at 0.08 (days/safe working hours x 100), stable in comparison with the previous year, and the average number of sick days taken was 1.6 days per employee per year, compared to 1.7 in 2010. [LA 7]

Holcim Indonesia has a formal health and safety committee comprising top management, employee representatives, and trade unions; 100 per cent 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 compensation for industrial accidents. [LA 6, LA 9]

Outside the workplace we continued to lead four group health discussions attended by employee family and community members. Topics included healthy

diets, personal hygiene, and safe home environments. Health treatment is provided monthly for family and community members through *Posyandu*, health care centres.

The employee Health Development Programme continued in 2011 with personalised health regimes prescribed; participant goals included weight loss, stress reduction, increased exercise, dietary change and no smoking under the watchful eye of OH&S team facilitators. Health awareness discussions were conducted for groups of 10 to 15 participants twice a month on topics including malaria, tuberculosis, hepatitis, cancer, and diabetes. In 2011, 86 per cent of employees completed medical check ups, along with an estimated 17 per cent of employee dependents. [LA 8]

Labour Indicator

[LA 6] OH&S committee, employee representation and involvement

[LA 7] Injury and disease rate

[LA 8] Raising OH&S awareness

[LA 9] OH&S and unions

Measuring our safety performance

In addition to a total of 2,576 directly employed Holcim staff we began to collect data for contractors and third party employees representing an additional 12,467 people in total. This report and future sustainable development reports will include this information. As of end December 2011, contractor

staff made up 11 of the 13 total days lost to injury. The inclusion of third party contractors meant we managed 1.3 million working hours without injury in 2011, compared to the record of 6 million man hours in 2010. We aim to improve this injury free time in 2012.



Regular health examinations

Healthy habits at home encourage healthy habits at work. The 2011, employee health tests showed that around 68 per cent of Holcim Indonesia employees are mildly obese, while 16 per cent have high levels of cholesterol, says Dr Kiki Sutjahyo, Occupational Health and Industrial Hygiene Manager. While test results are in line with the general population and have improved over the past five years, a significant number of employees still risk developing cardiovascular disease or diabetes. "It's all about our lifestyles," Dr Kiki says. "Many Holcim employees live more sedentary lives than their parents. At Narogong, we live near Jakarta, which means that there is always a fast food restaurant somewhere down the road."



Emergency response: Pertamina refinery fire



For four days in early April, the Holcim Cilacap fire and rescue team helped municipal and Pertamina fire fighters extinguish a large refinery fire at the state-owned oil and gas refinery. Our residential compound sheltered around 100 people from Lomanis village who were evacuated when the blaze strengthened.

Imam Permadi, was one of 10 fire crew members helping to extinguish the blaze. "For my colleague, MM Mansur and I, fighting the fire in Pertamina was an unforgettable experience," Imam says. "We saw flames climbing 100 meters high."

"You never hope for a fire like this, but the experience has made us confident we could safely and professionally fight a similar blaze."



Community health

A midwife weighs a child before his vaccination at a Holcim-supported government Integrated Health Care Centre or *Posyandu*, in Kembang Kuning village, Narogong. The clinic was one of 14 in the area supported by Holcim that inoculated children during national immunisation week in October.



People & Stakeholder Engagement



107,385
man-hours of training

2,576
employees

73%
of staff unionised

Trainers and students from the 2011 Graduate Development Programme stand outside the Tim Mackay Building, the premises for the Holcim Academy. The academy helps us grow our employees and offer them career paths inside Holcim Indonesia and within the larger Group.

A total of 129 EVE graduates have completed the programme over the past four years.

All about EVE



When she applied for a scholarship from Holcim's Enterprise-based Vocational Education, or EVE scheme, Lena Yuliana (pictured here, centre, working at Narogong plant) heard a rumour the programme only accepted male graduates. "I thought, this was the typical stereotype about women not being good at technical jobs!" The final-year student at Bogor's Academy for Chemical Analysis sent in her application anyway. "Actually the rumour proved to be false as in the end there were several women on the course with me," Lena says. From 125 applicants she made the final 15, all whom received EVE scholarships from Holcim. Lena began the three-year EVE programme as a Physical Lab Analyst. Lena has since been promoted as Internal Lead Auditor and Management System Coordinator on the Narogong environment team. Her responsibilities include monitoring plant environmental data against local and national standards.

A total of 129 EVE graduates have completed the programme over the past four years.

Investing in people

Holcim Indonesia recognises that improving the level of education and skills is an essential step for Indonesia to transition to higher GDP growth levels and improved living standards. The pool of skilled labour is increasing, however there is insufficient vocational training being conducted through polytechnics and trade schools to build both quantity and quality in key professions including electricians, plumbers, welders and mechanics.

Holcim Academy

Holcim Academy is the first facility of its kind in Southeast Asia, and the heart of learning for company employees and stakeholder business partners. Graduates emerge with confidence and competence, hard and soft skills and are given advice on career opportunities. The Academy has three pillars: Learning & Development, Organisational Performance Improvement (OPI), and Talent Management.

In a discrete unit we also provide technical and business training for franchisee partners who have joined the expanding *Solusi Rumah* network.

Total training hours [LA 10]

	2010	2011
Top & senior management levels	1,497	1,927
Middle management levels	16,996	22,185
Other levels	74,102	83,273
Total	92,595	107,385

Formal courses are also available for vocational and graduate development. In 2011 the Academy sent 41 participants on international programmes, and cross-border capacity building activities with Holcim Malaysia, Sri Lanka, Vietnam, and the Philippines. [LA 10]

Labour Indicator

[LA 10] Employee training

Broadening horizons

Zai Zainuddin, Regional Learning and Development Manager has an ongoing mission: to encourage greater staff movement between Holcim companies, something he predicts will become increasingly common in the future. "The region contributes significantly to the Holcim Group," notes Zai, "from substantial earnings generated by 30,000 people, employed in 13 companies and support functions across eight countries." Such operational scale offers a wealth of experience and the opportunity to learn. "And one of the best ways to capitalise on such scale and diversity, is through the exchange of people across the region."

The Employee Exchange Programme (EEP) is popular with recipient and supervisor alike – managers can accept 'losing' team members to short-length work placements, knowing that when employees return, they bring new skills and ideas that can save time and raise productivity.



