

Linking Climate Change and Business Strategy

Holcim (US) Inc.

November 10, 2006



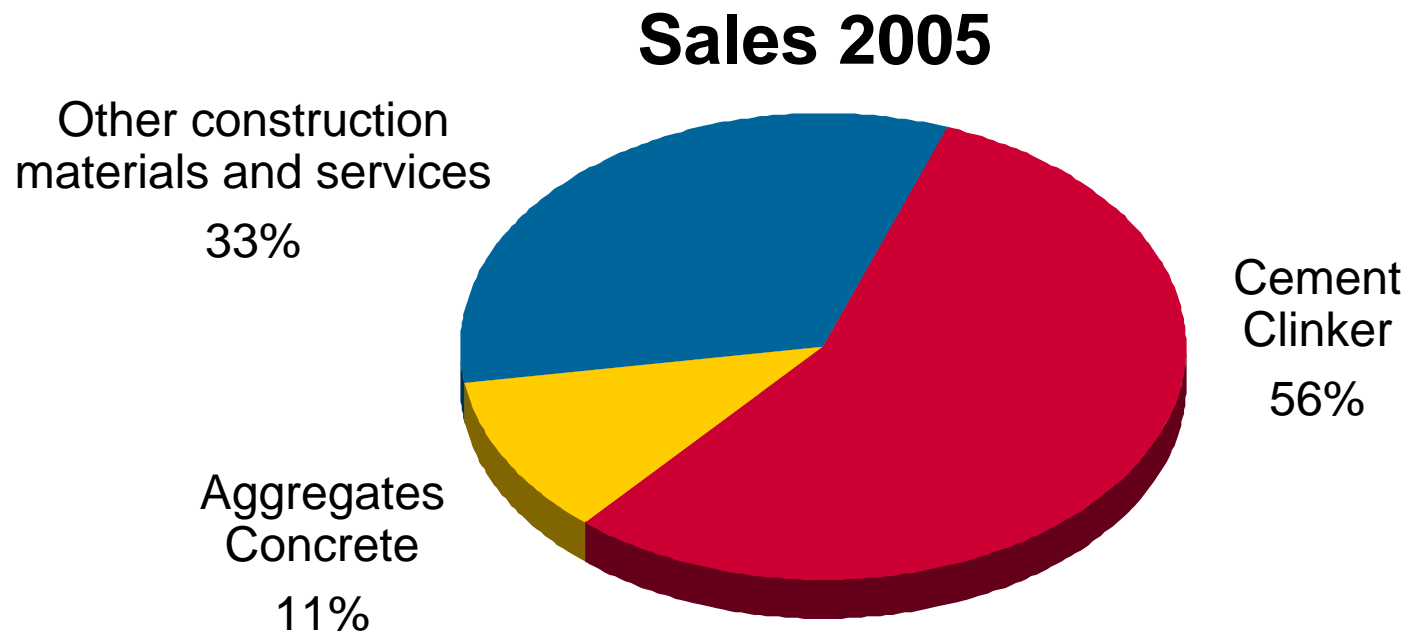
Dundee, Michigan

Agenda

- About Holcim
- About Holcim US
- The Cement Manufacturing Process
- US Cement Market Considerations
- Our Commitment to Addressing Climate & Energy
- Our Perspectives on the Development of Climate Policy
- Integrating Climate and Energy Considerations into Business Strategy
- Conclusions

