UN Global Compact Communication on Progress 2010

About Holcim

Holcim is one of the world's leading suppliers of cement and aggregates (crushed stone, gravel and sand), as well as further activities such as ready-mix concrete and asphalt including services. The Group has majority and minority holdings in around 70 countries across all continents.

Holcim has been a member of the UN Global Compact since 2003 and reports yearly on progress made in implementing the ten principles of the UN Global Compact. This Communication on Progress refers to 2010 data and performance information which has been updated on Holcim's website in June 2011. With the publication of its next sustainable development report in spring 2012, Holcim aims to submit a COP that meets the Advanced Level. This COP can be seen as a hybrid between the Global Compact Active and Advanced Level.

Statement of Support from Markus Akermann:

"Holcim continues to participate in the UN Global Compact and remains committed to its philosophy, intent and principles. In 2010, Holcim actively contributed to the Environmental Stewardship Working Group and the Business and Peace Initiative. As part of its on-going commitment, Holcim attended the UNGC Leaders Summit in 2010 and applauds the Global Compact for the wide range of new resources and thinking launched at this event. At local level, Holcim has been elected in 2011 to the board of the Swiss Global Compact network and remains involved in the local networks in many other countries where Holcim operates."

Criteria	*Holcim commitment*	*Links*
Strategy, Governance and Engagement	Description of Holcim's commitment	
1. C-suite and Board level discussions of **strategic aspects** of Global Compact implementation		
• Impact of broader sustainability trends on the long-term prospects and financial performance of the organization	Holcim is committed to creating value for all its stakeholders and has placed sustainable development at the heart of its business strategy.	• CEO and chairman statement in the Annual Report. (See page 10) • Business Risk Management section in the Annual Report. (See page 144) • SD materiality review in the CSDR and online

Criteria	Holcim commitment	Links
• Major sustainability risks and opportunities in the near to medium term (3-5 years)	Holcim has a well-embedded business risk management process for identifying risks at both corporate and Group company level. Since 2007, a materiality review has been implemented to ensure the identification of sustainability risks and opportunities.	SD materiality review in the CSDR and online
• Social and environmental impact of the organization's activities	The most important contribution to sustainable development is through products and services. The current SD priorities of Holcim are: • sustainable products and sustainable construction • energy and climate • resources conservation • social engagement	CEO and chairman statement in the Annual Report. (See page 10) SD materiality review in the CSDR and online
• Overall strategy to manage sustainability impacts, risks and opportunities in the near to medium term	Holcim has a well-embedded business risk management process for identifying risks at both corporate and Group company level. Sustainability impacts, risks and opportunities are included in the remit of the risk management process.	Vision and strategy Business Risk Management section in the Annual Report. (See page 144) SD materiality review in the CSDR and online
• Key performance indicators to measure progress	Sustainable development data and performance information is updated on a yearly basis on Holcim's website.	SD performance data_2010 (Download pdf from right hand column)
• Major successes and failures during the reporting period	See link.	Sustainable Development section in the Annual Report. (See page 40)

Criteria	Holcim commitment	Links
2. Effective **decision-making process and systems of governance** for corporate sustainability		
• Involvement and accountability of management (C-suite) in corporate sustainability strategy and implementation in line with Global Compact principles • Corporate governance structure (Board of Directors or equivalent) and its role in oversight of corporate sustainability implementation in line with Global Compact principles	A steering group for SD operates as a sub-committee of the Executive Committee and includes the CEO, two other Exco member and the head of sustainable development	Managing sustainable development, (SD website) CSDR, p.7 Organisation and Management section in the Annual Report. (See page 27)
• Evaluation and executive incentive structures promoting sustainability strategy in line with Global Compact principles	For the most senior executives a standard variable compensation system is in place. SD indicators form an integral part.	Human resources section in the Annual Report. (See page 45)
3. **Engagement** with all important stakeholders		
• List of stakeholder groups engaged by the organization	Each chapter of the Corporate Sustainable Development report and the website contains a section on stakeholder engagement where details of engagement with key stakeholders are detailed.	CSDR, External Report Review panel (p.7) In the CSDR see also: Sustainable products and sustainable construction –page 9; Energy and climate – Pgs 13 & 14; Resources conservation – Pgs 14, 15 & 17; Social commitment – Pgs 17–19 & 22.