Labour Indicator

[LA 12] Career development review

Tuban: discovering local talent

Our Enterprise-based Vocational Education (EVE) and Graduate Development Programme (GDP) are at the frontline of next-generation development in Indonesia; and they provide us with the valuable chance to source and develop local talent from areas where we work. At Tuban, where we are operating in a largely rural community, offering vocational skills and careers to young high school and university graduates helps us build relationships with communities and improve understanding about what we do.

In 2011, when the fourth batch of 16 enterprise-based vocational education (EVE) students successfully graduated from their three-year technical course, half of them were local to Tuban and were immediately deployed during the construction phase. The momentum continues with further recruits from Tuban in Batch 7 of the EVE programme.

In 2011, 10 students completed the GDP, with all graduates gaining full time employment with Holcim.

Human resources management

During any working year we deploy multiple channels to encourage and engage in open communication between employees and supervisors. This is a chance to build sound understanding of the company's goals and strategies at all levels, and the aspirations and opinions of individual employees. One-on-one performance appraisals ensure employees see progress in their performance against pre agreed targets, during and at the end of the year, and can plan desired skills development and give feedback to supervisors. [LA 12]

In 2011, we held two business briefings in which all employees and management met together 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 magazine, the quarterly i-Share marketing magazine, the monthly Holcim Dan Anda for distributors and franchisees, Holcim TV, the Customer Centric Culture Project newsletter, staff notice boards, and the intranet.



Equal opportunities

As of December 31st 2011, Holcim Indonesia employed a total workforce of 2,576 employees, a 4 per cent increase from 2010. Holcim is an equal opportunities employer and values the contribution of male and female employees without bias. In 2011, female employees comprised 9 per cent of the total workforce. There is no difference in basic salary between male and female employees within the same employee category. We are active in recruiting and career development. [EC 7] [LA 14]



Employee benefits

Employee satisfaction is integral to a high performing, motivated workforce. We provide our employees with a safe and comfortable environment in which to work. We offer career prospects, satisfactory salaries, capable colleagues, and supportive supervisors. On average, Holcim Indonesia's entry level wage is 305 per cent of the local minimum wage, Employee bonus levels and remuneration correlate to their achievements throughout the year. [EC 5]

Employees enjoy additional benefits such as skills development and educational sponsorship, medical coverage, dental care, maternity leave, social security, a company loans facility, and paid holidays. We also provide pensions, retirement planning, counselling and retraining. Our retirement plan includes preparation for retirement and three years of medical coverage for the retiree and their spouse after retirement. [EC 3] [LA 3, LA 11]

Holcim employees may join three employee unions: Serikat Pekerja Nusantara represents staff at Cilacap; Serikat Pekerja Holcim Indonesia covers staff at Narogong, and Serikat Pekerja Mandiri represents Holcim Beton. A total of 73 per cent of Holcim employees are union members. Holcim gives a minimum of four weeks notice to employee union representatives prior to the implementation of major operational changes. The Company and the unions follow a Collective Labour Agreement, and all parties monitor implementation. [HR 5, LA 4, LA 5]

Labour Indicator

[LA 3] Benefits for full time employees

[LA 4] Unions

[LA 5] Notice periods

[LA 11] After employment care

[LA 14] Salary according to gender

Human Rights Indicator

[HR 5] Freedom of association

Economic Performance Indicator

[EC 3] Benefits plan

[EC 5] Wages compared to minimum wage

[EC 7] Employment of local managers

Left: Director Lilik Unggul Rahardjo gives regular employee business briefing.

Adi Santosa:

Employee and union representative

Adi Santosa, a Superintendent in the Maintenance Department (pictured centre), was re-elected in February 2011 for a second term as Holcim Narogong's union head, a position he will stay in until 2014. His union, Serikat Perkerja Holcim Indonesia, covers almost all staff in Narogong and a few members in the Jakarta office –around 970 people in total. "My main aim is to continue to run a union that is open, independent and professional," Adi says. "We realise that to succeed, we need to have a balance between the rights and obligations of the employees and those of the company. Understanding that, our job is to push for continuous improvement in worker conditions and salaries." Adi concludes, "Management is very open about discussing the company and its performance. We know where we are with them and this makes negotiating much easier."



Human Rights Indicator

[HR 3] Total hours of HR training

[HR 4] Non-discrimination policy

[HR 6] Child labour

[HR 7] Compulsory labour

[HR 8] Security personnel trained

Labour Indicator

[LA 13] Equal opportunities

Human rights National Committee Commissioner, Husendo trains Holcim employees.

Key employment policies

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, age, or religious discrimination. Holcim applies the same standards for all contractors and suppliers as used for the company itself. Holcim's ethics policy is available on the intranet. All staff have access to human resources representatives through a dedicated HR contact person in each department. [HR 4, HR 6, HR 7] [LA 13]

In 2011, all 493 security guards went on basic training course cover human rights, conducted by the Indonesian National Police. Staff at Tuban underwent Human Rights training for a total of 20 hours. Holcim security personnel received training on Holcim policies and standard operating procedures, including the company's human rights policy. Third-party security personnel conduct their own trainings, of which Indonesian human rights is a component. [HR3, HR 8]



Human resources: The Facts

	2010	2011
Total training hours	92,595	107,385
Workforce	2,461	2,576
Employee turn over	76	82
Entry level wage compared to local minimum wage (%)	228	305
Employees in Union (%)	78	73

Workforce structure - number of employees [LA 1]

By Age	2010	2011
<30	295	380
30 - 50	1,928	1,974
>50	238	222
Total	2,461	2,576

By Location	2010	2011
Cilacap	616	623
Narogong	960	1,000
Others	885	953
Total	2,461	2,576

By Employee Group	2010	2011
Permanent	2,396	2,487
Temporary	48	66
Expatriate	17	23
Total	2,461	2,576

By Gender	2010	2011
Female	220	244
Male	2,241	2,332
Total	2,461	2,576

By Management Level	2010	2011
Board and Senior Management	57	66
Middle Management	74	81
Superintendent Level	286	335
Officers, Supervisors & Fulltime Employees	2,044	2,094
Total	2,461	2,576