About Holcim

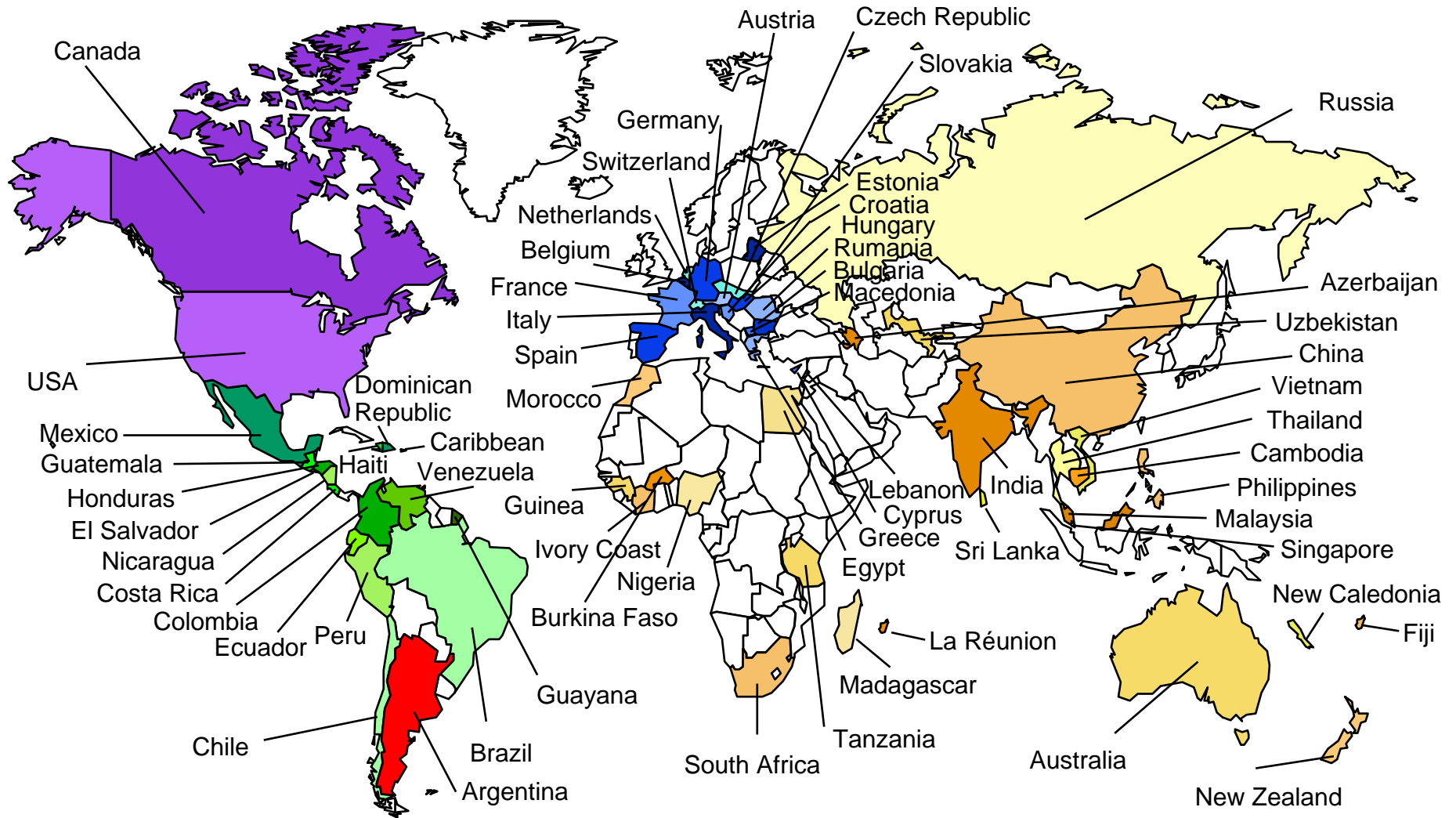
- One of the world's leading suppliers
 - ▶ Cement
 - ▶ Aggregates
 - ▶ Ready-mix concrete



About Holcim

- Our Global Operations
 - ▶ Spanning all continents, in more than 70 countries
 - 60,000+ employees
 - 135 cement plants
 - 398 aggregate plants
 - 989 ready-mix concrete plants
 - 111 Asphalt plants

