

Sustainable Development

2010 Report

PT Holcim Indonesia Tbk



Celebrating Sustainability

For five consecutive years Holcim Cilacap plant attained a GREEN PROPER rating, signifying 'beyond compliance' in the national environmental performance standards.

In 2010, we struck GOLD – one of only two organisations in Indonesia to have been given the highest rating possible from the Ministry of the Environment that year.

Holcim Narogong plant was the only cement plant in Indonesia to receive a Silver Award for its quarry operations from the Ministry of Mining.

And PT Holcim Indonesia Tbk was awarded 1st place in the Green Industry Awards from the Ministry of Industry.

For the second year running we received the Golden Flag occupational health and safety award from the Ministry of Public Works.

On the community side, Holcim community programmes were recognised in CSR Awards from the Governors of West Java and Central Java and the Regents of Bogor, Cilacap and Tuban.

Report scope

This report covers Holcim Indonesia activities between January 1st and December 31st 2010 related to the Company's pursuit of sustainable development targets. It is designed to be read as the sequel to the 2009 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. [\[3.1\]](#), [\[3.2\]](#), [\[3.5\]](#), [\[3.6\]](#), [\[3.9\]](#)

Report Parameters

[\[3.1\]](#) Reporting period

[\[3.2\]](#) Previous report

[\[3.5\]](#) Report scope

[\[3.6\]](#) Report boundary

[\[3.9\]](#) Data measurement

These are GRI indicators. Have a look at page 54 for a complete listing and explanation.

A salute from employees at Holcim Cilacap plant, the GOLD PROPER - winning plant.



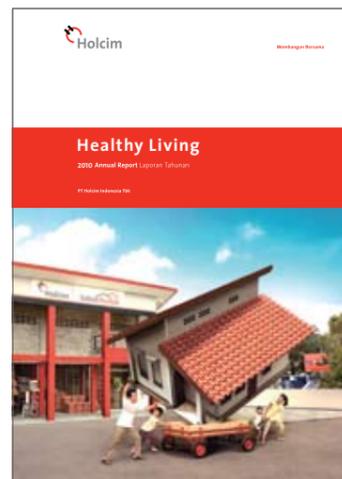
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Holcim Indonesia produces two major reports every year. [3.3]

The Annual Report:

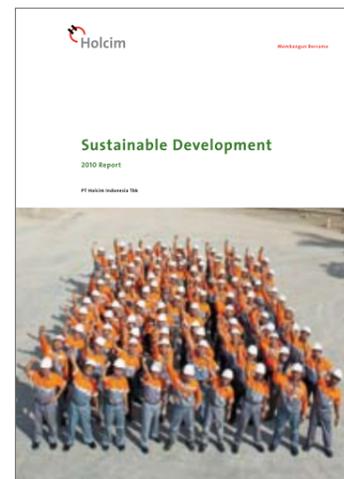
The report to shareholders on the financial and operational performance.



A scene from our '5 Easy Steps' to owning your home with Holcim: a unique market-leading concept in Indonesia.

The Sustainable Development Report:

Our report on economic and community development, and environmental management.



United in our safety practices across all departments and sites.

Integrated Safety

Maintaining a safe working environment always comes first.

This year's report looks at how safety is embedded within our different operational divisions and beyond our perimeter gates: in our communities and amongst the customers, business partners, and stakeholders we work with.

Edo Ramces: raising safety awareness among Solusi Rumah franchisees; ensuring customers across Java have access to products and services of consistently high quality.

Very Novendra: mentoring operational staff and contractors who have double duties as safety representatives.

Dr. Trisnajaya: conducting health talks at batching plants and offices on how to identify and prevent risk and exposure to health hazards.



Sidik Darusulistyo: overseeing safe environmental and operational practices at the Cilacap plant; surpassing local environmental standards, and encouraging community independence.

Widjayadi: refreshing safety awareness and individual task objectives with contractors through the new Geocycle Safety Tool Box Talks.

Peggy Arnolia: bringing mason training to Maloko, and health and safety training to local schoolchildren and employee wives.

Report Parameters

[3.3] Reporting cycle

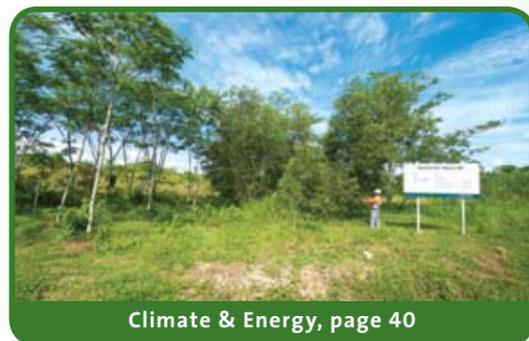
Our commitment to sustainable development

Holcim products and services fulfil needs and build business through retailers and our own service network. Our operations impact community and commercial development, local employment, improved health and safety standards for all, microfinance for livelihoods, youth and vocational education, local infrastructure support, and industrial and agricultural waste eradication.



Compliance, page 48

We are aligning all aspects of our operations to the standards and regulations prevailing – economically, ethically, socially and in terms of environmental protection.



Climate & Energy, page 40

All emissions and resources utilised are strictly monitored year round. Our policies and strategies are aimed to reduce emissions for every tonne of cement produced and to conserve non renewable materials and fuels.



Health & Safety, page 20

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.



Sustainable Construction, page 14

Accessible, affordable housing: thanks to 9,210 Holcim trained Masons and almost 300 Solusi Rumah outlets, the biggest franchised building materials network in Indonesia.



Social Responsibility, page 34

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 that is sustainable.



People & Stakeholders, page 26

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.

Report Card

Targets	2009 Status	2010 Status
Continue developing energy efficient, sustainable products and services.	Clinker factor increased from 81.2 to 81.7 per cent. MIC programme was accompanied by taskforce to boost product quality and application performance. Pilot initiated converting diesel truck fleet to cleaner CNG.	Reduced the clinker factor slightly to 81.5 per cent. CNG conversion project completed.
Promote sustainable construction solutions.	Co-organised first Sustainable Jakarta Convention, an international forum on urban issues. Developed and launched the first low-impact energy saving commercial Ecohome with local partners. Co-founding member of the Green Building Council Indonesia. With 127 Solusi Rumah outlets, Holcim is the largest building materials supply chain in Indonesia.	Launched Solusi Rumah 5 Easy steps television commercial and billboard campaign. Established strategic partnerships with Mortar Utama, Zurich Insurance, BNI, and CIMB Niaga – offering customers greater product and service options. 298 Solusi Rumah outlets opened. 40 concrete products manufacturers operating.
Support the SME construction sector.	First to market with ready-mixed concrete franchise concept. New Retail Distribution Centre (RDC) multi-product concept helps stimulate retail and concrete product manufacturing development.	Three ready-mixed concrete franchises. 5 RDCs operating and 1 CDC established.
Train a further 4,000 masons in 2010.	An additional 1,775 masons trained, bringing the sum of masons trained across Java to 6,186. Advanced materials masons course launched.	A further 3,024 masons trained, bringing the total to 9,210. Mason training programme launched in Maloko.

Targets	2009 Status	2010 Status
Establish and maintain Community Advisory Panels (CAP) for all large operations and quarries.	CAP for Jeladri quarry planned.	Launched CAP in Maloko. Published new community relations blueprint and objectives.
Establish Community Engagement Plans for all sites.		Established CEPs in Narogong, Cilacap, Tuban, and Maloko.
Increase educational opportunities for less privileged local community members.	Awarded 483 new education scholarships. 148 EVE students enrolled to date.	770 new education scholarships awarded. 180 EVE students enrolled to date.
Establish 50 Holcim Posdaya by 2012		27 Holcim Posdaya established, serving 1,000 families.

Targets	2009 Status	2010 Status
All operations and quarries accredited and compliant under ISO 9001 and ISO 14001.	ISO preparations underway at Jeladri quarry. Ciwandan cement mill, acquired in 2008, fully ISO accredited.	ISO preparations continue at Jeladri, and at ready-mixed operations in East Java and Yogyakarta.
Achieve ISO 17025 certification for all Narogong laboratories by 2011.		Waste management laboratory in Narogong achieves ISO 17025 certification.
Reduce carbon dioxide (CO ₂) emissions globally by 25 per cent from 1990 levels by 2015.	Reduced net CO ₂ emissions by 14.6 per cent from 2003.	Reduced net CO ₂ emissions by 14.4 per cent from 2003.
Exceed industry standards in responsible environmental management; achieve gold PROPER in both plants.	Achieved Green PROPER status plus Green Industry Award.	Achieved Gold PROPER status for Cilacap, Blue for Narogong; plus Silver Mining award for Narogong from the Ministry of Mining, and 1 st place in the Green Industry Awards.
Increase the use of alternative fuels and raw materials to conserve natural resources.	External verification of Certified Emissions Reductions (CER) from our biomass waste fuels project, under the UNFCCC CDM. Co-processed 80,506 tonnes of industrial waste and 139,619 tonnes of biomass. Total CFC ozone harming gases co-processed to date: 16,500 kg.	12,335 CER certificates (carbon credits) issued, equivalent to Euro 137,000. Co-processed 109,000 tonnes of industrial waste and 152,000 tonnes of biomass. Co-processed 3,174 kg of CFC ozone depleting gases, bringing total to date to 19,893 kg.
Initiate biodiversity plans at all Holcim production sites in accordance with IUCN guidelines.	Drafted plans for the first ever formal biodiversity study for Nusakambangan Island, Cilacap. Planted 40,664 new trees in Cilacap, Narogong and Tuban.	Nusakambangan biodiversity study nearing completion; due May 2011. Planted 439,943 new trees in Narogong, Cilacap, Tuban. Established deer, bird, and butterfly parks in the Cilacap plant and quarry. Rehabilitated 14.6 hectares of former quarry land.

Targets	2009 Status	2010 Status
Zero harm to all employees and third parties.	4.7 million man hours LTI free across the Company and subsidiaries.	Best ever performance: 6.5 million man hours zero harm. Achieved ACert accreditation for Geocycle operations.
Maintain LTI FR and LTI SR below 1 and 5 respectively.	LTI-FR: achieved was 0.2 - well within target	LTI FR achieved: 0.12 and LTI SR: 1.98 - both within targets; even more stringent targets set for 2011.
Achieve OHSAS 18001 and SMK3 for all operations.		100 per cent of operational sites holding OHSAS 18001 and SMK3. 12,292 hours of safety training carried out.
Be recognized as an employer of choice.	Completed Collective Labour Agreement (CLA) for period up to 2012.	8,247 hours of safety training conducted. A new CLA to commence during 2012 is being prepared.

Tuban: National and Local Context



On 15 December 2010 Holcim Indonesia celebrated the groundbreaking of a new US\$ 450-million greenfield cement plant and jetty 30 kilometres from Tuban, East Java. To be completed in 2013, this state-of-the-art plant will have an annual capacity of 1.7 million tonnes and will be our third cement plant on Java, the largest cement market in Indonesia. The Tuban investment will lift our total Indonesia cement capacity to 10 million tonnes.