Employee Turn-Over (based on Full Time Employees) [LA 2]

By Gender	2010	2011
Female	12	22
Male	64	60
Total	76	82

EVE programme	2009	2010	2011
New participants	24	32	41
Graduated	27	32	31

GDP programme	2009	2010	2011
New participants	15	12	10
Graduated	13	12	10



Labour Indicator

[LA 1] Workforce structure by type, contract and region

[LA 2] Employee turnover

Governance, Commitments and Engagement

[4.14] Stakeholder groups

[4.15] Key stakeholder identification

[4.16] Stakeholder engagement

Stakeholder engagement

Holcim seeks to provide clear and sufficient information to stakeholders. Through their needs, ambitions and actions, stakeholders can shape our business. Stakeholders are the individuals and groups who are affected by, or affect, our business activities. Our main stakeholder groups are: [4.14, 4.15]

- Bankers
- Community members
- Contractors
- Customers
- Distributors
- Employees
- Government ministries/ provincial & local governments
- Investment community
- Investors
- Masons
- Media
- NGOs/ associations
- Property Developer/Architects
- Retailers
- Shareholders
- Suppliers
- Trade unions
- Universities/ educational institutions

Stakeholder activities

We openly engage with our stakeholders and invite feedback, input, and ideas. Throughout the year stakeholder engagement activities included: the annual general meeting of shareholders, the company's annual report and this sustainable development report, investor relations activities, employee climate survey, public exposés, distributor forums, plant and site tours, union meetings, internal focus group discussions, customer gatherings, the monthly Berita Kita magazine, media releases, the corporate website, individual events and competitions websites, community advisory panel meetings and public communication forums, Company videos, as well as informal community meetings, as part of the day to day activities of our Community Relations Officers. [4.16]

Geocycle – a busy stakeholder programme

Geocycle hosted a string of important visitors during 2011, reflecting a growing reputation among government and community stakeholders as an industry benchmark for safe waste management. Visitors included the Agriculture Minister in December, along with the Customs Department and various universities throughout the year.

Holcim Global Board visits



A highlight of the year was the visit of the Holcim global Board of Directors to Narogong Plant during November. At the plant, Board members and their entourage went to Holcim Academy, to observe the Enterprise-based Vocational Education (EVE) scheme and the Graduate Development Programme (GDP), as well as visiting the Geocycle facility. Later, a formal dinner in Jakarta was held with Holcim Indonesia directors and invited guests.

The global Board of Directors is formally based at Holcim headquarters in Zurich, Switzerland.



Governance, Commitments and Engagement

[4.17] Stakeholder concerns

Launching: 'A Green Adventure' for children.

Best practice sharing

Two Geocycle Customer Gatherings were held in the year attended by over 350 customers. The gatherings have evolved into dynamic forums for industry networking and best practice sharing, and are an opportunity for Geocycle to gather customer feedback. Geocycle published a comic book for local primary school children, 'A Green Adventure'. The book has five sections: ozone layer protection, recycling, composting, keeping rivers clean, and environmental awareness, and features a preface from President Director Eamon Ginley and former Environment Minister Emil Salim. The book was distributed to schools as a teaching aid.

Masons

In the seventh-annual Holcim-sponsored 'Mudik Bersama', we helped send home around 5,000 masons from Jakarta and, for the first time, from East Java's capital Surabaya, to 78 destinations across Java and Sumatra. We ran the second installment of our masons knock-out football tournament: Gala Bola, this time focussing on 2,400 masons in 16 cities in East Java. Kicking off in November, the masons competed for the chance to fly to Jakarta for three days shopping and to play the winning masons team from Sri Lanka, the first-ever match for the Asia Masons Cup. It was a triumph for the home team but a celebration for all, and an education to meet their counterparts in the building industry from another country.



Community stakeholder engagement

In 2011 Holcim Narogong printed 1,000 copies of a newsletter Warta Narogong, in the first of three editions for the year. Community Relations teams in Cilacap and Tuban, began printing their own quarterly community newsletters in 2010. Collectively, 11 separate editions of community relations-focussed bulletins were distributed to over 15,000 local stakeholders in 2011. The newsletters provide updates on local livelihood businesses, scholarships awarded, environmental activities, land reclamation work, activities on Nusakambangan and the village development, or Posdaya programme. All issues raised by stakeholders are considered carefully by Corporate Communications and tabled at board level, as and when necessary. If you wish to get in touch with Holcim, please contact: Corporate Communications Manager Diah Sasanawati ('Anna'), address given on page 66. [4.17]

Holcim - trained Masons: key stakeholders homeward bound at Ramadhan.



23%

increase in CSR investment

Rp

7.3 BILLION

in assets for micro-loans

36

community development centres supported

1,371

new educational scholarships awarded

8

community roads built in 18 months

A member of Holcim Narogong's Community Relations team, Ary Wahyu, talks to a villager using a newly constructed road near the Narogong Plant. Holcim helped build or repair seven roads in the Narogong area during 2010 and 2011.

Combined microfinance assets in Narogong and Cilacap have grown to Rp 7.3 billion benefiting 4,896 account holders in more than 20 villages.

Masters of Microfinance



Solihin and Siti Latifah, of Klapanunggal Sub-district, West Java, thought they would be trapped forever in their hole-in-the-wall business - until they found out about Holcim microfinance.

From their roadside stall selling coconut juice to thirsty labourers, Solihin and Siti had little money but big dreams. In 2009, the couple applied for their first loan of Rp 3 million from the BMT Swadaya Pribumi microfinance institution established by Holcim with a local non-government organisation.

Solihin used the money to add merchandise and a refrigerator to their store, expanding into coffee, cold drinks and snacks. The pair took out subsequent loans

of Rp 5 million and Rp 7 million in 2011 to expand the shop further, adding a table and chairs, and opening a second counter down a narrow neighbourhood lane. Now their shop is a thriving grocery store and café that also sells bottled water and gas to the community and employees three people. All loans have been repaid on time.

Solihin and Siti are not alone in their entrepreneurial spirit: Combined microfinance assets in Narogong and Cilacap have grown to Rp 7.3 billion (US\$ 805,000) benefiting 4,896 account holders in more than 20 villages as of December 2011.