About Holcim



Group companies and affiliates



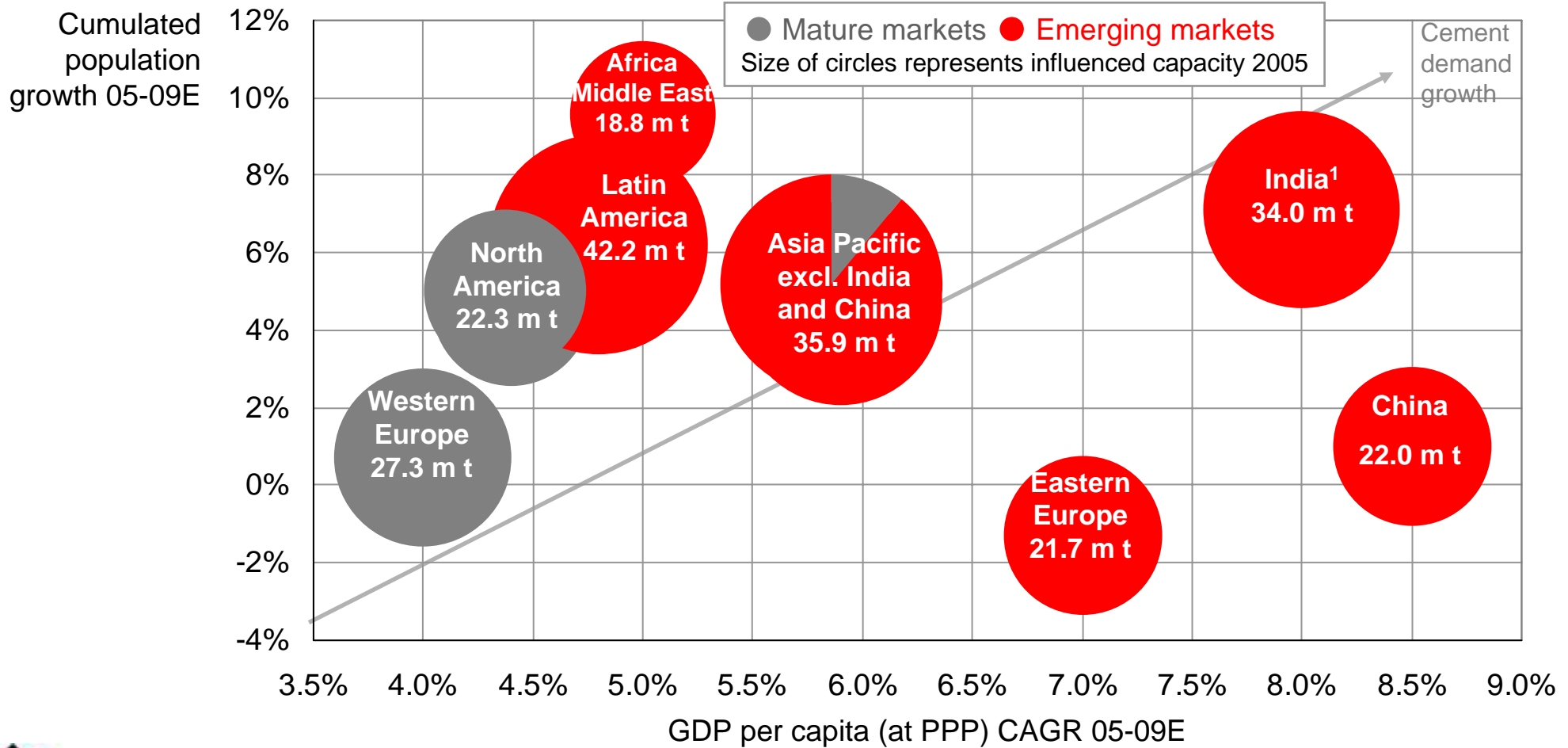
About Holcim

- 2005 Results
 - ▶ Net sales of CHF 18.5 billion
 - ▶ Operating EBITDA of CHF 4.6 billion
 - ▶ Cash flow from operating activities of CHF 3.4 billion
- Solid financing of expansion, including equity raising
 - ▶ CHF 1.7 billion in 2005-06
 - UK/USA - Aggregate Industries
 - India - The Associated Cement Company, Ambuja Cement Eastern, Ambuja Cement India and Gujarat Ambuja Cements
 - China - Huaxin Cement Company

(CHF 1 = USD 0.8)

About Holcim

Positioning – Holcim’s cement market portfolio



¹ Gujarat Ambuja Cements, Associated Cement Companies and Ambuja Cement Eastern capacity
Sources: Holcim, U.S. Census Bureau, Economist Intelligence Unit