Criteria	Holcim commitment	Links
• Process for stakeholder identification and engagement	At Holcim, developing and maintaining strong relationships with its stakeholders is vital to the success of its business. Holcim is committed to a continuous process of listening to, and learning from, people and organizations engaged with its operations around the world.	In the CSDR see: Sustainable products and sustainable construction –page 9; Energy and climate – Pgs 13 & 14; Resources conservation – Pgs 14, 15 & 17; Social commitment – Pgs 17–19 & 22. On our website; see the "stakeholder engagement " section
• Outcome of stakeholder involvement	Holcim remains committed to ongoing consultation with a broad range of stakeholders, as demonstrated by the fact that 41% of Group companies have a community advisory panel in place and 86% conducted a stakeholder dialog in 2010.	On our website; see the "stakeholder engagement " section
• Process of incorporating stakeholder input into corporate strategy and business decision-making	For example an External Report Review Panel has been asked to give feedback to Holcim's SD materiality review.	SD materiality review in the CSDR and online On our website; see the "stakeholder engagement " section
UN Goals and Issues		
4. Actions taken in support of broader **UN goals and issues**		
• Adoption or modification of business strategy and operating procedures to maximize contribution to UN goals and issues	Holcim is committed to creating value for all its stakeholders. Sustainable development has been placed at the heart of the business strategy for many years, as it contributes to adding value and ensuring continued success.	Vision and strategy page on the website CSDR – see pages 6 - 9 Innovation section in the Annual Report. (See page 32)

Criteria	Holcim commitment	Links
• Development of products, services and business models that contribute to UN goals and issues	As a major player in the industry, Holcim has a role to contribute to sustainable products and building techniques through product and process innovation.	Sustainable products and construction section on the website Innovation section in the Annual Report. (See page 32) Affordable housing Foundation for Sustainable Construction
• Social investments and philanthropic contributions that tie in with the organization's core competencies, operating context and strategy	Holcim aims to link its CSR engagement with its business activities. Group companies focus on projects in collaboration with stakeholders where the expertise can contribute to achieving greater impacts. Engagement areas include education provision, infrastructure building and sustainable community development.	Community involvement pages on website
• Public advocacy on the importance of one or more UN goals and issues	Holcim constructively contributes to the climate change policy debate to develop effective regulatory incentives to improve energy efficiency and CO_2 intensity.	More information on Holcim's position on climate change.
• Partnership projects and collective actions in support of UN goals and issues	Holcim has a number of corporate strategic partnerships with GIZ; ICRC; IUCN; WBCSD and UNGC. Furthermore operating companies engage in many local partnerships	Links: • GIZ; • ICRC; • IUCN; • WBCSD & CSI; • UNGC • List of local partnerships
Human Rights Implementation		
5. Robust commitments, strategies and		

Criteria	Holcim commitment	Links
policies in the area of human rights		
• Reference to relevant international conventions and other international instruments • Written company policy (e.g. in the code of conduct) on human rights	Holcim's commitment to human rights is part of our CSR policy and reflected in our participation in the UN Global Compact.	Link to Holcim CSR Policy (refers to the Universal Declaration of Human Rights)
• Reflection on the relevance of human rights for the company	Human rights have been identified as an important issue in the SD materiality review.	SD materiality review in the CSDR and online
• Allocation of responsibilities and accountabilities within the organization	Human rights management is coordinated by the social responsibility department in collaboration with the risk management unit and other relevant functions such as Human Resources and Procurement.	Managing sustainable development, (SD website)
6. Effective management systems to integrate human rights principles		
• Risk and impact assessments in the area of human rights	Human Rights are part of Holcim's risk management system: In addition, specific assessments are conducted in countries where HR issues arise. A specific group of companies has been identified as operating in a high risk environment and are therefore required to conduct a complete Human Rights Impact Assessment. Such assessments have been conducted in Sudan, Madagascar and the Philippines.	
• Regular stakeholder consultations in the area of human rights	The Holcim External Report Review Panel has identified human rights as an issue of high importance in Holcim's SD materiality review. In	SD materiality review in the CSDR and online