National context

There is growing national demand for building materials to meet the fundamental needs of shelter and sustainable livelihoods. Planned government infrastructure projects are worth US\$ 80 billion, and on Java alone, a further six million housing units and 2,000 kilometres of road are required.

Given political stability, low interest rates, steady GDP growth of over 6 per cent and the emergence of 50 million consuming households over the next 10 years, Holcim's investment in a new cement plant is an expression of our confidence in the future of the building materials industry in Indonesia.

Located on the north shore of Java, the Tuban plant will have deepwater access to enable cement supply to islands beyond Java, including Kalimantan, Sulawesi, the further eastern islands, and regional markets when required.

The investment brings new technology, creates employment and commercial opportunities, and supports Government objectives for infrastructure development to stimulate economic growth.

Improved customer service

The Tuban investment is also an emphatic response to the needs of our customers. It will strengthen our existing East Java supply network reducing both distribution costs and delivery times. It will also provide a cost effective solution to pressing national demand. Running continuously, the fully integrated facility will be capable of producing more than 4,000 tonnes of cement in bag and bulk form 24 hours a day, 365 days a year.

The Tuban plant will also meet the demands of our rapidly growing Solusi Rumah franchise, now Indonesia's largest integrated building materials retail chain with 298 outlets across Java and 8,000 approved retailers.

Local impact

We began community-based investments and relationship-building in the project vicinity three years before the groundbreaking ceremony. Social mapping studies were conducted in 2007, with company-community dialogue groups established in 2008.

Since then we have launched development programmes to improve community health, education, and village infrastructure; to supply water, and to develop job opportunities through vocational and leadership skills training. Community investments have included village halls, schools, elementary teacher training, high school scholarships, support for local health centres, and the provision of a secure water supply for the residents of Mliwang. Biogas energy for local households will be available in 2013

as a valuable by-product of an integrated farming and husbandry programme for six villages.

Local opportunities during the construction of the plant include the supply of 100,000 tonnes of concrete and 12,000 tonnes of steel, as well as the construction of water, sewerage, and gas systems, administrative buildings, and roads. At the peak of construction we expect to have around 2,500 workers on site from around 45 different companies. When fully running, the new plant will employ 200 fulltime staff. Holcim Beton, our ready-mixed concrete subsidiary, will supply the project for vital roads, foundations and structural buildings.

With new cement manufacturing technology, the Tuban plant will be a showcase for Holcim in South East Asia. Advanced technology will lessen our environmental impact at the site, ensuring we operate well within compliance of national legislation. The transport of coal and gypsum from the jetty to the plant via a conveyor belt will lessen the burden on local roads. Unloading hoppers at the port will be

fitted with dust filters, and bag filters installed in the main clinker production area will ensure emissions are far lower than Indonesian regulatory requirements. The Tuban plant will use vertical grinding mills estimated to be 40 per cent more energy efficient than ball mills thereby reducing electrical energy costs.

Building together

The Tuban investment is a multi-stakeholder project, providing Holcim, the local community, and the Government, the means to bring employment, local commerce and income to the region. Groundbreaking in December 2009 was attended by Mohammad S. Hidayat, Minister of Industry; Haeny Relawati Rini Widyastuti, Tuban Regent; Teuku Otman Rasyid, Deputy Head of Indonesia's Investment Coordinating Board; Heinz Walker-Nederkoorn, Swiss Ambassador, plus the entire Board of Commissioners and Board of Directors of Holcim Indonesia, as well as an audience of over 300 – including distributors, franchisees, customers, local government officials, employees, and community members.



From training to real life

In July 2010, the sixth EVE batch commenced their three-year technical course in Cilacap. All sixteen students from the area will join Holcim staff at Tuban plant once they successfully complete the programme. Six of these EVE students are originally from Tuban, including Eka, Joko, and Eko, pictured left.

They are photographed here working on their very first project: designing and building a conveyor belt. One group is making the cutting and welding plans, while another is using the lathe to make adjuster balls with an M30 thread.

"This is no exercise. We're making a conveyor belt for a real plant!" said student Eko Septianto, proudly. The project will be ready in April 2011. A total of 65 EVE students are being prepared for Tuban deployment.

Top: Left to right: Yuli Yulaikhafatma, Eka Nurzanah, Joko Sasmito, Eko Septianto, and EVE Workshop Attendant Ridwan Dwi Prasetya

Bottom: Gilang Budi Kusuma (left) and Doni Indra Setiadi

Message from the President Director



Today's wealth, tomorrow's inheritance

Indonesia is crossing new economic thresholds and creating opportunities for real gains in living standards. It benefits from diverse natural resource wealth, a young consumer base and financial stability. Yet it also faces substantial poverty and inequality, environmental change and the unpredictable forces of nature. Converting today's wealth into a sustainable future is a significant challenge.

Jakarta is growing twice as fast as the rest of the country. According to the 2010 census, 11 per cent of Indonesians are crammed into the capital. Rising numbers and rural-to-urban migration add still further pressure making the city a stark example of the sustainability challenge – the conservation and prudent management of resources today for the generations of tomorrow.

The pressure is felt on roads and public transport, and in demand for homes, electricity, water and waste services, let alone recreational space, schools and hospitals. It's a challenge for the public and private sector alike, companies and individuals: we are all at the same time part of the problem and part of the solution. This report documents how we at Holcim are responding to the sustainability challenge in 2010, and a selection of our ideas and plans for a sustainable future.

The triple bottom line

Holcim places sustainability at the centre of our approach to doing business. We judge our performance using a triple bottom line:

- In economic terms: working with customers, business partners, and the construction sector to add value, create livelihoods and contribute towards healthy living conditions for all – in

new homes, vital infrastructure, and energy efficiency in building materials and in the buildings themselves

- In social terms: playing a role in supporting balanced growth according to community needs; contributing to education and communal health and safety; encouraging self help, entrepreneurship, and care for the less privileged in society.
- In environmental terms: better use of natural resources through renewal and conservation; monitoring how our operations impact climate change and the environment; managing waste, recycling materials, and recovering energy through safely eradicating the unwanted leftovers of industrial activity. [EC 2]

Our vision for a sustainable future

Our vision is to provide healthy living conditions for society's future. "But what has this got to do with a cement company?" This is a very good question and it comes back to being part of the solution.

Cement-based concrete, after water, is the most widely used product on earth - essential for shelter, a place of work, a foundation for economic development. Everyone needs a home, and in our main market of Java we have identified a shortfall of at least 6 million houses. To meet this need we have developed Solusi Rumah: putting everything you require to build a home under one roof. With almost 300 centres open we are now able to make a difference to aspiring homeowners in Java. We are proud of our 9,210 masons – who have trained with us and on whom we rely to help our customers build their homes quickly and safely; homes that will last and gain in value. As our franchise grows, we hope it will attract more interest in the sector, creating jobs,

businesses and contributing to livelihoods. A more efficient housing sector is a cornerstone for better living standards and healthier living.

We extend our vision to infrastructure – the daily 'lifelines' our economy relies upon: from serviceable roads and tollways to ports, airports and power stations generating electricity. Government infrastructure plans call for significant quantities of cement and concrete, and Holcim is investing US\$450 million to build a new third plant near Tuban, so that we can support these vital needs. We have also extended our concrete production network and developed specialist products to reduce build time on highways and pour the massive foundations for urban superblock developments.

Leading by example

While investing in new plants, we are continually investing in people: our employees, local village communities, and business partners who share our vision. They feature throughout this report as examples of the importance of learning and building together. Health and safety is part of the sustainability challenge. The awards we received in 2010 were proudly accepted and appreciated, but the most satisfaction came from knowing we once again improved our safety performance during the year and achieved 6.5 million incident free working hours. Equally important is the work done to promote safety and health in communities and companies engaged in our operations.

Environmental health

One aspect of increasing concern is the preservation of our planet and its resources. Cement production consumes limestone, fossil fuels such as coal, electricity for grinding mills and fuel to transport

our products. Our challenge is to deliver the building materials required with minimal use of these resources. One increasingly valuable approach can be found in our waste management services. The cement production process can be harnessed to eradicate waste from industry, such as used oil, sludge, expired or sub standard products, ash from power stations and agricultural waste. Using these substances and other techniques means we can mine less limestone and consume less coal.

Around our manufacturing operations and quarries great attention is given to tree planting and land management to preserve biodiversity and capture carbon dioxide – not emit it. We store soils and restore all mining sites after use, and we replant and conserve the indigenous species. At all our sites - from cement plants to urban concrete batching units - we monitor and manage emissions while recycling waste and water.

Beyond these essentials we are exploring some new and interesting ideas. These include our pioneering Ecohome – a low impact building concept already in use – that utilizes natural shade, solar power, water and waste recycling. We are developing low energy cooling systems for buildings, and manufacturing alternatives to sand, which is increasingly in short supply. New product designs and value-added services help us and our customers conserve energy and save resources.

The sustainability challenge is a long journey, and there are few places on earth able to match the natural wealth and beauty of Indonesia. With effort and teamwork we can leave it a better place for those who follow. [1.1, 1.2, 3.6]

Eamon Ginley
President Director

Vision and Strategy

[1.1] Sustainability vision

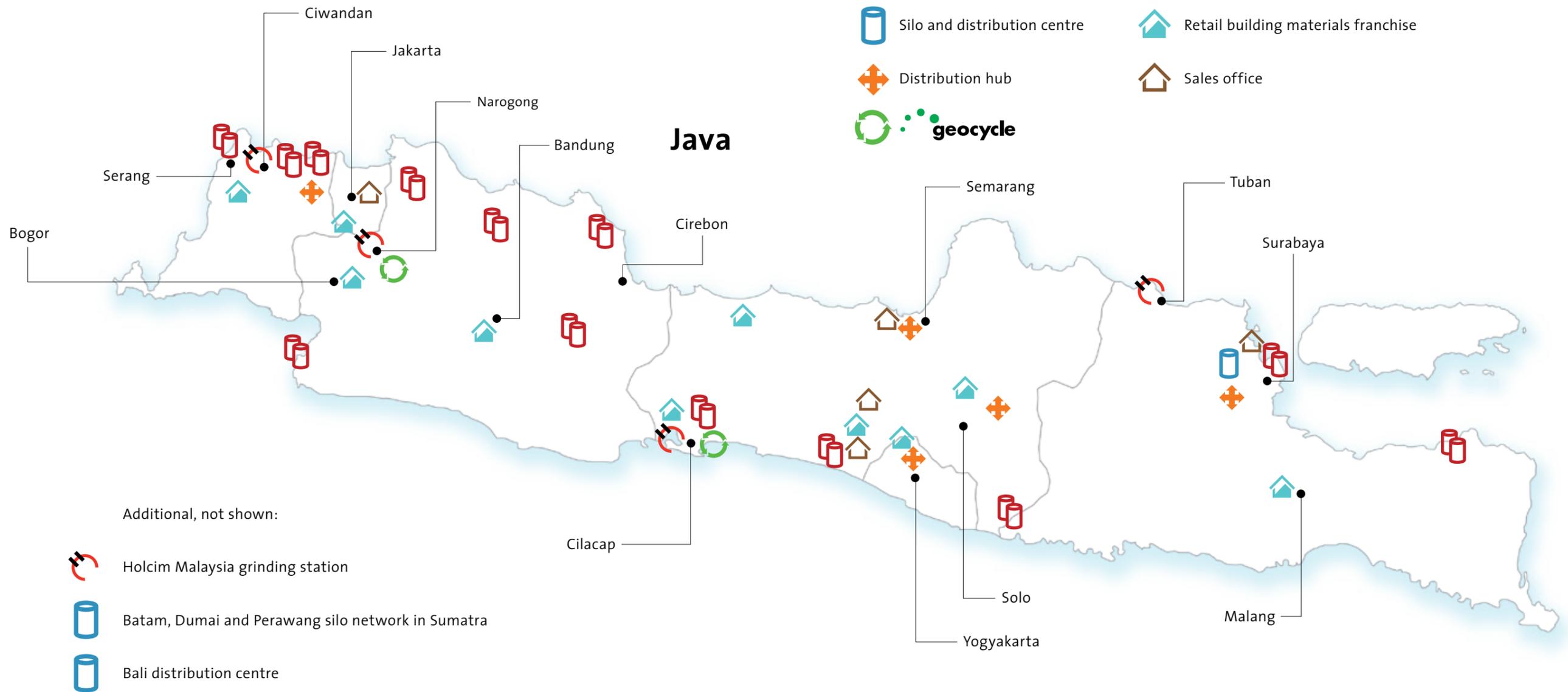
[1.2] Key impacts, risks and opportunities