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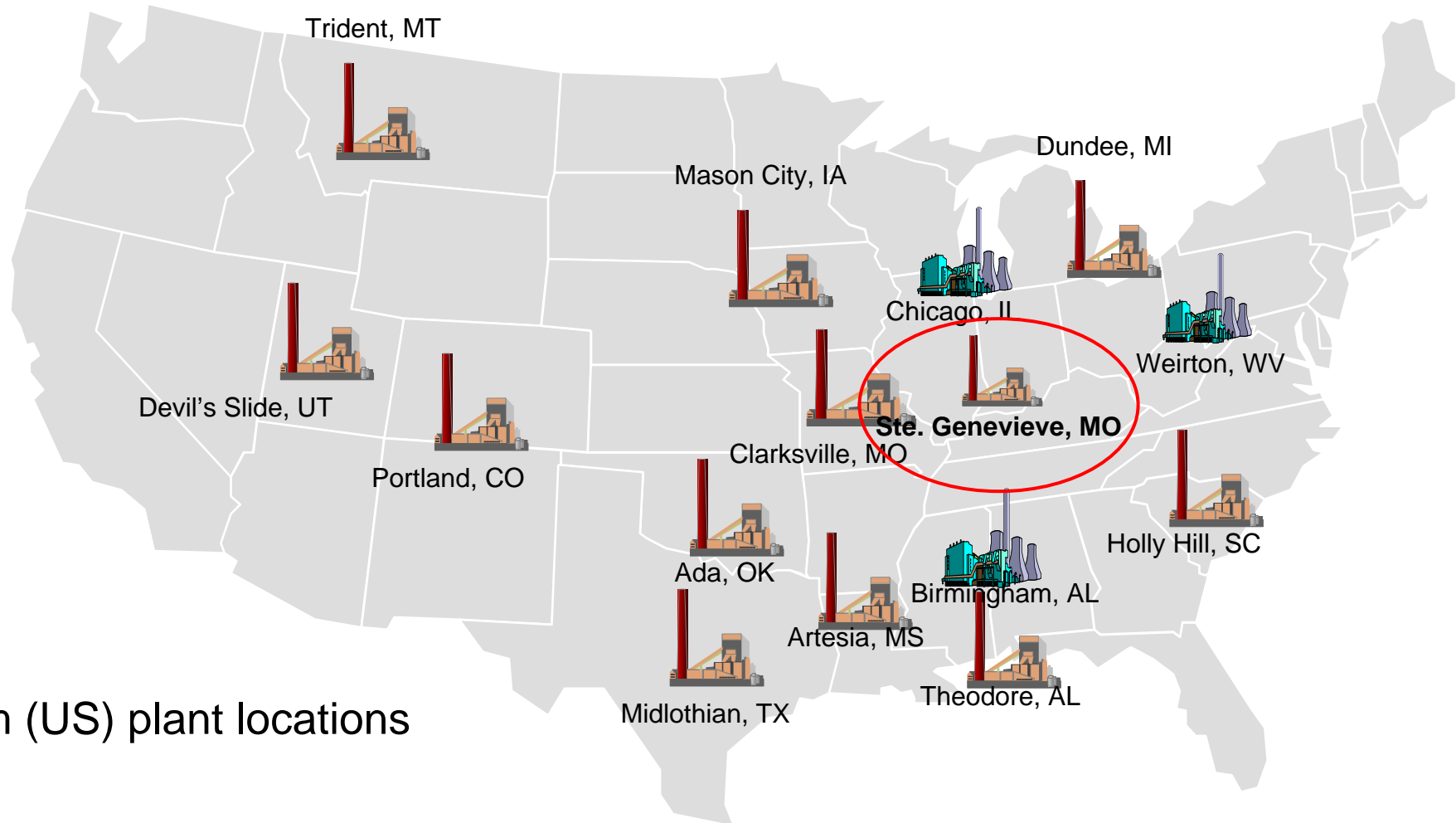
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About Holcim (US)

- One of the largest cement producers in the U.S.
 - ▶ Major supplier in 30 states
- As of December 31, 2005
 - ▶ Net sales of USD 1.4 billion
 - ▶ Invested capital of USD 1.6 billion
 - ▶ Approximately 2,400 employees



About Holcim (US)



Holcim (US) plant locations

About Holcim (US)