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	addition, 16% of Group companies report conducting specific stakeholder dialogue on human rights related issues.	
• Internal awareness-raising and training on human rights for management and employees	41% of Group companies report including equal opportunity issues in training programs, while 34% of Group companies report covering human rights in employee training.	Link to human rights section on website
• Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechansims) for reporting concerns or seeking advice	88% of Group companies report having systems to collect and handle employee grievances and complaints, and 76% report having arrangements for submitting complaints and/or grievances anonymously. Furthermore, 27% report having specific committees in place to deal with human rights disputes.	Link to employment practices section on the website

Criteria	Holcim commitment	Links
• Inclusion of minimum human rights standards in contracts with suppliers and other relevant business partners • Audits or other steps to monitor and improve the human rights performance of companies in the supply chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	[Supplier screening data on the Holcim website](#)
7. Effective monitoring and evaluation mechanisms of human rights integration		
• System to track and measure performance based on standardized performance metrics	At corporate level, Holcim is currently developing a Group-wide human rights management system in line with John Ruggie's Guiding Principles that includes comprehensive issue monitoring. Holcim conducted a human rights risk mapping at Group level as well as in-depth human rights impact assessments in selected countries in 2011. Tracking and monitoring performance is part of this system. Holcim monitors its impact through continuous stakeholder engagement that includes Community Advisory Panels and regular needs assessments.	
• Leadership review of monitoring and improvement results	Group company leadership monitors performance and improvement results as part of the annual business planning and risk management cycle. In addition, results if Human Rights Impact assessments are reviewed by top management and actions defined.	
• Process to deal with incidents	All Holcim Group companies are required to have Community Engagement Plans that includes the	

Criteria	Holcim commitment	Links
	establishment of Community Advisory Panels where appropriate. The Sustainable Development function at corporate level supports Group companies in addressing potential challenges with site visits, stakeholder engagement activities, cooperation with global and local expert organizations, workshops and training.	
8. Standardized performance indicators (including GRI) on human rights		
• Outcomes of risk and impact assessments	Holcim is currently developing a Group-wide human rights management system that includes human rights impact assessments in selected countries of operation. Progress is monitored and reported at local and corporate levels.	
• Outcomes of internal awareness raising and training efforts	41% of Group companies report including equal opportunity issues in training programs, while 34% of Group companies report covering human rights in employee trainings.	
• Outcomes of mechanisms for reporting concerns or seeking advice	The share of Group companies reporting having anonymous procedures for submitting complaints or grievances increased in the reporting period (2010: 76%; 2009: 63%). Additionally, 27% of Group companies report having special committees responsible for hearing, processing and settling disputes related to human rights issues in place.	
• Percentage of contracts with business partners guaranteeing minimum human rights standards	20% of Group companies report screening all major investments for human rights-related risks and 47% of Group companies report specifically screening investments where a risk has been identified. A Supplier Code of Conduct will be implemented in the	

Criteria	Holcim commitment	Links
	context of Holcim's Sustainable Procurement Initiative.	
• Outcome of audits or other steps to monitor and improve performance in the supply chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	Supplier screening data on the Holcim website
Labour Principles Implementation		
9. Robust commitments, strategies or policies in the area of labour		
• Reference to relevant international conventions and other international instruments (eg. ILO Core Conventions) & written company policy on labour	Holcim's commitment to employment practices is part of its CSR policy and reflected in its participation in the UN Global Compact.	Link to CSR policy on Holcim website
• Reflection on the relevance of the labour principles in the company	Employment practices have been identified as an important issue in the SD materiality review.	SD materiality review in the CSDR and online
• Allocation of responsibilities and accountability within the organization	Responsibility and accountability for labor rights lies with the human resources department of Holcim and the operating companies, in coordination with the Social Responsibility department of the SD function.	
10. Effective management systems to integrate the labour principles		
• Risk and impact assessments in the area of labour	Employment practices have been identified as an important issue in the SD materiality review.	SD materiality review in the CSDR and online
• Regular stakeholder consultations	The Holcim External Report Review Panel has	SD materiality review in the CSDR and