Report Parameters

[3.6] Report boundary

The Holcim Network

Under construction, the new Tuban plant will complete the Holcim footprint in Indonesia's largest building materials market, Java. Our network includes 8,000 retailers and almost 300 Solusi Rumah outlets, dedicated sales offices, building materials distribution centres and ready mixed concrete batching plants - served by a logistics matrix of supply depots.



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

Additional, not shown:

- Holcim Malaysia grinding station
- Batam, Dumai and Perawang silo network in Sumatra
- Bali distribution centre



Safety for Business Partners and Customers

Solusi Rumah (SR) is our market leading one-stop affordable homebuilding business helping customers with all aspects of the process from planning and design to construction. We provide building materials products and valuable advice.

By opening a dedicated training centre in August, 2010, hundreds of new Solusi Rumah franchise owners and shop managers are being introduced to the product knowledge skills essential to operate an SR outlet.

After completing the two-day course, participants understand what distinguishes Holcim: the importance of our brand promise, and the vital connection between the disciplines of safety, productivity and performance.

Edo Ramces, pictured left, is the SR Quality Controller tasked with sustaining a 'safety first' ethic in all Solusi Rumah operations. "A safe working environment means less risk of lost time through injuries, less time wasted on mechanical breakdowns from operator errors, and greater productivity, something every small business owner needs if they are to grow."

Environmental Performance Indicators

[EN 26] Environmental impact on products

A sustainable business model

Our products and services are changing the way people live: affordable houses built with Holcim materials and expertise make a family home and a sound investment for the future. Fast-setting Holcim SpeedCrete is an efficient solution for public infrastructure repairs in busy, urban areas. Our continuous pouring capabilities are essential for the concrete foundations of high-rise towers and chimneys for much needed electrical power plants.

Holcim products are sustainable. Use of pozzolana and other mineral components with cementitious properties plus alternative waste materials instead of coal enables us to produce quality cement, such as Holcim Serba Guna, while conserving fossil fuels and emitting less CO₂ per tonne in the process. [EN 26]

Our products are accessible, thanks to increased numbers of silos, stock points and supply routes on and beyond Java, meeting development needs in Sumatra, Bali and Kalimantan, among others.

Solusi Rumah

We are now the largest branded chain of building materials suppliers in Indonesia, with 298 Solusi Rumah outlets, more than twice the outlets in 2009. Supporting the Solusi Rumah outlets, we operated 40 Concrete Product Manufacturers (CPMs). Customers access housing designs, budget and payment planning with partner banks, building materials and

pre-cast products, and a pool of 9,210 Holcim-trained masons.

Solusi Rumah currently generates a growing contribution to our monthly sales volume of bagged cement, and we expect to see this rise as the Solusi Rumah network expands. In May 2010, we officially launched the Solusi Rumah brand and began airing the "5 Easy Steps" Solusi Rumah commercial on prime time local television. The advertising drive was reinforced with radio jingles, bill boards, print media advertisement, and promotions on Facebook and Twitter. Additional customer care training preparations were rolled out to manage customer enquiries.

A Solusi Rumah training centre was opened in the Tim Mackay building in Narogong. In 2010 the centre trained 450 shop managers and franchise owners. Solusi Rumah outlets are audited every six months to ensure consistent safety and quality standards.

Masons

In 2010, we provided technical training to a further 3,024 masons bringing the total to 9,210 Holcim-trained masons. 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 and available through retail shops across Java.



Bulk cement transportation.

In 2010 we established the Holcim mason database: a bank of expertise available for customer use through Holcim's Customer Care personnel. A Solusi Rumah Contractor Training and Evaluation Programme has also been established, with 50 contractors currently being trained to become recommended contractors.

on the Jagorawi, Cimanggis, and Tangerang toll roads in Jakarta and apron building at the Soekarno Hatta international airport. Our MiniMix fleet handles phone orders, with consignments for narrow access and small-scale projects, delivered to the door, paid by credit card.

Customer focused channel management

In addition to adding more Retail Distribution Centres (RDC), one-stop supply depots carrying cement-based and other construction materials saving retail trade customers time and money, we extended the concept as a Contractor Distribution Centre for larger scale orders from the construction and developer market. A branded fleet of 350 GPS-fitted supply vehicles ensure customer orders can be precisely tracked. Mobile laboratory vans were launched during the year – the first of their kind in Java - providing on site technical support to masons and customers, demonstrating Holcim products their correct use and application.

Ready-mixed concrete

As Government spending on infrastructure is beginning to gain traction, our RMX operation is responding with innovative products and value added services. SpeedCrete, a quick-drying road building and repair solution ready for use after only eight hours, gained a strong following - projects included repairs

Environmentally aware

New Holcim-designed features at the Kuningan batching plant in Jakarta make it one of the greenest batching plants in operation, and our model for the future. A horizontal blending silo reduces both plant visibility and noise, and water pre-mixed into cement and aggregates before loading into mixer trucks, causes less dust. Half of the batching plant's water needs are met through collected rainwater, with a further 15 per cent supplied by recycled on site water.

Sustainable construction

Our RMX and Sustainable Construction team collaborate to provide a total solutions approach on large scale and infrastructure projects. Our experience in supplying power plants, dams, high rise buildings, roads and bridges is extensive, backed by our regional and global presence in 70 countries, knowledge that can be channeled into Indonesia. The Holcim Sustainable Construction team pioneered a collaborative low impact building - the Ecohome -

Solusi Rumah training centre.



Organisational Profile

[2.10] Awards and recognition

Economic Performance Indicators

[EC 6] Use of local suppliers

[EC9] Indirect economic impacts

Product Responsibility Indicators

[PR 1] OH&S product lifecycle

[PR 2] Non-compliance re: product safety

[PR 3] Required product information

[PR 4] Non-compliance re: product labeling

[PR 5] Customer satisfaction

[PR 6] Marketing

[PR 7] Non-compliance re: marketing

[PR 8] Customer privacy breaches

Human Rights Indicators

[HR 1] HR screening on agreements

[HR2] HR screening for contractors

a year ago and is now extending the knowledge gained into value added building design, for low energy green buildings, involving the application of radiant cooling technologies among others.

Customer care

We continually improve our products, service, and standards by asking our customers how we are doing and what they need. Each of our Board members is allocated customer liaison duties to ensure the Company is keenly aware of customer needs and market sentiment.

One good example is the launch of a zero per cent installment credit card for ready-mixed concrete customers in partnership with CIMB Niaga.

Customer experience further improved in 2010 with the launch of a new customer care call centre covering cement delivery and Solusi Rumah. Automatic case history retrieval linked to caller ID means cases can be handled more efficiently and by any Customer Call Officer. We also have a channel through which customers may make anonymous complaints, if preferred. [PR 8]

Customer perception was analysed in the 2010 Customer Satisfaction Index, which benchmarks Holcim at the top in four of ten categories namely, 'product quality', 'product availability', 'order and delivery' and 'sales executive'. Both marketing support and customer service improved by two points from the previous year. The survey is compiled by an independent market research firm. [PR 5]

Holcim won the Superbrands Award for the third successive year, and received the 2010 Excellent Brand Award for the second year running for our Serba Guna product. In addition, the Holcim RMX team was awarded the Vendor Excellence Award from PT Wijaya Karya in 2010. [2.10]

Customer and product safety

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

We also conduct safety analysis for all appointed suppliers, educating everyone in the supply chain on proper care for safe working conditions. All Holcim-trained masons have received training 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 on commercial terms and subject to normal contractual requirements. [EC 6, EC 9] [HR 1, HR 2]

The Holcim Awards

The international tri-annual Holcim Awards celebrate innovative, future-oriented sustainable building projects. This year our Sustainable Construction team conducted road shows in Jakarta, Yogyakarta, Bandung, Surabaya, and Bali: building awareness of the current Holcim Awards, which will be judged in 2011. The road shows were attended by over 300 practitioners in the construction industry, including architects, town planners, engineers and academics.

Supply chain management

Our logistics and export team have expanded our distribution and supply routes beyond Java, meeting customer needs in Sumatra, Kalimantan and Bali.

We increased silo capacity in East Java, boosting sales volumes by 30 per cent, and began constructing further logistics hubs in Sumatra, due for completion in 2011.

We opened a new logistics control centre in Narogong in November. The facility closely tracks the sales and transfer of cement; offers customers more accurate order status updates; has reduced in-plant cycle time and logistics costs, and better integrates all supply chain process data. Target turnaround times for trucks, train and ship loading were also achieved, and by increasing ship and train use by 30 per cent, we are reducing our overall logistics emissions.



Top: Coloured concrete gravel.

Left: First containerised delivery of Holcim cement to Sumatra.

Right: Holcim Mudik Bersama, transportation home for Idul Fitri.

Below: Quality improvements in bag production.





Double Agents

There is a large team of double agents helping our OH&S department: they are the safety wardens. Embedded within each department, our 45 safety wardens are actually full time operational staff. Sourcing our safety wardens from operational units adds specialized insight to our corporate OH&S team.

Our Holcim OH&S team provides safety inductions for the wardens. Their duties include minor incident investigations, safety observation tours, workplace inspections, job safety analysis, and hazard reporting. Safety wardens also attended more specialized trainings, such as scaffolding use and confined space safety.

Safety wardens report to their respective operational departments, not to the OH&S team. OH&S Manager Very Novendra, pictured left, explains, the safety wardens do not work alone. "In Narogong safety wardens meet once a fortnight during the year to discuss hot topics in their work areas. Together they identify problem areas, conduct joint workplace inspections, and devise effective solutions. As safety wardens are operational staff, they are best able to understand the hazards specific to their work areas and how these are best avoided."