Ste. Genevieve - Today



Ste. Genevieve - Rendering



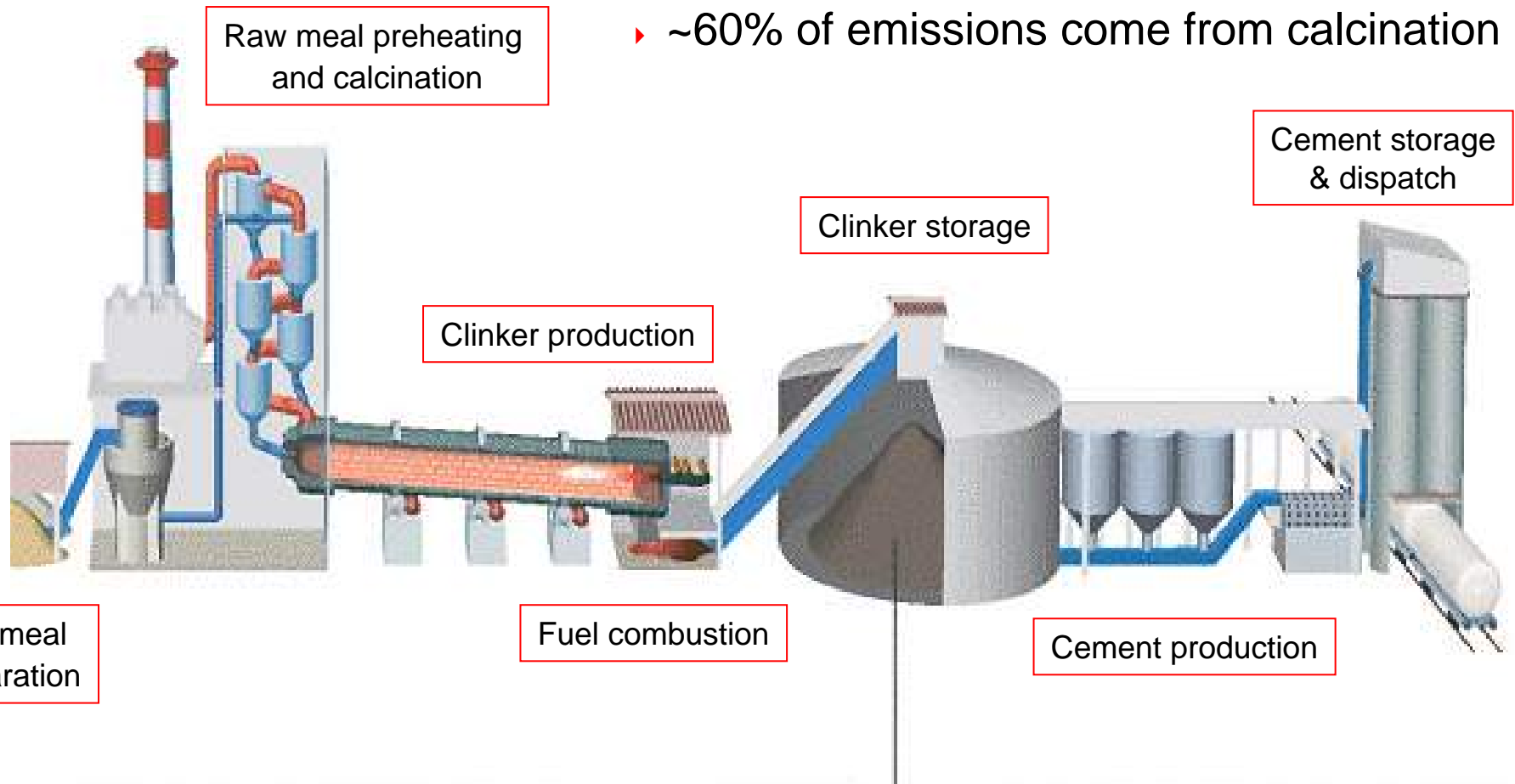
- Construction underway, anticipated start-up in 2009
- Annual production capacity of 4 million tons
 - ▶ Making Holcim the largest U.S. supplier