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in the area of labour	identified employment practices as an issue of high importance in Holcim's SD materiality review.	online
• Internal awareness-raising and training on the labour principles for management and employees	Holcim is committed to providing equal opportunities for all its employees and works on strengthening a culture of mutual respect, trust and openness.	Link to employment practices section on the website
• Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice	88% of Group companies report having systems to collect and handle employee grievances and complaints, and 76% report having arrangements for submitting complaints and/or grievances anonymously. Five Group companies reported incidents of discrimination in 2010, which were dealt with in accordance with the Holcim Code of Conduct.	Link to employment practices section on the website
• Inclusion of minimum labour standards in contracts with suppliers and other relevant business partners • Audits or other steps to monitor and improve the labour performance of companies in the supply chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	Supplier screening data on the Holcim website
Environmental Stewardship Implementation		
11. Robust commitments, strategies or policies in the area of environmental stewardship		
• Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)	Holcim's commitment to sustainable development is part of its mission statement and is further demonstrated by its membership in the World Business Council for Sustainable Development and its participation in the UN Global Compact	Link to environment policy on Holcim website

Criteria	Holcim commitment	Links
• Reflection on relevance of environmental stewardship for the company • Written company policy on environmental policy	Holcim is committed to continuously improve its environmental performance and provide positive contributions to its business and to society.	Link to environment policy on Holcim website SD materiality review in the CSDR and online
• Allocation of responsibilities and accountability within the organization	Environmental stewardship is part of the climate change, environment, alternative resources and environmental relations functions with the Holcim SD department	Link to website page "managing sustainable development"
• Specific commitments and goals for specified years	All environmental commitments and targets are listed in the progress towards targets.	Progress towards targets - CSDR – see page 9
12. Effective management systems to integrate the environmental principles		
• Environmental risk and impact assessments	CO2 and energy, eco-efficient products, atmospheric emissions, resources management and biodiversity have been identified of high importance and waste and transport as well as water as of medium importance in the SD materiality review.	SD materiality review in the CSDR and online
• Regular stakeholder consultations on environmental impact	Holcim is committed to a continuous process of listening to, and learning from, people and organizations on its environmental impact around the world. This is done through the WBCSD or IUCN's independent expert panel etc.	In our CSDR please see: Responsible relationships and partnerships in the sections: Sustainable products and sustainable construction – page 10 Energy and climate – page 14 Resources conservation – page 18

Criteria	Holcim commitment	Links
• Internal awareness-raising and training on environmental stewardship for management and employees	Internal awareness-raising and training on environmental stewardship for management is part of internal communication and Holcim's training activities.	Holcim US conservation days – CSDR page 20 Developing our people (Holcim website)
• Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts	88% of Group companies have systems to collect and handle employee grievances and complaints, and 76% have arrangements for submitting complaints and/or grievances anonymously.	Link to employment practices section on the website
• Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	78% of Holcim Group companies screen local suppliers ensuring that they have an environmental management system in place.	Supplier screening data on the Holcim website
• Audits or other steps to monitor and improve the environmental performance of companies in the supply chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	
13. Effective monitoring and evaluation mechanisms for environmental stewardship		
• System to track and measure performance based on standardized performance metrics	The Plant Environmental Profile self-assessment questionnaire is the source of performance information and data to all other environmental impacts of the cement, aggregates and ready-mix concrete business segments.	CSDR Methodology section – page 32

Criteria	Holcim commitment	Links
	Consolidation of CO2 and energy data is consistent with the WBCSD/WRI cement CO2 protocol.	
• Leadership review of monitoring and improvement results	SD committees supports the overall decision-making process and propose key issues to the Executive Committee	Managing sustainable development, (SD website)
14. Standardized performance indicators (including GRI) on environmental stewardship	A comprehensive list of environmental indicators and Holcims performance against those indicators is available on our website. See link opposite. See also link to the Carbon Disclosure Project where Holcims submission may be downloaded.	SD performance data 2010 (Download pdf from right hand column) Link to Carbon Disclosure Project
• Outcome of audits or other steps to monitor and improve performance in the supply chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	Supplier screening data on the Holcim website
Anti-Corruption Implementation		
15. Robust commitment, strategies and policies in the area of anti-corruption		
• Reference to relevant international conventions and other international instruments (e.g. UN Convention Against Corruption)	Holcim applies the highest standards of business conduct. The Holcim Code of Conduct provides the guiding principles against which to make decisions. This commitment is further demonstrated by its membership in the World Business Council for Sustainable Development and its participation in the UN Global Compact.	Holcim Code of Conduct
• Reflection on relevance of anti-	Holcim applies high standards to corporate	Holcim Code of Conduct