Long-term focus

Holcim community empowerment plans are built with the participation of communities around our operations. We seek long-term relationships that allow us to address common issues and challenges. Traditionally, activities have included improvements to infrastructure, livelihoods, education and health. The thriving microfinance programme in the Narogong plant area had another very successful year.

Engagement strategy

The cornerstone of our engagement at all plants and quarries continues to be the Community Advisory Panel (CAP), where members of our communities give input into the selection, planning, management and evaluation of our programmes. Transparency is inherent in this approach, and underpins our engagement strategy. In 2011, we held 25 CAP meetings in Narogong, Cilacap, Tuban and Maloko. Holcim also carries out regular perception surveys to gauge the extent to which community needs and desires are being met.

A community engagement plan includes a data-based description of the current situation, medium term objectives for community empowerment and specific indicators of success. Periodic assessment is carried out to chart progress against objectives with plans. Implementation of a more structured and standardised approach to community engagement commenced in 2011, an undertaking that will be completed in the year ahead. Among the most



CAP meeting.

important objectives is more effective evaluation of the empowerment process and strengthened reporting. New positions filled in the community relations team included a Corporate CSR Manager and a Community Relations Manager for the RMX and Aggregates business.

Livelihood development

In Cilacap, we have continued to support community development or Posdaya programmes as a means to promote community empowerment through economically strengthening the family unit. The Posdaya concept was developed by the national Damandiri foundation and Jendral Soedirman University in Purwokerto. There are now 36 Holcim Posdaya in 19 villages around Cilacap serving approximately 4,700 people, up from 27 Posdaya the year before. Holcim-run Posdaya are now ranked among the most well run in the country and are



A Posdaya community centre supported by Holcim.

becoming performance benchmarks referenced by other institutions.

In 2011, the Community Relations team at Cilacap conducted training sessions for 32 business groups on entrepreneurship, credit training, motivation, food packaging and hygiene, mushroom cultivation, car and motorcycle workshops and waste management.

Food processing and retailing; English for fun; and kindergarten classes.



We also certified local home-based food production industry activity to national hygiene standards.

In Narogong, our major financial assistance to communities is through microfinance institutions (MFIs), providing community entrepreneurs with the means to create, invest in, and manage their own micro businesses. During the past six years the combined assets of the MFIs in Narogong have grown to Rp 5.2 billion from Rp 3.8 billion in 2010, and support 3,496 account holders. In Tuban we have established 42 village-run business collectives and plan to assist these groups with microfinance in the future.

Education and skills development

In 2011, we awarded 1,371 new education scholarships to high-scoring but under-privileged local students in Narogong and Cilacap. The students range from

elementary to senior high-school level and are selected by their respective village offices.

Vocational training conducted in Narogong, Cilacap, Maloko and Tuban reached 892 people (from 120 people the year before) with courses including entrepreneurship, farming, sewing, printing, crafting, composting, English language lessons and food processing.



On Nusakambangan Island, we continued a self-help and individual development training programme for around 450 prison inmates covering religious study, nursery gardening, crafts, integrated farming and motorcycle repairs, among others. As for the staff we conducted capability building programmes in English language, motivational training and leadership.



In Cilacap, we continued to support 34 local health posts or *Posyandu* in Cilacap, via the Posdaya scheme. Community members received health education on cholesterol and diabetes; nutrition for children, pregnant women, and the elderly, and instruction on fire extinguisher use with LPG cooking stoves.

In Narogong, we expanded general health and weight check up services to 36 *Posyandu* (from 14 in 2010). These provided regular inoculation services, and food to improve child nutrition. We held five public seminars on environmental health care and healthy living conditions. In conjunction with local nurses and village health facility agents, we presented advice on malaria, domestic waste management, and air pollution, to mothers in five villages.

Masons

Our Mason Training Programme reached new destinations in Java in 2011, places such as Cianjur where 32 masons attended two days of instruction and practical learning. Building experts from the Jakarta State University commenced activities in the classroom on health and safety and basic building material application, before moving outdoors with practical modules on concrete mixing and pouring, building foundations and bricklaying. The following day, masons also learned about mortar, fine plastering, steel reinforcement, concrete forms and casting.

Education for prison inmates; nursery for re-greening quarry areas.

Social Indicator

[SO 1] Impact of Company operations on community

Skills for life

"I'm doing the training to learn how to be a better builder, says 25-year old Hery Azrial, who started work on building sites recently. "It's really opened my eyes to the proper way of doing things and I'd like to do more training to learn how to be a better builder," he says. As of end 2011, Holcim has trained over 11,500 masons throughout Java. [SO 1]



Social Indicator

[SO 1] Impact of Company operations on community

Collaboration works at all levels

Time and again success lies in sound collaboration. This is the message in the Government's new MP3EI plan seeking public private partnerships to accelerate economic development at the macro level and we place the same emphasis at the local community level – preferring a shared effort to handouts of building materials.

We encourage community members themselves to propose and prioritise their needs, and take charge of the management and monitoring of projects. Doing this, they gain project management experience and take responsibility and pride in completing new facilities. Organisational support is provided, if needed, through a Holcim Community Relations Officer.

Connecting people

Ibu Eka, the local head of Lengkong Village in Narogong, remembers life before the proper road. "The dirt track to town became a river of mud in the rainy season," she says. "When it poured too heavily, children couldn't even get to school. Now, we're better connected – it's almost like we live right on the highway!" she jokes. The smooth, white concrete that Eka stands on may not be a highway, but it's a vital addition to her modest village of simple wooden houses ringed by rice paddies. More significantly it was built with the labour of around

20 villagers – a local achievement linking the quiet farming community with a busier industrial area that borders it. The stretch was one of seven road building and renovation projects that Holcim carried out in Narogong communities during the past 18 months. At Cilacap, one road was built in 2011 and building materials were donated with supervision for two bridges. Other Holcim infrastructure programmes cover street lighting, renovation and renovation work on village offices, schools, houses and mosques. [SO 1]



Social Indicator

[SO 1] Impact of Company operations on community

Economic Indicator

[EC 8] Investment/ services for the public

Water infrastructure

Providing water to communities is another vital part of Holcim's infrastructure programme. Over the past three years, our community relations teams have assisted with the drilling of wells and piping of water to villages in Narogong, Tuban and Maloko – in 2011 a second deep-water well was drilled in the village of Kembang Kuning, Narogong.