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The Cement Manufacturing Process

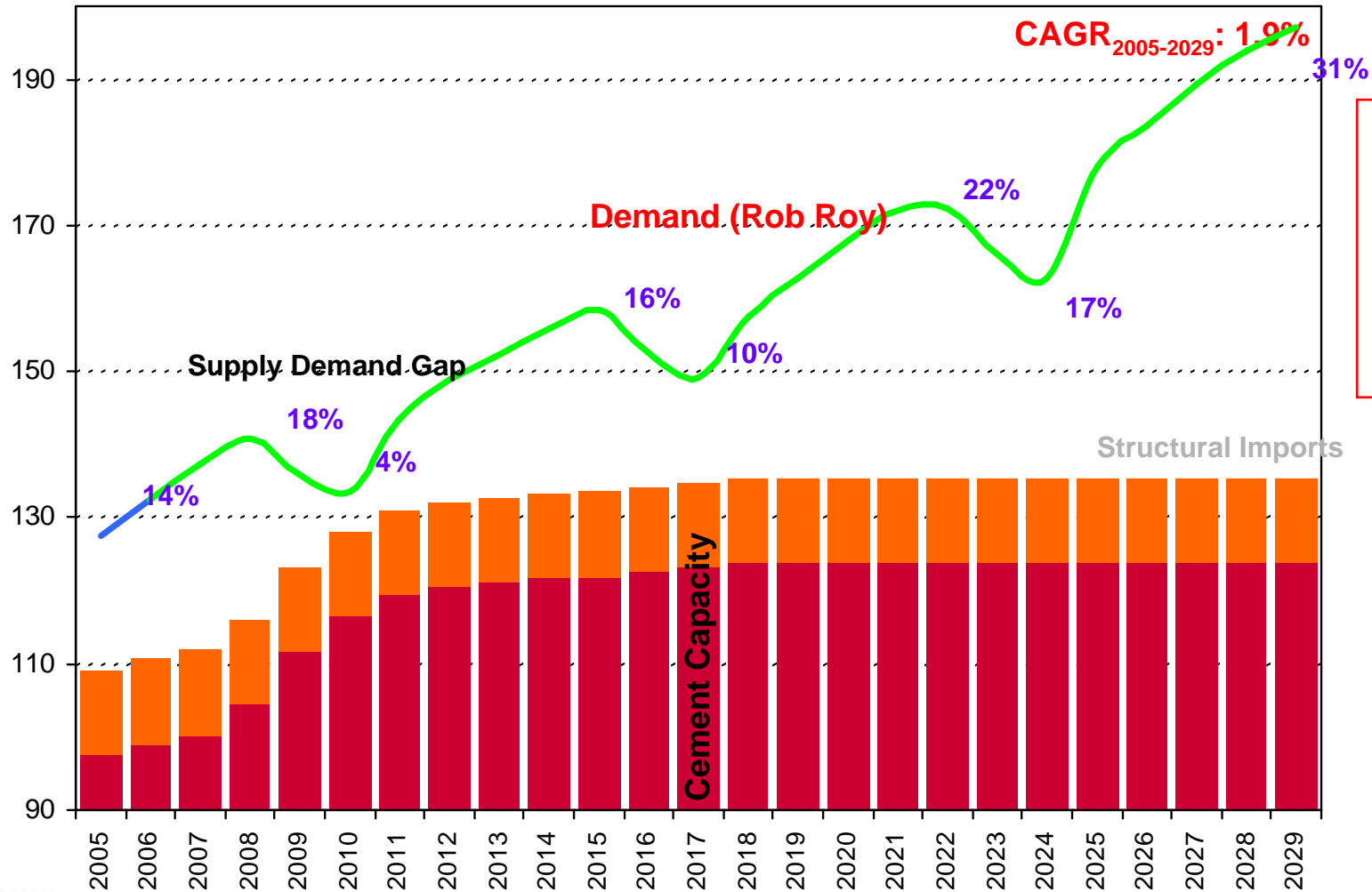
- Cement manufacturing accounts for ~5% of man-made emissions of CO₂
 - ▶ ~60% of emissions come from calcination