In 2010 we extended this concept to include our contractors. Over the year, 30 safety wardens from 25 local companies received two days of safety training each.

"Safety wardens are safety champions for colleagues and visually reinforce as role models our requirement that everyone treats safety as their top priority and are personally responsible for themselves and those they work with." Eamon Ginley, President Director.

This page: safety inspections cover all areas of plant operations



Members of staff directed and produced six safety related videos during the year. A staff video inspired by a near miss in a quarry was played for Holcim Group audiences in Switzerland.

Organisational Profile

[2.10] Awards and recognition

Labour Indicators

[LA 7] Injury and disease rates

Labour Indicators

[LA 8] Raising OH&S awareness

Over the last five years we have completely overhauled on-site safety practices and set progressively higher safety performance targets. This year we smashed all previous records and targets by achieving 6.5 million man-hours of zero harm – well over last year's 4.7 million hours.

Performance

On August 1st we reached the milestone of 12 months without a Lost Time Injury, the first time Holcim Indonesia sustained a zero accident rate over a rolling 12 month period. Our safety performance is among the best in Holcim operations globally. There were no fatalities to employees or contractors in 2010, and in our RMX operation there have been no injuries to any employee over the last four years. [LA 7]

Having surpassed our safety target, we have now moved the bar higher and set ourselves a Lost Time Incident Frequency Rate of less than 0.7 and a Severity Rate of under 3.5.

Holcim maintained SMK3 and OHSAS 18001 accreditation in 2010, and for the second consecutive year were awarded the Golden Flag from the Ministry of Public Works for our occupational health and safety management. 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 2010, our Cilacap fire team won 2nd place in the Central Java Pertamina Fire-Fighting challenge. [2.10]

This year was the fourth year of our Safety Champion programme. The programme continually contributes to a safe working environment by encouraging voluntary safety inspections, timely reports and corrective action by our employees. A total of 1,272 staff participated this year, up from 984 last year. Winners and their team mates receive Rp 20 million education scholarships for their children.

In 2010, 8,347 hours of formal safety courses were attended by 1,943 participants, and as a habit, all

Holcim Indonesia meetings commence with a 'safety pause'. In line with the Holcim Group worldwide, we reviewed our Fatality Prevention Element in 2010 to ensure the highest safety standards. Review areas included working at height, isolation and lock out of machinery, lifting equipment, confined space safety, safety guarding around machinery moving parts, and vehicle and traffic safety. Our operational areas are continually evaluated for potential hazards and high risk areas are clearly signposted with reminders to wear the proper protection equipment. General safety and hazard identification refresher training was conducted for all employees through Holcim Academy.

Our safety performance figures include all 2,461 staff. Contractor training was stepped up in 2010 to raise their performance through on-site training. Modules included electrical safety and high voltage work, traffic and forklift safety, scaffolding and the use of personal fall arrest systems, hazard identification and reporting, incident reporting and investigation, and

crane and lifting operations. In Geocycle's operational areas, contractor safety awareness is being further raised through the new Safety Tool Box Talk initiative (see page 41). There were 23 contractor injuries in 2010, and days lost markedly improved from 69 lost contractor days in 2009 to zero in 2010. All contractors undertake compulsory safety awareness instruction. [LA 8]

AFR Certification (ACert)

Launched two 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.

Despite being a legal requirement, we have observed that few contractor drivers fully understand how to handle waste. The introduction of ACert has addressed this, with training on how to minimize risk, and handle spills, fires, and breakdowns. In total, 120 drivers from 26 companies completed the ACert course and compliance audits are held every six months.

Certification is provided by the Indonesian Transportation and Environment Ministries, and Geocycle will only work with contracting companies able to meet ACert standards. In addition 40 company representatives received awareness training on regulatory and safety requirements, and 70 representatives from 35 customers attended workshops on waste storage and packaging.

On-site safety improvements made during the year included equipment and storage facility upgrades, and the installation of fireproof walls in hazardous waste storage areas. A new wastewater treatment plant in Narogong treats potentially contaminated effluent prior to discharge.

Geocycle Indonesia is the first company in the Southeast Asia region to pilot the Holcim Group ACert programme.

Health

The Individual Health Development Programme continued in 2010 with personalised health programmes designed for 225 selected staff. Individual participant goals included weight loss, stress reduction, increased exercising, having a healthier diet, and stopping smoking. The OH&S team mentored the participants towards their specific goals. Health awareness discussions were conducted for groups of 15 to 20 participants twice a year on topics including malaria, tuberculosis, hepatitis, cancer, and diabetes. In 2010, 80 per cent of employees completed medical check ups. [LA 8]

On-site dust levels are monitored weekly by an external team of pulmonologists, and employees working in areas with dust are equipped with appropriate PPE. There were no identified occurrences of work-related disease during the reporting period. The absentee rate stood at 0.08, down from 0.12 the previous year, and the average number of sick days taken was 1.7 days per employee per year, down from 2.1 in 2009. [LA 7]

Holcim Indonesia has a formal health and safety committee comprising 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

Health programmes in 2010

Recipients	Education/training	Counseling	Prevention/risk control	Treatment
Employees	√	√	√	√
Contractors	√	x	x	√
Family members	√	√	√	√
Community members	√	√	√	x

Injuries sustained	Fatalities		Non permanent disabilities		Days lost	
	2009	2010	2009	2010	2009	2010
Full time employees	0	0	23	23	17	3
Contractors	1	0	32	23	69	0

safety training, in- and out-patient policies, family planning, immunisation, and industrial accidents benefits. [LA 6, LA 9]

Healthy habits at home encourage healthy habits at work. In 2010 we led 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 for family and community members through monthly clinics.

Emergency response

Following the Mt Merapi eruptions in October, Holcim coordinated two waves of emergency response comprising employees, union members, and employee family members. Aid items included food, water, blankets, clothing, masks, raincoats, and hygiene and first aid kits. With Yogyakarta's airport temporarily closed due to ash clouds, Holcim used five Marketing & Innovation cars to transport the aid to over 32 distribution points.

Holcim Indonesia has been a member of the National Safety Council of Indonesia since 2005.

The slipforming of a new 25cm-thick concrete jacket around two 64m-high blending silos in Narogong was both an example of good safety practices while working at height and good collaboration on safety between Holcim employees and the 70 supporting contractors. Gondolas and staff were required to pass safety inspections from an OH&S toolbox checklist every morning during the project.

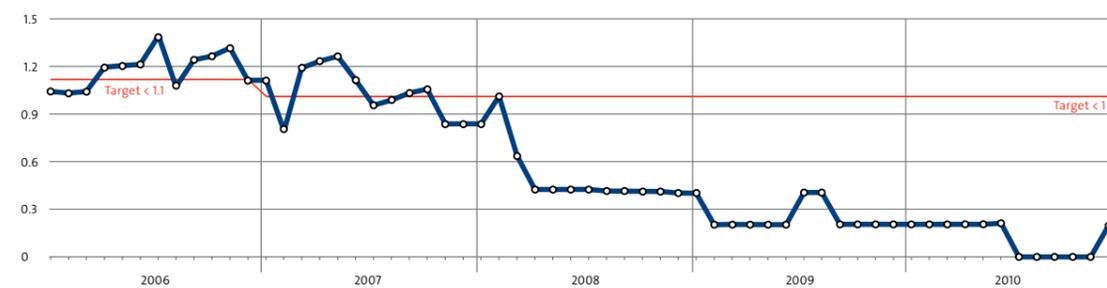


Labour Indicators

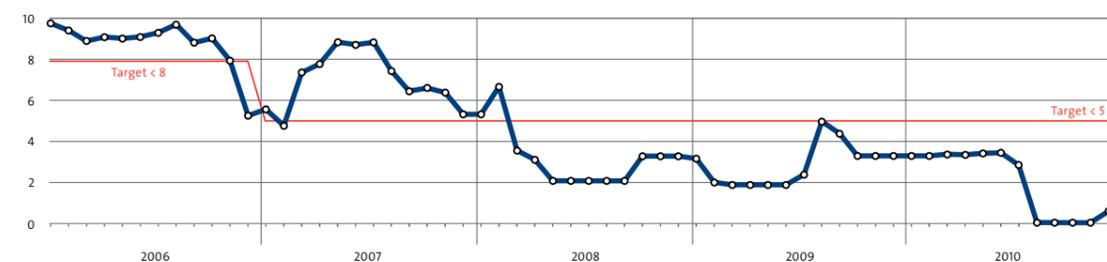
[LA 6] OH&S committee, employee representation and involvement

[LA 9] Health & Safety and Unions

Lost Time Incidents - Frequency Rate



Lost Time Incidents - Severity Rate



People & Stakeholder Engagement



Prevention through Information

Over the year, Holcim Corporate Doctor Dr. Trisnajaya led more than 25 group health talks for over 300 employees at batching plants and site offices across Java.

The discussions reduce employee risk to hazards by better equipping them to identify and avoid risk: prevention through awareness.

Session groups of around eight employees each discuss topics such as cardio vascular disease, diabetes, and ergonomics. Hazards such as chemical handling, dust and noise exposure were also covered, as well as how to recognise early symptoms of specific diseases.

The talks were held at 21 batching plants in west and central Java, at the Maloko and Jeladri quarries, and at offices in Jakarta, Semarang, Yogyakarta, and Surabaya. Dr. Trisnajaya was supported by both the OH&S team and the Learning & Development team from Holcim Academy.

“Employees would like to extend this programme to their families, like the Come Home Safely programme,” said Dr. Trisnajaya. The Come Home Safely campaign integrated employee family members into the companywide safety drive.

Investing in people

A happy, confident, capable staff is the foundation for a productive and efficient workplace. We invest in extensive training programmes, available to all our employees, to enhance their career opportunities, job satisfaction, and personal performance.

participants completed 82,517 hours of learning. In 2010, 1,245 employees participated in our leadership development programme, strengthening our future manager talent pool. Formal courses are also available for vocational and graduate development. [LA 10]

Total training hours [LA 10]	2009	2010
Top & senior management levels	1,228	1,598
Middle management levels	13,850	15,508
Other levels	49,876	65,411

Our EVE and GDP programmes are the front line of our next generation development. In 2010, the third batch of 32 enterprise-based vocational education (EVE) students successfully completed their three-year technical course, with three students also graduating from school cum laude. This year, Batch 6 of the EVE programme commenced, with all 32 students ear-marked for Tuban deployment. In total 65 EVE students, from across all EVE batches, will be selected for Tuban. In 2010, 12 students completed the graduate development programme (GDP), with all graduates gaining full time employment with Holcim.

Organisational Performance Improvement continues to further develop cross-directorate alignment, to upgrade specific operational areas, and build cooperation and cohesion throughout our

Holcim Academy

Holcim Academy is the heart of learning at Holcim Indonesia and is the first facility of its kind for Holcim in South East Asia. This year we renovated the Holcim Academy building in Narogong, renaming it the Tim Mackay building. Holcim Academy equips our employees with the skills they need to confidently and competently succeed in their tasks. In 2010 the Academy also held five international programmes, and cross-border capacity building activities with Holcim Malaysia, Sri Lanka, Vietnam, and the Philippines. The launch of the Solusi Rumah training centre on these premises also opened our training rooms to business partners and customers.