We support community-run Water Management Units, helping them to train villagers on proper wells maintenance and the sale of water at affordable prices sufficient to pay for operational costs. Such infrastructure currently supplies around 4400 cubic meters of water daily to 996 families in villages throughout Java.

School design

The newly renovated "Tim Mackay Memorial School, SDN 3 Malabar" in Pangalengan opened on May 2. The school had been badly damaged by the West Java earthquake of September 2009. The rebuilding of the school encompassed six classrooms, a teachers' room and a utility block, using *Solusi Rumah* construction materials and donations from PropCon golf club members. The rebuilt school now meets standards for earthquake resistance design.

CSR Investment* (Rp million) [EC 8]

2009	2010	2011
4,685	7,069	8,686

* excluding overheads

Spanning our world

A desire to improve the lives of poor communities has seen Swiss national Toni Ruttiman travel the world building swing bridges from donated and recycled materials for no charge, wherever he goes. Holcim Indonesia helped Toni construct 760 metres of swing bridges, 14 in total during 2011, serving around 78,000 people in Java. Holcim Indonesia supplied 119 tonnes of cement for the foundations of the bridges, with steel donated by state-owned Krakatau Steel. [SO 1]



Mushrooms in Cilacap

A villager checks the growth of mushrooms in a propagation room in Cilacap. The mushroom farm is an example of a Cilacap Posdaya community livelihood programme, which involves villagers and undergraduate students from Purwokerto's Jendral Soedirman University.



Education everywhere

Nurlela of Walahir Village in Narogong, West Java, listens to her teacher during a mathematics lesson at her school. Nurlela is one of more than 1,300 students in Indonesia studying with the help of Holcim educational scholarships this year.



Methane in Tuban

Rasmijan at Merkawang village, Tuban, stands by the pilot fuel methane project, set up by the Tuban Community Relations team. The blue cylinder collects the methane gas from cow dung, which is then piped to his family's gas cooker and means the family is self-sufficient in natural gas.





209,233

tonnes of waste co-processed by Geocycle

19

metric tonnes of ozone depleting gasses safely destroyed since 2008

16%

reduction in CO₂ emissions per tonne since 2003

8%

reduction in power usage from 2007

A member of the Narogong OHS team makes an inspection of the Narogong 1 kiln during a shutdown for re-bricking. Ensuring our kilns function properly means efficiencies in production, which in turn minimises emissions.

Since it began operations in 2008, the Geocycle Narogong facility has co-processed about 19 metric tonnes of ODS.

Winning with an Ozone Award



A huge hole discovered in the Northern Hemisphere's ozone layer in 2011 was a timely reminder of the fragility of this ultra-thin seal that protects us from the sun's damaging rays. Geocycle, Holcim's total solutions waste recycling business in Indonesia, is playing its part, as the pioneer facility in the country able to safely and cleanly eradicate ozone depleting substances, known as ODS, primarily chlorofluorocarbons (CFCs) in refrigerants and aerosols. In September 2011, Holcim was one of two businesses to receive an "Ozone Award" from the Ministry of Environment in recognition of this work. Most ozone depleting substances were banned by a United Nations treaty in 2000, however, it will be decades before their use completely ends as many CFCs are still in refrigeration systems. Since it began operations in 2008, the Geocycle Narogong facility has co-processed about 19 metric tonnes of ODS, the equivalent to around 190,000 tonnes of CO₂.

Helping the pharmaceuticals sector

Tjahya Baskara Billtoni, environmental health and safety manager for a leading international pharmaceutical company, is the largest customer to date of Geocycle's ODS facility, which has eradicated CFCs gathered from old asthma inhaler products. "We're a company involved in producing medicines that help treat diseases and improve people's quality of life," Biltoni says. "It's equally important to us that our operations in themselves and the waste produced do not harm people or the environment." All of the company's solid hazardous waste is now being destroyed by Geocycle. "Geocycle safety and operating standards are high" Biltoni says, "and they are large enough to handle our needs."

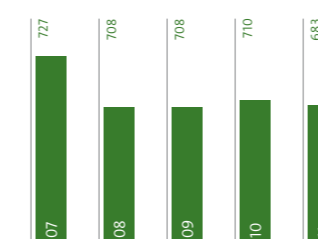


Minimising our footprint: Emissions

The manufacture of cement globally is a contributor to an estimated 5 per cent of mankind's total greenhouse gas emissions. The Holcim Group continues to reduce its global CO₂ emissions, and has set a new target of reducing specific net CO₂ emissions to 25 per cent below 1990 levels by 2015.

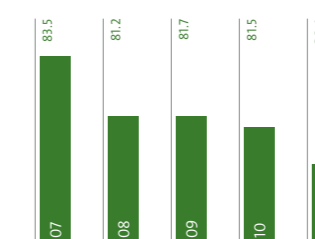
In line with the Group, Holcim Indonesia's CO₂ emissions fell this year from 710 kg CO₂ / ton cementitious material to 683 kg, as we brought more industrial and municipal waste into co-processing, which made up for decreasing amounts of agricultural waste sourced from farmers. Our net CO₂ emissions are almost 16 per cent lower than when we began measuring them in 2003.

Net CO₂ Emissions [EN 16, EN 18] (kg CO₂/tonne cementitious materials)



This ability to co-process waste means we participate in the United Nations-run Clean Development Mechanism Project, in which we receive carbon credits for playing our part in reducing global emissions. Our project was registered at the UN in 2008, and in 2010 we received a total of 12,088 carbon credits worth approximately 137,000 Euros. This money was put back into our Geocycle business, to help us continue sourcing waste from the community and to finance the next CDM verification process. In August 2011, we completed the second verification for the 2009/2010 period and we expect to receive an additional 124,000 credits in 2012.