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U.S. Cement Market Dynamics: Long-term Supply Demand

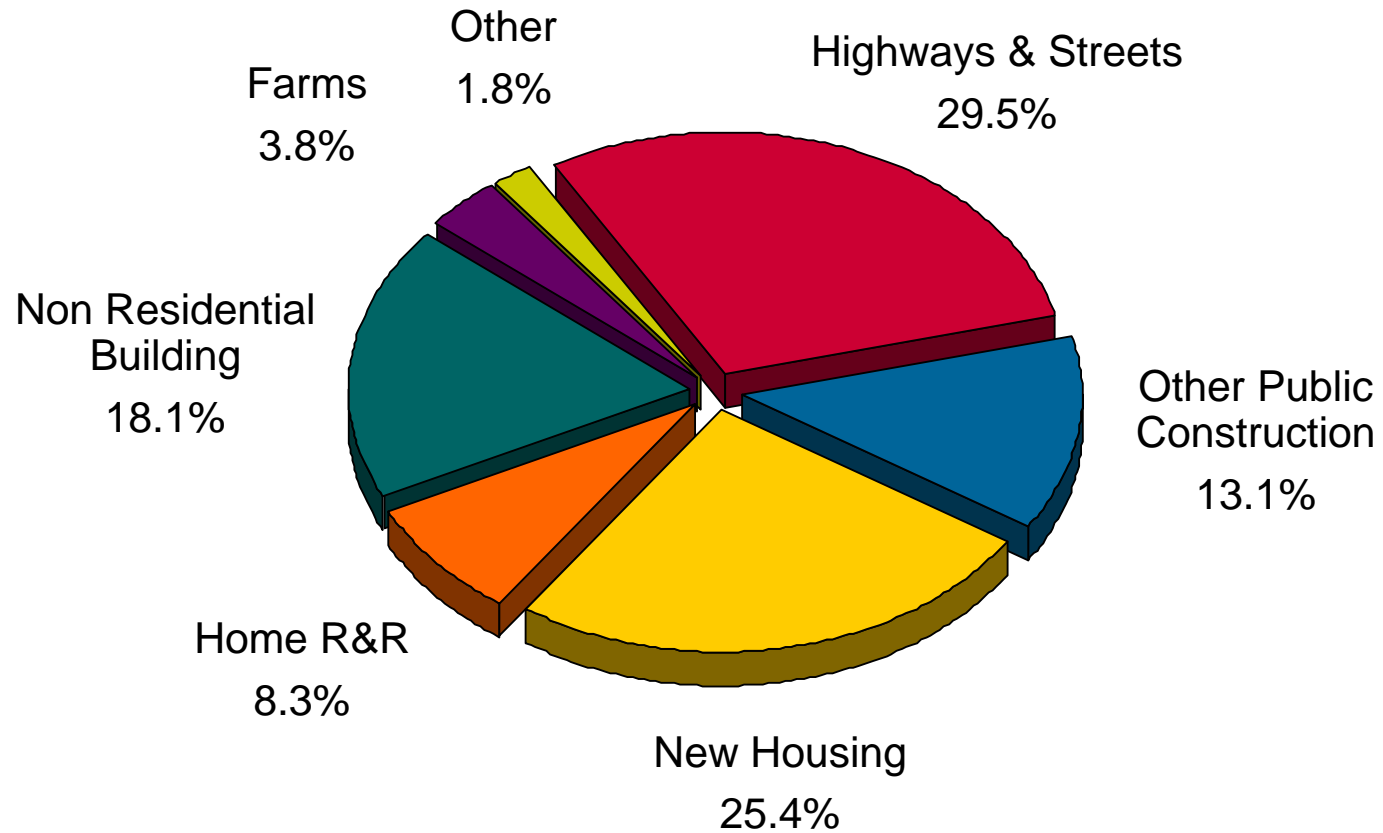


Including “Structural Imports”, a sizeable supply gap still exists except in a downturn.



*Capacity based on plant by plant percent of capacity that supplies the system

US Market Dynamics: Use of Portland Cement by Market



*5 year average

Source: PCA Data for 2000 - 2004

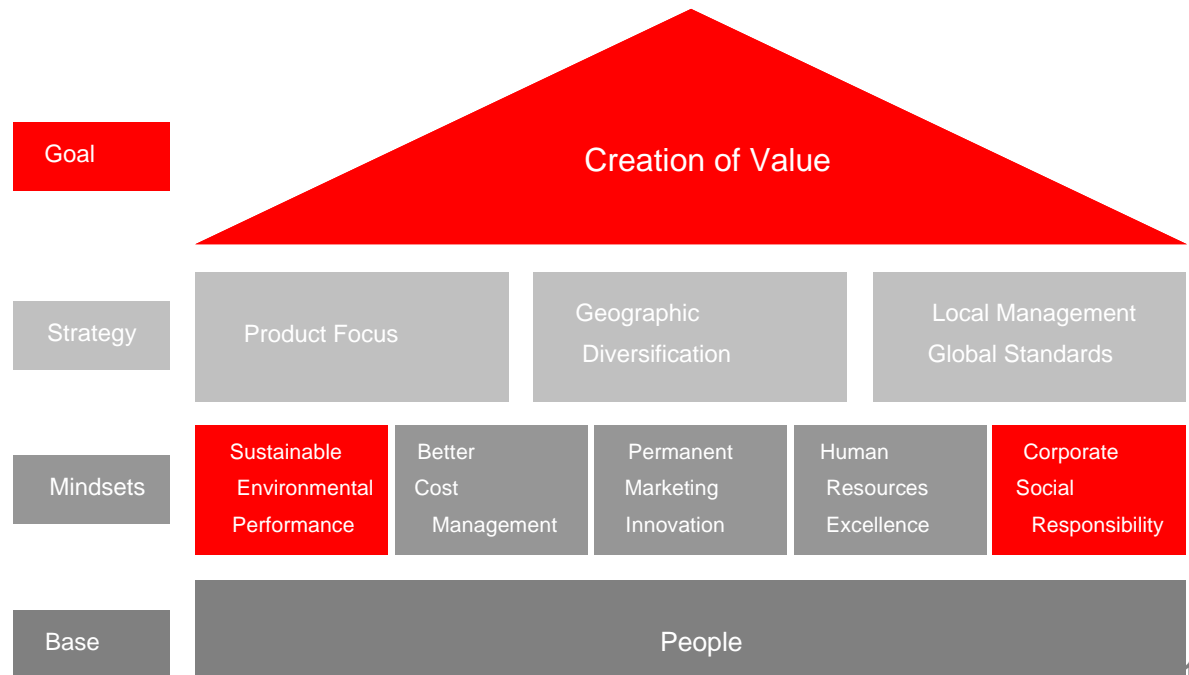
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Our Commitment to Sustainable Development

- Driven by top management commitment
- Integrated into business processes
- **Our Vision** is to provide foundations for society's future
- **Our Mission** is to be the world's most respected and attractive company in our industry – creating value for all our stakeholders

Holcim's Strategy House



Our Commitment to Sustainable Development

- We are recognized for our
 - ▶ High standards of ecological and social performance
 - ▶ Ambitious, uniformly applied SD targets