Holcim Academy has three pillars: Learning & Development, Organisational Performance Improvement (OPI), and Talent Management. The training academy provides hard and soft skills training and explores career advancement opportunities with employees. Courses offered during the year included Kiln Operator Excellence, Batcher Excellence, Demand & Supply Planning, and Consultative Selling. Overall

Labour Indicators

[LA 10] Employee training

A contractor spotted on-site with a copy of our 22-page monthly magazine Berita Kita. Berita Kita features articles across all areas of our operations.



We are an equal opportunities employer.

organisation. One of the key successes of OPI is the recognition and acceptance of OPI coaches and the endorsement of their initiatives by line managers. Ownership of OPI performance recommendations, means improvements are lasting. In 2010, Logistics-related OPI initiatives boosted revenues by US\$ 3.4 million as more efficient delivery times contributed to higher sales. An OPI-led programme in 2010 resulted in better integration among teams from Marketing, Manufacturing, and Logistics.

Human resources management

Through open communication between employees and supervisors, both gain greater understanding of each other's needs and clear understanding of the Company's strategic objectives. In 2010, we held two business briefings in which all employees and management met together to discuss the Company's present and future strategies. Results from our company-wide employee climate survey revealed improvements from the previous survey regarding employee engagement, values, and behaviour. Focus Group Discussions analysed the survey results and drafted action plans for each directorate for 2011. Other in-house communication tools and publications used during the year included the monthly Berita Kita magazine, Holcim TV, staff notice boards, and the intranet.

One-on-one performance appraisals continued throughout the year at which employees also plan desired skills development, and have the opportunity to give feedback to supervisors. Individual performance targets are determined at the start of the year; reviewed mid-year to ensure progress is on-track, and are concluded with a final performance review at the year end. In 2010, we met our targets for employee participation in e-Dialogues (electronically recorded employee-supervisor sessions). [LA 12]

Equal opportunities and innovation

As of December 31st 2010, Holcim Indonesia employed a total workforce of 2,461 employees, a 15 per cent increase from 2009: due to staff preparations for Tuban and expansion of our channels and integration of EVE & GDP.

Holcim is an equal opportunities employer and values male and female employees equally. In 2010, 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 for locals, the majority of our management. [EC 7] [LA 14]

Economic Performance Indicators

[EC 7] Employment of local managers

Labour Indicators

[LA 12] Career development reviews

[LA 14] Salary according to gender

Holcim employees are more than colleagues. After hours, staff across departments get together to play in music bands, join community or environmental activities, or face off on the futsal court.



We encourage innovation from our employees. Through the CEO Awards initiative, first launched in 2008, employees devise and submit ideas to improve Company operations, efficiency, and employee experience. The Project Management Office implements those ideas with the greatest qualitative and quantitative impact. In 2010, 1,000 employees submitted 633 new proposals to the CEO Awards, up from 603 entries the previous year. Gold winning ideas included: developing circular valves for cement bags; Tuban land management strategies; using bottom ash as a cement additive, and co-processing dry household waste. Over the year, more than 56 ideas were successfully implemented.

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 good career prospects, satisfactory salaries, capable colleagues, and supportive supervisors. Holcim Indonesia's entry level wage is 228 per cent higher than the local minimum wage, and employee bonus levels and remuneration correlate to their achievements throughout the year. [EC 3]

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, counseling 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 78 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]

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 2010, all Holcim security personnel received training on Holcim policies and standard operating procedures, including the Company's human rights policy. This training was not available for third-party security personnel working on our sites. Third-party security personnel conduct their own trainings, of which Indonesian human rights is a component. [HR 8]

Workforce structure [LA 1]

By age	2009	2010
<30	203	295
30-50	1,778	1,928
>50	156	238
Total	2,137	2,461

By location	2009	2010
Cilacap	614	616
Narogong	928	960
Others	595	885
Total	2,137	2,461

By employee group	2009	2010
Permanent	2,102	2,396
Temporary	19	48
Expatriate	16	17
Total	2,137	2,461

By gender	2009	2010
Female	184	220
Male	1,953	2,241
Total	2,137	2,461

By management level	2009	2010
Board and senior management	56	57
Middle management	64	74
Superintendent level	267	286
Supervisors and officers	1,750	2,044
Total	2,137	2,461

Employee turnover (based on full time employees) [LA 2]

By gender	2009	2010
Female	14	12
Male	252	64
Total	* 266	76

* includes Mutual voluntary separation programme

EVE programme	2008	2009	2010
New participants	32	28	32
Graduated	32	27	32

GDP programme	2008	2009	2010
New participants	12	15	12
Graduated	10	13	12



Nike visitors were impressed by Holcim's ACert waste management system.



Prof. Dr. Emil Salim launched our biodiversity study in Nusakambangan.



Narogong Community Relations Manager Dharmawan Reksodiputro and Prof. Dr. Ir. Enny Sudarmonowati of Jakarta Green Monster are working together to encourage recycling in the community around the plant.



CEO Awards.

Labour Indicators

[LA 1] Workforce by type, contract and region

[LA 2] Employee turnover

Economic Performance Indicators

[EC 3] Benefits plans for pension

[EC 5] Wages compared to minimum wage

Human Rights Indicators

[HR 4] Non-discrimination policy

[HR 5] Freedom of association

[HR 6] Child labour

[HR 7] Compulsory labour

[HR 8] Security personnel trained

Labour Indicators

[LA 3] Benefits for full time employees

[LA 4] Unions

[LA 5] Notice periods

[LA 11] After-employment care

[LA 13] Equal opportunities

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]

Shareholders	Employees	Customers	Community members	NGOs / Associations
Investors	Contractors	Retailers	Trade unions	Government ministries
Universities	Suppliers	Distributors	Masons	Media

of the day to day activities of our Community Relations Officers. [4.16]

Swiss presidential visit

A highlight of the year was the visit of President of the Swiss Confederation Doris Leuthard to our Solusi Rumah facilities in East Java in 2010.

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 exposes, 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, and a mason football competition, as well as informal community meetings as part

She was accompanied by a Swiss business delegation comprising CEOs and Chairmen of globally active Swiss companies, the ambassadors to Switzerland and Indonesia, the Indonesian Health Minister, and Holcim Indonesia President Commissioner Paul Hugentobler. President Leuthard was visiting Indonesia to promote Swiss-Indonesian business relations and the role of Swiss technology in Indonesia. Our role in her visit was to show the delegation an example of Swiss business development being realised, and the Company's social development and environmental work. President Leuthard later commented that the visit to Solusi Rumah had been a highlight of her Indonesia trip.

Geocycle

Geocycle welcomed international visitors during

the year, including a delegation of around 60 personnel from Nike. The Nike staff toured the Geocycle laboratory, waste storage, and feeding facilities at Narogong as part of a fact-finding trip to understand the benefits of waste co-processing. Fifty four of the guests were apparel compliance officers from factories in India, Sri Lanka, Pakistan, Thailand, Malaysia and Indonesia; they were accompanied by staff from Nike Indonesia and the United Kingdom and senior managers of Nike contracting companies.

Over the year Geocycle held two Geocycle Customer Gatherings for 160 customers from over 56 companies. 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 will develop the platform further by facilitating a customer forum via the Geocycle website in 2011.

Geocycle also began developing The Green Book in 2010: a comic book for primary school children living around the Narogong and Cilacap plants. The book has five sections: ozone layer protection, recycling, composting, keeping rivers clean, and environmental awareness, and will feature a preface from President Director Eamon Ginley and former Environment Minister Emil Salim. The book will be distributed to local schools as a teaching aid in 2011.

Masons

In the sixth Holcim-sponsored mudik bersama, we helped send over 5,000 masons home to 72 destinations across Java. In 2010 we launched a masons knock-out football tournament: Gala Bola. Kicking off in March, 1,024 teams of masons competed for the chance to fly to South Africa to watch the final of the 2010 World: the grand prize of the Gala Bola. In July, the 11 members of champions Serang were flown to South Africa for four days. The tournament boosted a sense of team spirit among the mason community and aimed to positively associate Holcim products with them.

Our Community Relations teams in Cilacap and Tuban began printing company newsletters for community members and local government offices in 2010. Collectively, 10 different bulletins were distributed to over 13,000 local stakeholders in 2010. The newsletters provided updates on local livelihood businesses, scholarships awarded, environmental activities, land reclamation work, activities on Nusakambangan and the posdaya programme. The Environmental Quality Standards department in Cilacap also produced an

environmental video for external visitors showing Holcim's activities in Cilacap and Nusakambangan towards conservation. Holcim Narogong prints its first 1,200 copies of Warta Narogong in 2011.

All issues raised by stakeholders are considered carefully by the corporate communications team and tabled at Board level, as and when necessary. If you wish to get in touch with Holcim, please contact: Corporate Communications Manager Budi Primawan, address given on page 54. [4.17]

Governance

[4.17] Stakeholder concerns

Below: Being informative: in print, on site and in guidance.



Holcim staff with stakeholders - officials from local governance at the launch of a road build by Holcim in Warung Bambu Village, in July 2010.





Living safely, working well

The Holcim Maloko Training Centre has been teaching local masons how to properly handle and use construction materials and showing local schoolchildren how to live safely near an active quarry.

Masons

This was the first year we brought the mason training programme to Maloko. Around 82 local masons attended the two-day training which was presented in conjunction with the Civil Department of the Jakarta Polytechnic. Classroom talks covered health and safety. There were practical modules on proper concrete pouring techniques, safe foundation building, bricklaying, and concrete casting.

“Now I can properly put up a concrete-brick wall – and in half the time usually needed for ordinary bricks!” said participant Subur.

“The training demonstrated the importance of teamwork and working to proper standards,” said Peggy Arnolia, Maloko Senior Community Relations Officer. Peggy has been key in the designing and establishment of Holcim’s community relations programme in Maloko.

Since 2007, Holcim has trained over 9,200 masons across Java.

Community

The Holcim Maloko Training Centre also conducted safety and health awareness sessions for 17 employee wives and 84 local schoolchildren at Madrasah Ibtidaiyah Mathlul Anwar in Sukasari. The two-hour classes, for pupils aged six to 12, explained the dangers of illegally entering the quarry, and included a video on mining safety.

Children at the Puspa Ayu 14 Posdaya in Tegal Kamulyan, Cilacap enjoy free pre-school three mornings a week. The centre was built using donations from the community. Holcim contributed educational materials, posters, toys and accounting books for the centre.



Refreshing our approach

In 2010 we redefined our CSR objectives and strategies in line with our re-focused Company vision and mission statements. Our community relations mission is to create value for the Company while visibly impacting our stakeholders through best CSR practices.

We aim to positively impact our local stakeholders through a CSR programme which focuses on: livelihood development, education and vocational training, and infrastructure development.