Clinker Factor [EN 2] (average % clinker in cement)



Environmental Performance Indicator

- [EN 2] Use of recycled materials
- [EN 16] Greenhouse gas emissions
- [EN 18] Greenhouse gas reductions

Environmental Performance Indicator

[EN 7] Reduce indirect energy consumption

[EN 22] Waste types, disposal method

Efficiency improvements to our supply chain has seen us increase the use of sea and train transport, minimising our carbon footprint, while as part of our "Home Safely" programme plant employees, are bussed to and from employment. Plants have bicycles on site to minimise vehicle use by employees. [EN 7]

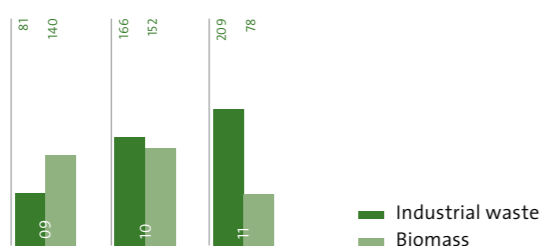


Bicycling around the plant.

Waste management

At our two cement plants in Narogong and Cilacap we carefully manage the disposal of all our own solid and liquid waste. Plastic bottles and paper from our plants are collected and given to community waste collectors who make money by recycling. The remainder is co-processed via our waste management business unit, Geocycle, using our kilns. We are also working formally with communities living around our areas of operations to separate and process municipal waste; the organics are recycled into fertiliser, plastic bags and containers are washed and chipped, adding value, while material that cannot be recycled is co-processed. [EN 22]

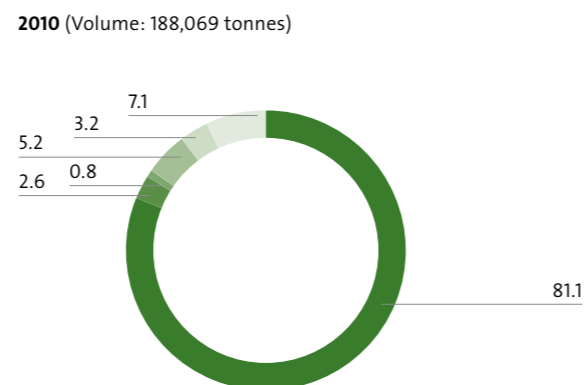
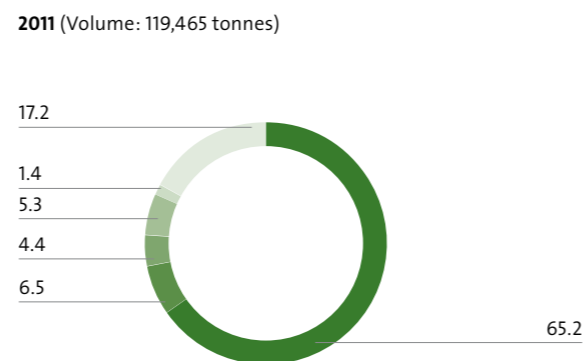
Total Waste Co-processed (alternative fuel and raw materials) (000 tonnes)



Geocycle also provides solutions externally to leading industries, the agribusiness sector, municipalities and to community waste collectors. This special business has earned a reputation in industry for providing professional and permanent solutions for the safe and clean disposal of solid, liquid and gas wastes.



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



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

Geocycle uses Holcim kilns to completely eradicate waste streams offering a better solution to waste management than land-fills, which can contaminate soil and groundwater. Total industrial waste volumes handled by Geocycle during 2011 increased 26 per cent to 209,233 tonnes, and we processed 280kg of ozone depleting CFCs. [EN 19]

Environmental policy, standards and compliance

In 2011, despite stricter rules and a larger field of competitors, Holcim was one of just five companies in Indonesia to receive GOLD PROPER status for environmental excellence from the Ministry of Environment in their annual corporate rating. The GOLD was awarded to the Cilacap plant for the second

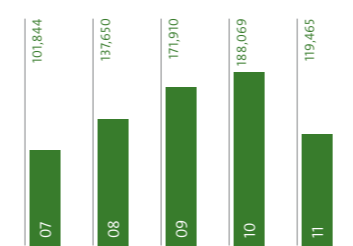
year in a row. The Narogong plant was awarded a GREEN status – a fully compliant rating. Both plants have also maintained ISO 14001 standards on quality environmental management. For the second year running, Holcim was awarded first place in the Green Industry Awards from the Ministry of Industry. [2.10]

In December, Holcim Indonesia received the ISO 17025 standard after the certification of the waste management laboratory in Narogong. All waste processed by Geocycle is measured in the laboratory, and the certification assures customers of the laboratory's accuracy and full compliance with current international standards.

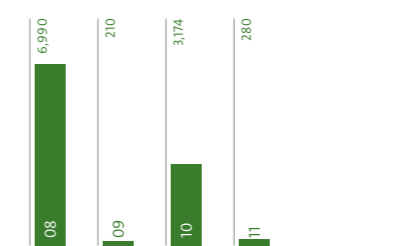


Product quality laboratory.

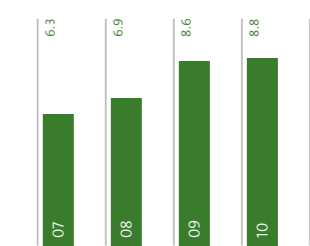
Quantity of Alternative Fuel - Biomass & Industrial Waste (tonnes)



Ozone - depleting CFCs processed [EN 19] (kg)



Thermal Substitution Rate (%)



Organisational Profile

[2.10] Awards & Recognition

Environmental Performance Indicator

[EN 19] ODS emissions by weight

Environmental Performance Indicator

- [EN 4] Indirect energy consumption
- [EN 5] Energy efficiency improvements
- [EN 11] Land owned near protected areas or areas with high biodiversity
- [EN 13] Habitats protected/ restored
- [EN 20] NO_x, SO_x, other, by weight

Environmental Indicator

- [EN 8] Water consumption
- [EN 9] Affect of water withdrawal
- [EN 10] Water discharge by weight and destination
- [EN 16] Greenhouse gas emissions
- [EN 18] Greenhouse gas reductions
- [EN 20] NO_x, SO_x, other, by weight
- [EN 21] Waste discharged
- [EN 28] Fines for non-compliance

Biodiversity

Our five-year Corporate Environmental Roadmap began in 2010, and has seen us begin to establish biodiversity management plans in all our production sites and quarries. Arguably our most important plan so far, has come from a year-long study of high-conservation forests in the 11,510-hectare Nusakambangan Island, on which we have a 112-hectare limestone quarry. Made in conjunction with environmental agency Flora & Fauna International and completed and published in April 2011, the study identified areas within our mining concession which will be protected from mining. A more general survey of the entire island also found a range of endangered and rare species still living there, including leopards, monkeys and bats among others. This study is now being scrutinised by local and central government partners to be used as the basis of an island-wide conservation strategy.