Criteria	Holcim commitment	Links
corruption for the company • Written company policy on anti-corruption (e.g. in code of conduct)	governance. Since 2004, binding for the entire group, the Code of Conduct defines Group-wide standards of business behavior expected of all staff.	See comment on VCCE – page 7
• Allocation of responsibilities and accountability regarding corruption within the organization	For information regarding the organization see: organization and management	Holcim website
16. Effective management systems to integrate the anti-corruption principle		
• Risk and impact assessments in the area of anti-corruption	Corporate governance has been identified as an issue of high importance in business risk management and in the SD materiality review	SD materiality review in the CSDR and online
• Regular stakeholder consultations in the area of anti-corruption	The Holcim External Report Review Panel has identified employment practices as an issue of high importance in Holcim's SD materiality review.	SD materiality review in the CSDR and online
• Internal awareness-raising and training on anti-corruption efforts for management and employees	Holcim has introduced a centrally coordinate training program in this area.	See comment on VCCE – page 7
• Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice on corruption	88% of Group companies report having systems to collect and handle employee grievances and complaints, and 76% report having arrangements for submitting complaints and/or grievances anonymously.	
• Inclusion of minimum anti-corruption standards in contracts with suppliers and other relevant business partners • Audits or other steps to monitor corruption and improve the performance of companies in the	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled	Supplier screening data on the Holcim website

Criteria	Holcim commitment	Links
supply chain	out in 2012.	
17. Effective monitoring and evaluation mechanisms for the integration of anti-corruption	The Holcim Code of Conduct covers all aspects of our operations, including specific provisions on bribery and corruption. Group companies are responsible for ensuring that their managers and employees are aware of their responsibilities under the code and for implementing appropriate measures. These include training and information sessions, integration of the code provision into contracts and a requirement for employees to sign the code.	Holcim Code of Conduct
• Process to deal with incidents	The code is very clear – violations will not be tolerated. Non compliance with the code may be subject to disciplinary sanctions including termination of employment; and this is explicitly stated within the code.	
18. Standardized performance indicators (including GRI) on anti-corruption	See link to GRI content index opposite which contains a comprehensive list of GRI indicators.	GRI content index.
Value Chain Implementation		
19. Implementation of the Global Compact principles in the value chain	Holcim is working on developing and implementing a Sustainable Procurement Initiative, which will include amongst other things a Supplier Code of Conduct and a methodology for identifying and assessing critical suppliers. The process involved internal workshops and interviews with selected external stakeholders. The Initiative is expected to be rolled out in 2012.	Supplier screening data on the Holcim website
• Audits/screening for compliance in the value chain	See link opposite	Supplier screening data on the Holcim website

Criteria	Holcim commitment	Links
Transparency and Verification		
20. Information on the company's profile and context of operation		
• Legal structure, including any group structure or ownership	See link	Corporate Governance section in the Annual Report. (See page 87)
• Countries where the organization operates, with either major operations or operations that are specifically relevant to sustainability	See link	Link to Annual Report. (See page197)
• Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	See link	Link to Annual Report. (See page 7 and also business reviews pages 53 -86)
• Primary brands, products, and/or services	See link	Link to Annual Report. (See page197)
• Direct and indirect economic value generated for various stakeholders (employees, owners, government, lenders, etc.)	See link	Link to Economic impact along the value chain graphic on the Holcim website
21. High standards of transparency and disclosure		
• COP uses the Global Reporting Initiative Sustainability Reporting Guidelines	Yes – See link	GRI content index.
• COP qualifies for Level A+ of the GRI application levels	CSDR 2009	CSDR

Criteria	Holcim commitment	Links
• COP includes comparison of key performance indicators for the previous 2-3 years	Yes – See link	SD performance data 2010 (Download pdf from right hand column)
22. Independently verified by a credible third party		
• Independently verified against assurance standard (e.g. AA1000 Assurance Standard, ISAE 3000)	Yes – See link	CSDR (see assurance statements, page 33 and 34)
• Verified by independent auditors	Yes – See link	CSDR (see assurance statements, page 33 and 34)
• Reviewed by a multi-stakeholder panel	Yes – See link	Information on the panel – Holcim website