Livelihood development

In Cilacap, we have started supporting and developing local posdaya programmes as a means to promote economic development and community empowerment through strengthening the family unit. The posdaya concept was developed by the national Damandiri foundation and Jendral Soedirman University in Purwokerto. When Holcim began evaluating existing posdaya in 2009, we found good alignment between posdaya objectives (child health, education, economic development, and the environment) and our own. The Holcim Posdaya go further and include health care for the elderly, pre-schools, and waste collection systems.

There are now 27 Holcim Posdaya in 19 villages around Cilacap serving approximately 1,000 families.

Current collective assets held by the Holcim Posdaya are Rp 520 million. We not only plan to establish 50 Holcim Posdaya by 2012, but to establish the Holcim Posdaya as the training centres and role models for other independent posdaya. In 2010 we conducted 15 trainings for 429 posdaya volunteers on how to vacuum process fish, grow mushrooms, make handicrafts and snacks, and train pre-school teachers.

Though the Holcim Posdaya programme is still new, it has already inspired the local Cilacap government to establish a further 1,000 posdaya throughout the district. Holcim was awarded the Posdaya Damandiri Award in 2010.

Launched in 2006, the revolving community microfinance funds are both a source of local pride and economic empowerment. These micro finance institutions (MFIs) provide community entrepreneurs with the means to create, invest in, and manage their own micro businesses. Over the last five years the combined assets of the MFIs in Narogong have grown to Rp 3.8 billion, up from Rp 2.9 billion in 2009, and support 3,000 account holders. Among the new businesses established in 2010 were catfish, chicken, duck, goat and cow breeding; eucalyptus oil refinery; plastic rattan furniture manufacture, and catering.

Education and skills development

The relationship between Holcim and our local communities is maturing. Community members now

make less cash requests and more proposals aligned with sustainable development principles: particularly education and vocational skills training.

In 2010, we awarded 770 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 sessions in Narogong, Cilacap, and Maloko continued throughout the year with courses offered on welding, sewing, animal husbandry, and electrical and cooling system maintenance reaching 120 participants. On Nusakambangan Island, we started a skills training programme for 450 prisoners. Courses cover computer skills, English language, basic construction, and automotive repairs, among others.

A new livelihoods initiative in Kutawaru, Cilacap is helping reduce illegal and environmentally harmful fishing practices while improving Company-

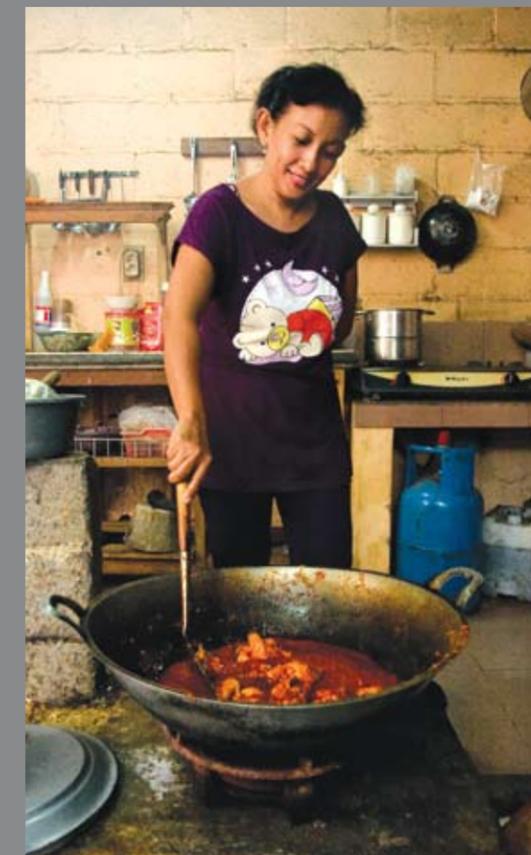
community relations. The fishermen trawled in the sea lanes used by Holcim's limestone barges, placing themselves and barge operators in danger and difficulty – including the loss of nets tangled in marine propellers. Relations between the fishing community and Holcim had previously been fragile, but in 2010 the parties reached a solution and ten fishermen have moved into farming and transportation. Holcim provided training, equipment and start-up capital to the ten entrepreneurs.

In 2010 we set up 41 local health posts in Cilacap reaching 1,434 children and 1,012 adults. Cilacap 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 continued to provide a general health and weight check up service at 14 children's health centres; inoculation services, and food to improve child nutrition. Four public dialogue seminars

Social Indicators

[SO 1] Impact of Company operations on community



For the past seven years, single mum Umami Hani Ah was hostage to the payment terms of the market traders from whom she borrowed money. When Holcim established the BMT Swadaya Pribumi micro finance institution in Narogong, west Java, Umami was finally able to apply for a loan from a neutral party.

Umami's catering business supplies local construction companies with between 300 to 700 homemade boxed meals a day, six days a week. As she is paid three months after delivery, she has always needed money upfront to buy fresh ingredients. Umami fell into a trap of borrowing from market vendors. "Because I was indebted to certain traders, I was not free to buy the exact produce I wanted from whom I wanted," she said.

Since 2008 Umami has been a BMT account holder. "That first loan immediately gave me operational security and freedom. I no longer had to worry about the upcoming week," she recounted. Umami has repaid four loans in succession and is now supported by a fifth. She employs eight local women, cooks from her own kitchen, packs and delivers the meals herself, and meets all provincial, regional and district health regulations. [SO1]

Social Indicators

[SO 1] Impact of Company operations on community

on environmental health care and healthy living conditions were presented at two villages reaching approximately 200 mothers. The seminars, presented in conjunction with local nurses and village health facility agents, covered air pollution, malaria, and domestic waste management.

Infrastructure development

Being a cement company we are well positioned to provide materials and technical support for community infrastructure development. However, we encourage community members themselves to propose and prioritise their needs, and take charge of the management and monitoring of the projects. In this way, community members gain project management experience and take responsibility for the new facilities. The local economy is boosted during the construction and implementation stages. Organisational support is provided, if needed, through a Holcim Community Relations Officer.

In 2010 infrastructure improvement projects included village road and office renovations; a new multi purpose building in Karangtalun, Cilacap, and a new 100m² village hall for the Glondonggede community near Tuban. In Mliwang, Tuban, we completed a two-year water provision project, and in Karangasem and Kedungrejo we have started work on a bio-gas production project, to be complete in 2013.

The Holcim MiniMix team built 11 new village roads and poured 470m³ of concrete in Karawang, west Java, as part of the Jalan Lingkungan project from the Ministry of Public Works. The project continues in 2011.

Communications and relations

We have two formal channels for community members and employees: Community Advisory Panels (CAPs) and Public Communication Forums. CAP meetings are regularly held with local leaders from the communities immediately around our operational sites. We discuss ideas to meet needs proposed by the community, and plan together the management, monitoring and evaluation stages of each project. Project management and monitoring is undertaken by community representatives. Comments, complaints, and progress on ongoing projects are covered in CAP meetings. Including the latest, established at Maloko in 2010, we now have four CAPs around our operational sites. Public Communication Forums are more informal and are open to all members of the villages.

Many of our employees live in local villages, and throughout the year we join our neighbours in shared community activities. In 2010, these included Independence Day and religious holiday celebrations, and the second Tuban kite festival. On Earth Day we donated 1,000 fruit tree seedlings to local neighbourhoods in Narogong and Cilacap.

In 2010 Holcim established Community Engagement Plans for Cilacap, Narogong, Tuban and Maloko. The CEPs have three objectives:

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



The 1.9m width of the Holcim Mini Mixer trucks makes them ideal to work on the very narrow roads selected for the Jalan Lingkungan project. "The impact of this road is very positive," said Caca Hidayat, a schoolmaster and resident of Warung Bambu village in Karawang. "It used to be just dirt and stones here. When it rained we had to lift up our trousers and it was difficult to know where to tread. Now the road is safe to use and safe for children to cycle on." Bread seller Sarkim said driving on 'real roads' was safer, quicker, easier and better for business, requiring less motorcycle maintenance. [SO 1]



Left: A member of the Mliwang village representative group shows a new water meter installed after Holcim Indonesia established a water system at Mliwang.

Right: Near Narogong, rattan furniture weaving, one of many self-help programmes.

CSR budget allocation [EC 8]	2009	2010
Livelihood	28%	19%
Social and education	42%	56%
Infrastructure	30%	25%
Total	Rp 4,685 million	Rp 7,069 million

Our CSR programmes across Java were commended throughout the year. We received CSR awards from the Governors of West Java and Central Java, and the Regents of Bogor, Cilacap and Tuban.

External assessment of CSR programmes

In 2010 we engaged external assessor IPB to monitor and evaluate the community perception of and impact of our CSR programmes around Narogong. Key findings of the assessments are given here.

Communities* perceive that the main goal of Holcim's CSR programme is to improve community welfare based upon the needs of each Ring 1 community. They consider infrastructure development to be the most dominant of Holcim's CSR programmes and the area in which communities are most involved.

Communities consider that Holcim's CSR programmes match community needs and projects, and that the

amount and quality of aid given meets expectations. Communities report that they are involved in the implementation of projects, but less so in the planning, monitoring, and evaluation of projects. Communities expect CSR programmes to develop business opportunities and infrastructure, and to award scholarships. They want to see future improvement in the utilisation of CSR funds.

Communities perceive Holcim as a helpful company which respects community culture, and is well organised and quick to respond. Holcim employees are considered to be patient and good at listening, but are encouraged to engage more often with local people in communities.

Stakeholders comprising local village chiefs and staff, local NGOs and organisations, perceive a gap in coordination between Holcim's CSR programmes and those of the local government. They recommend a move from infrastructure development to community empowerment through the development of the local economy and education, and an increase in spending.

* The community involved in this part of the survey comprised low income people living in the immediate vicinity of the Narogong plant.

Economic Performance Indicators

[EC 8] Investment/ services for the public



Safety Tool Box Talk

On-site safety protects everyone: employees, visitors, and contractors.

Holcim's Geocycle unit provides waste solutions for the industrial and agribusiness sectors, by receiving selected wastes that can be eradicated in our kilns as an alternative to combusting coal. As these waste volumes build we have to be alert regarding the safe handling of hazardous materials at all times.

In 2010, Geocycle increased the visibility of its managers talking safety on the shop floor through an initiative called Safety Tool Box Talk. The Safety Tool Box Talks are designed to impress upon contractors that they are part of the safe working practices at Holcim. The talks provide safety information on the contractors' particular tasks enabling them to work with confidence.

Geocycle Technical Engineer, Widjayadi, pictured here, is one of the Holcim staff involved. "We talk about the safety of specific tasks before they begin," he said. "In the biomass storage area in Cilacap, contractors prepare biomass and oil sludge for feeding into the kiln. This involves moving and handling large drums with heavy equipment – requiring care and discipline.

Says Widjayadi, "The Safety Tool Box Talks are a great way to refresh contractors on the safety aspects and objectives of these specific tasks so everyone is clear about what they're doing, why, and how it impacts their co-workers."

Waste water facilities.



Holcim employees take part in an environmental mapping in lush rain forest on Nusakambangan island.