We have conducted similar biodiversity mapping and surveying in our Narogong quarry area, and preparations for a study in our Tuban quarry area, which will begin this year. [EN 11]

Our re-greening and land rehabilitation work in quarries is also ongoing. In 2011, we planted 37,000 trees around our operations on Java and rehabilitated over 114 hectares of former quarry areas. We continued to add deer, birds and butterflies to our breeding sanctuaries established in the Cilacap plant's City Forest and increased the tree species planted there. Our former Cibadak quarry will become a conservation forest. [EN 13]

Air and water impact

We minimise dust generated by production by the use of electrostatic precipitators at our plants. Our new silos and packing plants are equipped with the latest dust vacuum capture technology and air monitoring systems; similarly, dust and exhaust fumes from heavy mining equipment are monitored in our quarries. We regularly spray water on our quarry roads to keep dust levels down and vehicles pass through water dips before entering public roads. We measure run-off levels in the quarries and use settling ponds, to treat water.

Plant emissions of CO₂, sulphur dioxide and nitrogen dioxide are checked daily to ensure Indonesian

government and Holcim Group standards are met or bettered. Real-time monitoring instruments are cleaned and inspected regularly to give accurate readings. Our net CO₂ emissions per tonne of cementitious materials produced dropped by 4 per cent during the year, while SO₂ average emissions dropped by 12 per cent. [EN 16, EN 18, EN 20].

Through closed cooling systems in our plants, water is recycled, and treated grey and black water re-enters the manufacturing process to be used for cooling. Savings in water use and water recycling has seen our water consumption drop by 30 per cent from levels in 2010. [EN 8]

In 2010 we installed our first biological wastewater treatment facility in Narogong. The facility processes grey and black water from the central control room and change house. In 2011, we began to install a wastewater facility for our main office, corporate engineering building and occupational health and

safety building. All water from Geocycle's waste storage facilities is collected in a hazardous water treatment plant installed in 2010. Sludge from the process is pressed into cakes and returned to the production process as an alternative raw material. [EN 10, EN 21]

Water at Narogong and Cilacap comes from commercial sources, groundwater and local rivers. The local rivers are not designated as protected biodiversity areas. [EN 8, EN 9]

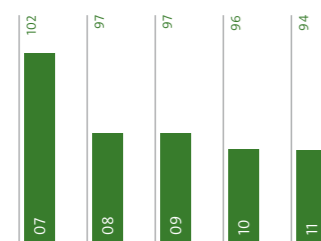
Noise

Production areas are fitted with silencers. Noise and vibration levels are monitored during drilling and blasting at our quarries, and levels meet or better local environmental limits.

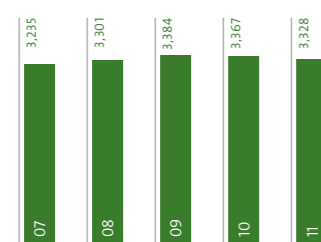
Compliance

Holcim Indonesia operations meet or better all applicable environmental laws and no fines from non-compliance were issued during 2011. [EN 28]

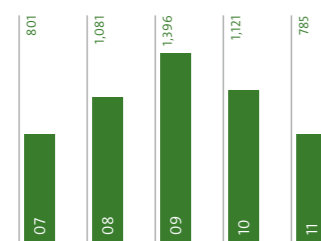
Power Consumption [EN 4]
(kWh/tonne clinker)



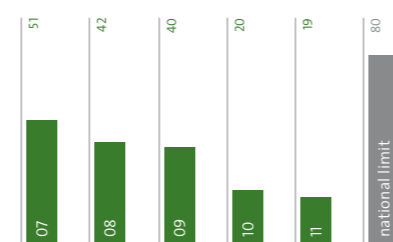
Heat Consumption [EN 5]
(MJ/t clinker)



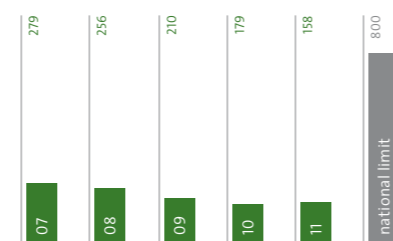
Water Consumption [EN 8]
(000 m³)



Average dust emission
(mg/nm³)



Average SO₂ emission [EN 20]
(mg/nm³)



From Quarry to 'Educational Forest'

In 2011, we also began to convert our former Cibadak Quarry area into an Educational Forest; a protected forest area that helps sustain local communities, is visited by tourists, and is studied by academics and schoolchildren.

An interdepartmental team led by Human Wicaksono, Cibadak Quarry Rehabilitation Project Manager, began work rehabilitating the 76-hectare quarry in early 2010, breaking up boulders, backfilling and levelling land and planting a cover crop to add soil fertility and prevent erosion.

After meetings with community leaders in December 2010, it was agreed that replanting of the area would include zones of trees for fuel, timber and rubber to provide income to residents. The Narogong Community Relations team also began introducing water infrastructure to residential areas, sourcing and piping ground water from the mine.

At the same time, experts from the Bogor Institute of Agriculture (IPB) were called in study the possibility of Cibadak becoming a "Holcim Educational Forest."

"IPB had already helped us prepare the Plan of Mine Closure, and we also knew about their success



creating the Gunung Walat Educational Forest nearby," explained Widya Paramita (Mita) Corporate Environment Officer. Gunung Walat is a managed community forest combining tourism and recreational activities, like mountain biking and an obstacle course, with facilities for scientific forest research.

Holcim's Board of Directors gave budget approval for the concept in 2011, and the team signed a memorandum of understanding to work with IPB in December. "This is groundbreaking work," Mita says. "An educational forest created from a former mine site will be a first for Indonesia." [EN13]



ZERO
fines for legal breaches

FULL
compliance with existing laws & regulations

Cilacap Plant pictured in December 2011 after three years of re-greening work inside the plant. The plant has now won GOLD PROPER awards from the Environment Ministry for two years running.

Governance, Commitments and Engagement

[4.1] Governance structure

[4.2] Role of Board of Commissioners

[4.3] Independent board members

[4.4] Communication with the Board of Commissioners

[4.5] Board compensation

[4.6] Conflict of interest

[4.7] Board member eligibility

[4.10] Board performance

[4.12] External standards followed

The fundamentals of good corporate governance are a clear, effective, and understood code of conduct, and a culture which takes responsibility for its conduct and which promotes trust, equal opportunities, and the courage to speak up. Holcim Indonesia's 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.

Governance and Board functions

Ultimate responsibility for Holcim Indonesia lies with the Board of Directors and the Board of Commissioners. 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. [4.1]

The Board of Commissioners, including four Independent Commissioners, acts as a supervisory body over the Board of Directors, reviewing and approving management decisions, and is responsible for representing the interests of all shareholders. [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. [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 financing issues. [4.1, 4.3]

An internal audit function reporting to both Boards 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]

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 whistleblowing facility (see under Compliance Department). [4.4]

Compliance Department

The Compliance Department promotes and instills our code of conduct at all levels of day-to-day operations. Our code of conduct booklet provides a framework for ethical and transparent interaction with all stakeholders, and an accompanying education campaign was rolled out upon publishing in 2009. The booklet is available for all employees and business partners, and is available on 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 2011, more intensive communication about the facility was disseminated at all Holcim locations, and through site banners, employee emails, and union communication channels. This year the President Director received nine confidential reports through the system; seven have been settled, and two are in progress. [SO 2, SO 3, SO 4]

Fair, open competition

As a group operating worldwide, Holcim has a clear well-established policy on fair competition and, in line with the Group Mission statement, has issued a Fair Competition Directive and a mandatory training requirement 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. In 2011, the Company received zero fines. [PR 9] [SO 8]

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. [SO 6]

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]

Governance, Commitments and Engagement

[4.4] Communication with the Board of Commissioners

[4.9] Management of economic, environmental and social performance

[4.11] Risk management

Product Responsibility Indicator

[PR 9] Fines for non-compliance

Social Indicator

[SO 2] Corruption

[SO 3] Anti-corruption training

[SO 4] Response to corruption incidents

[SO 6] Financial contributions to politician

[SO 8] Fines for non-compliance



Company Profile

Organisational profile

[2.1] Name of organisation

[2.2] Primary brands, product, services

[2.3] Operational structure

[2.5] Operational geography

[2.6] Ownership structure

[2.7] Target markets

[2.8] Company scale

[2.9] Significant ownership changes

Governance, Commitments and Engagement

[4.17] Stakeholders concerns

PT Holcim Indonesia Tbk is a leading 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. 80.64 per cent and public 19.36 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

To provide healthy living conditions for society's future.

Mission

Holcim Indonesia will grow by delivering sustainable building solutions focused on distinctive customer segments, through the development of people, innovative leadership and integrated networks, to create maximum value for stakeholders whilst caring for the environment and society. [4.8]

With 2,576 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 9.5 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]

Economic Value Generated and Distributed [EC1]

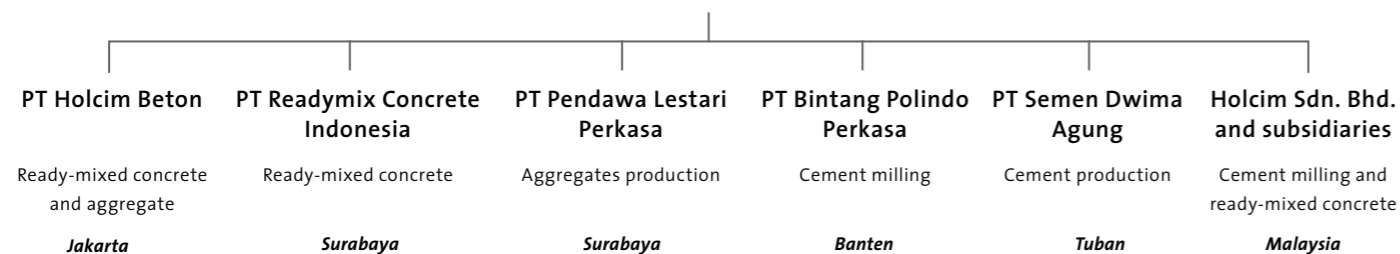
(in million Rupiah)	2010	2011
Direct economic value generated	5,961,319	7,524,264
Revenues		
Economic value distributed		
Operating costs	4,118,774	5,211,904
Employee wages and benefits	496,499	587,768
Payments to providers of capital	48,463	82,329
Payments to government	292,002	432,800
Community investments	11,970	23,246

Economic Performance Indicator

[EC 1] Direct economic value

PT Holcim Indonesia Tbk and principal subsidiaries

Cement producer and integrated building solutions provider



Global Reporting Initiative (GRI) Content Index ^[3.12]

Organisational profile

[2.4] Headquarters

Report Parameters

[3.1] Reporting period

[3.2] Previous report

[3.4] Corporate Communications contact

[3.5] Report scope and boundary

[3.6] Report boundary

[3.9] Data measurement

[3.12] GRI Standard Disclosures Index

[3.13] Assurance

Governance, Commitments and Engagement

[4.17] Stakeholder concerns

This report covers Holcim Indonesia activities between January 1 and December 31 2011 related to the company's pursuit of sustainable development targets. It is designed to be read as the sequel to the 2010 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 reporting guidelines in the preparation of this report. Each of the GRI indicators listed to the right has a corresponding stamp on its page location to help guide you to the specific data reported.

Self Declaration

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



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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n/a: not applicable

Glossary of terms

ACert

Holcim's externally assured AFR Certification programme

AFR

Alternative fuels and raw materials

CAP

Community Advisory Panel

Carbon Credits

General term for carbon backed securities

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

PPE

Personal Protection Equipment

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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