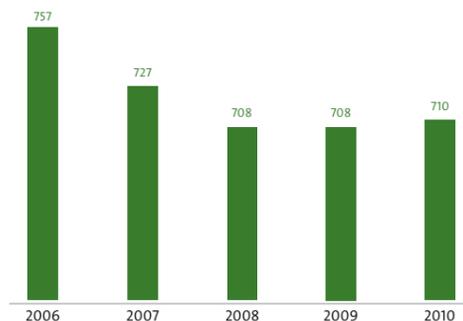
Environmental Performance Indicators

- [EN 2] Use of recycled materials
- [EN 4] Indirect energy consumption
- [EN 7] Reduced indirect energy consumption
- [EN 16] Greenhouse gas emissions
- [EN 18] Greenhouse gas reductions

Collectively, the cement industry produces around 5 per cent of mankind's carbon dioxide 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.

Holcim Indonesia's net carbon dioxide emissions are 14.37 per cent lower than 2003. CO₂ emissions did rise slightly this year from 708 kg CO₂ / tonne cementitious material to 710 due to lower biomass availability.

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



Note: In December 2010 we changed the calcination factor used to determine our CO₂ levels, giving a new reading for the year of 715 kg CO₂ / tonne cementitious material. This figure will be used to compare year on year changes in our subsequent report.

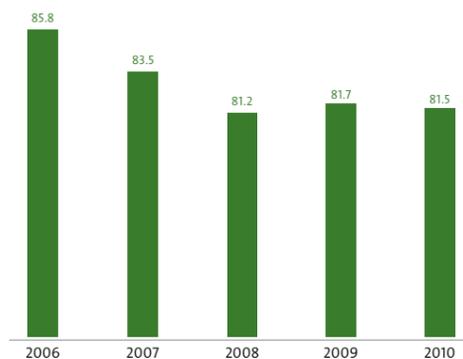
Verified in 2009, our clean development mechanism project (CDM) uses agricultural and plantation waste for fuel to reduce our overall emissions, and is accredited under the United Nations Framework Convention on Climate Change (UNFCCC). In 2010, we were issued Certified Emissions Reduction certificates for 12,335 tons of offset CO₂ worth approximately 137,000 Euros. Earnings from our CDM will be folded back into the project to finance the next verification process, maintain the CDM facility, and continue to purchase biomass from the community.

In 2010, we increased the usage of sea and train transport by 30 per cent to further reduce the carbon footprint of our logistics operations. Trials into using compressed natural gas to fuel five of our mixer trucks have been completed.

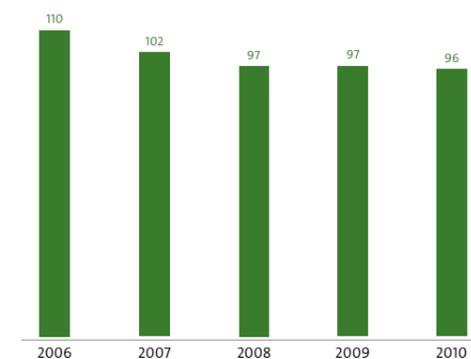
Our employees help reduce the impact of daily commutes through bus-pooling and cycling to work. Both plants have bicycles on site for employees to use between locations. [EN 7]

Power consumption was reduced to 96 kWh/tonne of cement from 97 kWh/tonne cement in 2009. New investments in 2010 included the installation of a new variable speed drive and guide vane at Cilacap, which

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



Power consumption [EN 4] (kWh / tonne cement)



increased the availability of the Cilacap ID Fan and lowered power consumption.

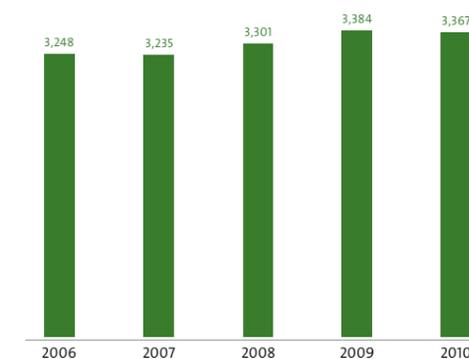
Waste management

Holcim approaches the subject of waste on two levels: first we monitor and manage all our own solid and liquid waste; second we provide solutions in professional waste management to leading industries, the agribusiness sector, municipalities and waste collectors.

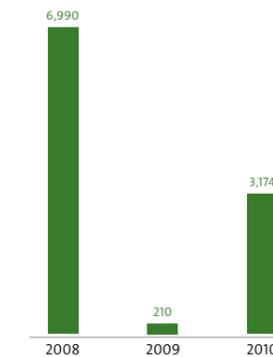
Usable waste from our plants, such as plastic bottles and paper are collected by informal community waste collectors who are able to recover the economic value in it. The remainder is co-processed using our kilns with zero residue. [EN 22]

Our waste management business unit Geocycle has earned a reputation in the industry sector for providing professional permanent solutions to solid, liquid, and gaseous waste. Geocycle uses the kiln environment to completely eradicate waste streams with no residue, offering a more responsible waste management method than landfilling, which has inherent contamination risks to groundwater and soil. Geocycle's complete solutions offer peace of mind to customers wanting to maintain their reputations, by responsibly dealing with industrial waste and assisting them eliminate off-spec or expired products bearing their brand.

Heat consumption [EN 5] (MJ / tonne clinker)



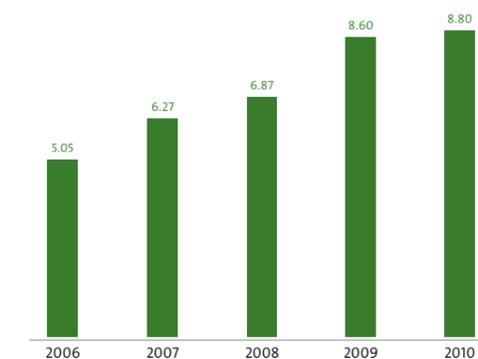
Ozone-depleting CFCs processed [EN 19] (kg)



Total waste volumes handled by Geocycle rose during the year: treated and co-processed industrial waste increased 56 per cent to 169,000 tonnes, and co-processed biomass and alternative materials rose 30 per cent to 38,000 tonnes. In 2010, Geocycle also co-processed 3,174 kilogrammes of ozone-depleting CFCs. [EN 19]

Over the year Geocycle launched a new secure document destruction facility, consolidated a waste mapping service for external customers, hosted two Geocycle Customer Gatherings, and welcomed visitors

Thermal substitution rate (%)



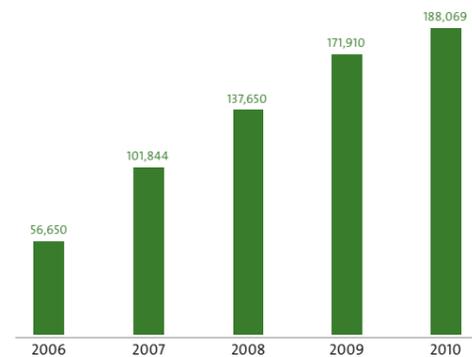
Environmental Performance Indicators

- [EN 5] Energy efficiency improvements
- [EN 19] ODS emissions by weight
- [EN 22] Waste types and disposal methods

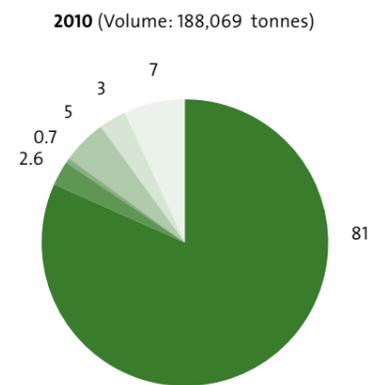
Organisational Profile

[2.10] Awards and recognition

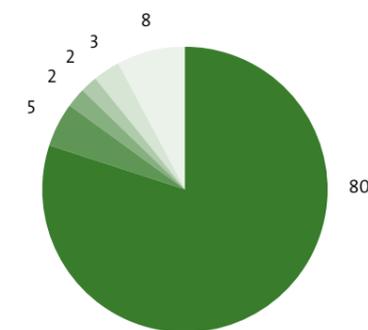
Quantity of alternative fuel: biomass and industrial waste (tonnes)



Waste types co-processed as alternative fuels (% by volume)



2009 (Volume: 171,910 tonnes)



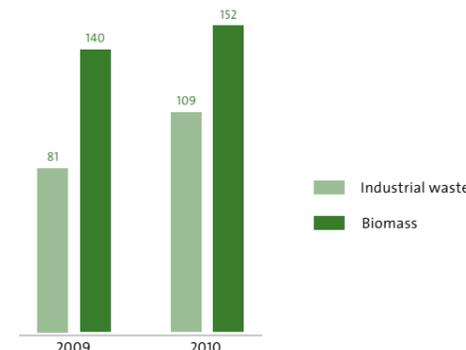
- Biomass
- Mixed liquid waste
- Rejected consumer products
- Sorted municipal solid waste
- Oil sludge
- Other industrial waste (>20 different types)

from Holcim Thailand, Vietnam, and India for best-practice sharing on biomass and municipal waste handling.

Environmental policy, standards and compliance

In 2010 Holcim was one of only two companies in Indonesia to be awarded the top PROPER status for environmental excellence in the Ministry of Environment's annual corporate environmental performance ratings. The Gold was awarded to the Cilacap plant, which had previously maintained Green status (signifying beyond compliance) for five consecutive years. The Narogong plant was awarded Blue status, a drop from last year's Green, due to emissions prior to routine annual maintenance work. Both plants maintained ISO 14001 standards, and the Narogong quarry received the Silver Award for Mining from the Ministry of Mining - which placed Holcim above other cement peers. Holcim was awarded 1st place in the Green Industry Awards from the Ministry of Industry. [2.10]

Total waste co-processed (000 tonnes)



This year Holcim Indonesia joins Holcim Sri Lanka in having the only ISO 17025 accredited laboratory in the Holcim Group after the certification of the waste management laboratory in Narogong. The certification assures customers of the laboratory's full compliance with prevailing standards to yield accurate, consistent test data. All waste processed by Geocycle is first analysed in the laboratory.

Biodiversity

Under our 5-Year Corporate Environmental Roadmap, we aim to establish biodiversity management plans at all production sites and quarries. In 2010 we began a biodiversity study with Flora Fauna International

into the high-conservation forests on the 11,510-hectare Nusakambangan Island, on which we have a 112-hectare limestone quarry. Field surveys identified areas within our mining concession to be protected, and we consulted with local stakeholders on how to conserve the island's wildlife. [EN 11]

Critically endangered species found on the island include the clouded leopard and spotted leopard, as well as populations of eagles, wild boar, monkeys, civets, mouse deer, hedgehogs, armadillos, and 23 species of bats – two of which are threatened species. Bats are key species for controlling insect populations, pollinating flowers, and dispersing seeds. Our rehabilitation work includes tree species favoured by bats. The biodiversity study is due to be published in April 2011 and will form the base of an island-wide conservation strategy.

Re-greening and land rehabilitation is ongoing. In 2010 we planted 40,000 trees around our operations on Java, and rehabilitated over 20 hectares of former quarry. We established deer, bird and butterfly breeding sanctuaries in our Cilacap plant and Jeruk Legi quarry, and increased the tree species planted in the 46-hectare Cilacap city forest. [EN 13]



Above: Pre-processed waste.

Below: Gaining ISO 17025 accreditation.



Environmental Performance Indicators

[EN 11] Land owned near protected areas or areas with high biodiversity

[EN 13] Habitats protected/restored



Twelve camera traps on Nusakambangan catch images of a huge variety of wildlife.



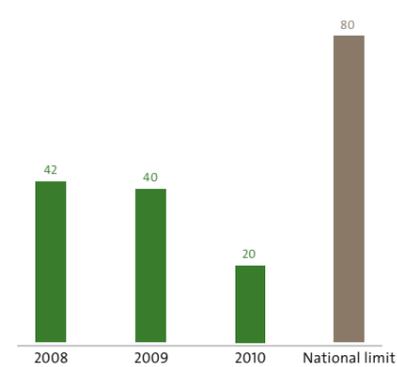
Air and water impact

The use of electrostatic precipitators at our plants trap and collect dust generated through the production process. Dust and exhaust fumes from heavy mining equipment are monitored in our quarries, and water is sprayed on quarry roads for dust control. Vehicles pass through water dips before entering public roads. We measure run-off levels in the quarries and use settling ponds.

We monitor plant emissions of oxygen, sulphur dioxide, nitrogen oxide, and volatile organic compounds daily to ensure Indonesian legislative and Holcim standards are met or bettered. Monitoring instruments are cleaned and inspected daily to give accurate readings.

Through closed circuit cooling systems in our plants, water is recycled and treated grey and black water re-enters the manufacturing process to be used for cooling.

Average dust emission
(mg/nm³)



In 2010 we installed our first biological waste water treatment facility in Narogong. The facility processes grey and black water from the Main Office, OH&S building, and Central Control Room. Discharged water is tested daily for pH levels and total suspended solids (TSS) and meets Environmental Ministry Category B standards and West Java government Type 1 ratings, meaning the discharge is fit for agriculture and laundry.

In 2010 we also installed a hazardous waste water treatment plant, which collects waste water from Geocycle's waste storage facilities. The plant processes five cubic metres of water an hour through biological and chemical treatment stages. Sludge from the process is pressed into cakes and returned to the production process as fuel. [EN 10, EN 21]

Water at Narogong and Cilacap is drawn from the national water grid and local rivers. The local rivers are not designated as protected biodiversity areas. [EN 9]

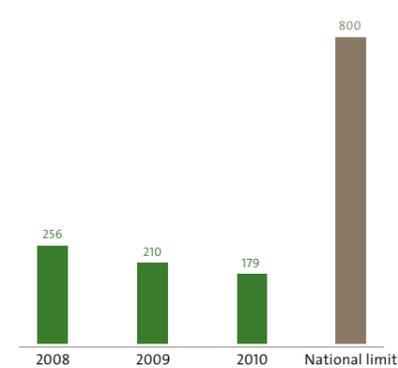
Noise

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.

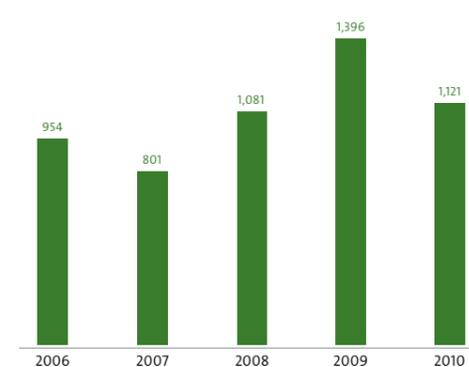
Compliance

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

Average SO₂ emissions [EN 20]
(mg/nm³)



Water consumption [EN 8]
(000 m³)



Left: Cilacap plant

Right: our new greenhouse on Nusakambangan.

Below: Sukabumi Regent, Sukmawijaya digs a hole in a tree planting exercise to mark the rehabilitation of Cibadak quarry on its closing.





Setting the Gold Standard

Safe environmental and operational practices contributed to Holcim being one of only two companies in Indonesia to be awarded the Gold rating in the Indonesian Ministry of Environment's annual corporate environmental performance ratings (PROPER) in 2010.

Criteria judged included water use, waste management and recycling practices, air emissions reductions, resource and energy efficiency, environmental management systems, and community programmes for entrepreneurship.

Pictured left, Cilacap Plant Manager Sidik Darusulistyo summarises the year's performance highlights.

"The Cilacap plant has maintained CO₂ emissions well below national thresholds; we have reduced energy consumption, and use alternative fuels to reduce the use of fossil fuels. We are undertaking biodiversity and conservation studies on Nusakambangan Island with the government, NGOs and universities. We have established the 46-hectare Cilacap city forest, noted for being the best in central Java and in the top three nationally, containing over 105,000 trees of 43 species. We are also developing bird, butterfly and deer parks within our grounds as well as botanical gardens.

"Under a new framework we measure and monitor the impact of CSR activities on the quality of local life. We are also developing upon the posdaya concept of family-focused community development. We don't work alone. Good relationships with local government and our local stakeholders are essential."

The PROPER award ceremony held in November was attended by the Vice President of Indonesia, Boediono, and the Minister of Environment, Gusti Muhammad Hatta.

Governance

[4.1] Governance structure

[4.2] Role of Board of Commissioners

[4.3] Independent board members

[4.4] Communication with Board of Commissioners

[4.5] Board compensation

[4.6] Conflicts of interests

[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, and 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 whistle-blowing 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 2010, 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 12 confidential reports through the system; seven have been settled, and five are in progress. Whistle-blowing awareness among employees and contractors will be further raised in 2011 through two planned Speak Up promotions. [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 2010, the Company received zero fines. [SO 8] [PR 9]

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

[4.9] Management of triple bottom line

[4.11] Risk management

Product Responsibility Indicators

[PR 9] Fines for non-compliance

Social Indicators

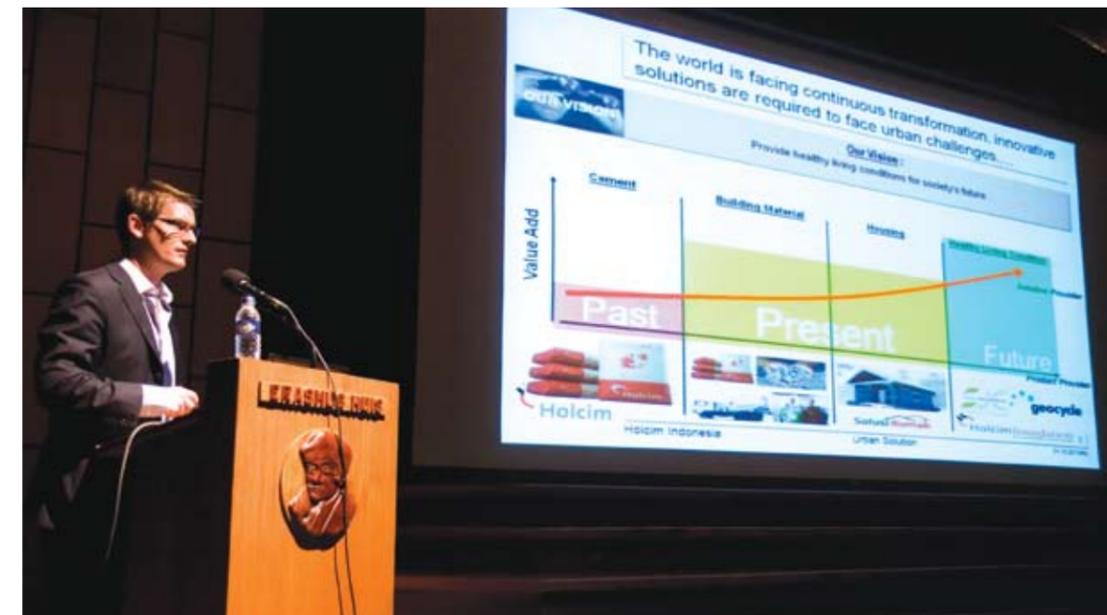
[SO 2] Corruption

[SO 3] Anti-corruption training

[SO 4] Response to corruption incidents

[SO 6] Financial contributions to politicians

[SO 8] Fines for non-compliance



Promoting sustainability in construction at a Jakarta seminar.

Company Profile

Organisational Profile

- [2.1] Name of organisation
- [2.2] Primary brands, products and 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

- [4.8] Company values and standards
- [4.13] Membership in associations

Economic Performance Indicators

- [EC 1] Direct economic value

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. 80.65 per cent, foreign investors 11.93 per cent and the Indonesian public 7.42 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), 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 2,461 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 (in million Rupiah) [EC 1]		
Direct economic value generated	2009	2010
Revenues	5,953,548	5,961,319
Economic value distributed		
Operating costs	4,062,376	4,118,774
Employee wages and benefits	468,654	496,499
Payments to providers of capital	98,834	48,463
Payments to government	283,445	292,002
Community investments	14,655	11,970



Global Reporting Initiative (GRI) Index

Organisational Profile

[2.4] Headquarters

Report Parameters

[3.4] Corporate communication contact

[3.12] GRI index

[3.13] Assurance

Governance

[4.17] Stakeholder concerns

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. [3.12]

Self Declaration

This Sustainable Development Report has been internally assessed and prepared to GRI Application Level B according to the indicators covered. [3.13]



1. Vision and Strategy		
1.1	Sustainability vision	10, 11
1.2	Key impacts, risks and opportunities	10, 11

2. Organisational Profile		
2.1	Name of organisation	52
2.2	Primary brands, products and services	52
2.3	Operational structure	52
2.4	Headquarters	54
2.5	Operational geography	52
2.6	Ownership structure	52
2.7	Target markets	52
2.8	Company scale	52
2.9	Significant ownership changes	52
2.10	Awards and recognition	18, 22, 44

3. Report Parameters		
3.1	Reporting period	IFC
3.2	Previous report	IFC
3.3	Reporting cycle	2
3.4	Corporate communication contact	54
3.5	Report scope	IFC
3.6	Report boundary	IFC, 10, 11
3.7	Report limitations	n/a
3.8	Joint ventures	n/a
3.9	Data measurement	IFC
3.10	Re-statements	n/a
3.11	Report method changes	n/a
3.12	GRI index	54
3.13	Assurance	54

4. Governance		
4.1	Governance structure	50
4.2	Role of Board of Commissioners	50
4.3	Independent board members	50
4.4	Communication with Board of Commissioners	50
4.5	Board compensation	50
4.6	Conflicts of interests	50
4.7	Board member eligibility	50

n/a: not applicable

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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Glossary of terms

ACert

AFR Certification

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

CNG

Compressed natural gas

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

MIC

Minerals in cement with cementitious properties

MFI

Micro Finance Institution

ODS

Ozone-Depleting Substances

OH&S

Occupational Health & Safety

OPI

Organisational Performance Improvements

PPE

Personal Protection Equipment

RDC

Retail 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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