FTSE4Good

Climate and Energy

CO₂ emissions reduction target set in 2002

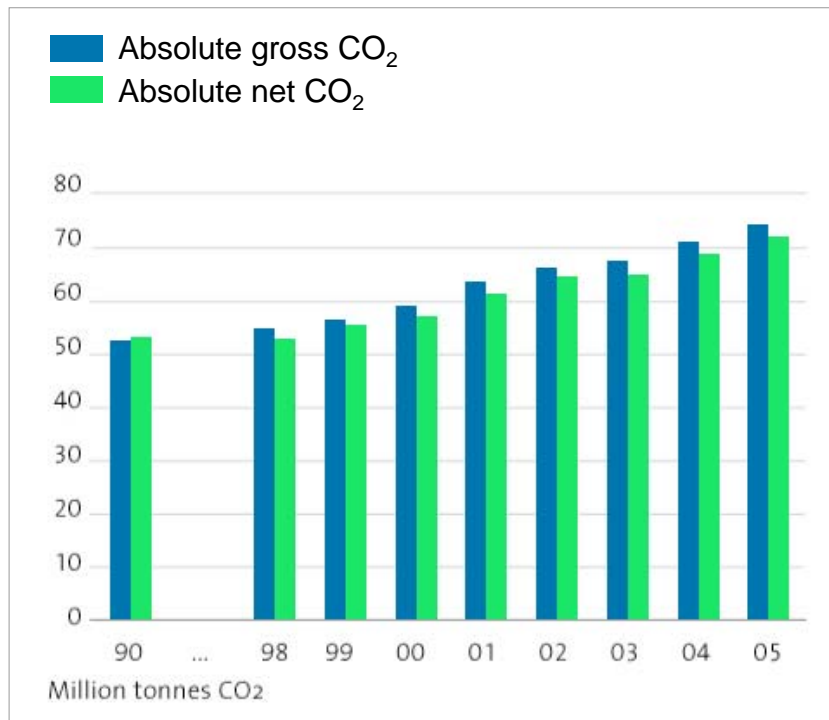


- Our Target
We will reduce our global average specific net CO₂ emissions (kg CO₂/t cement) by 20% by 2010, with 1990 as the reference year
- To achieve this target we focus on:
 - ▶ Product development
 - ▶ Thermal energy efficiency
 - ▶ Optimization of fuel composition
 - ▶ Reduction of cement kiln dust

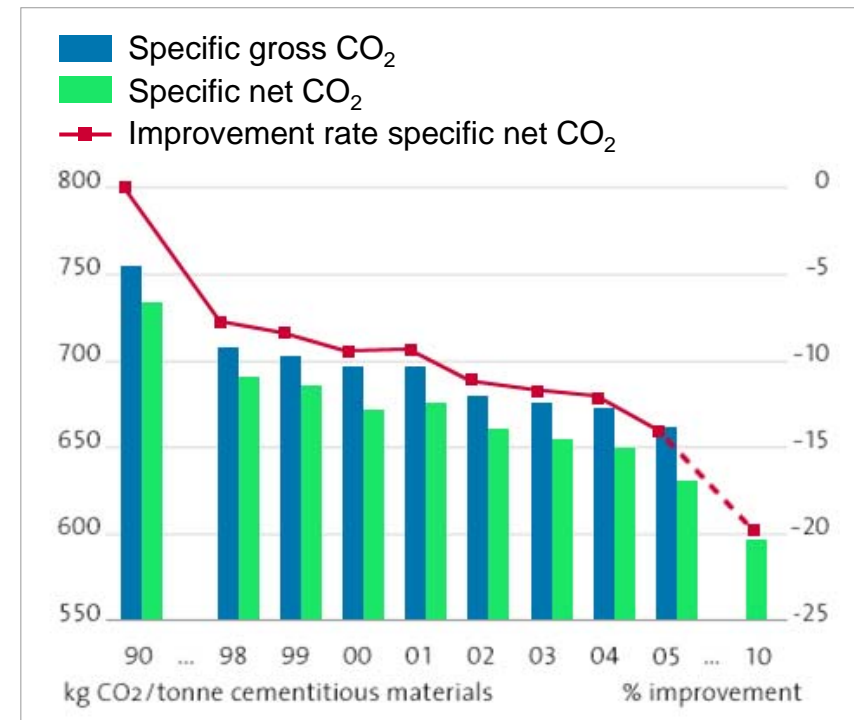
Climate and Energy

Global CO₂ emissions reduction performance

Absolute gross and net direct CO₂ emissions



Specific gross and net direct CO₂ emissions

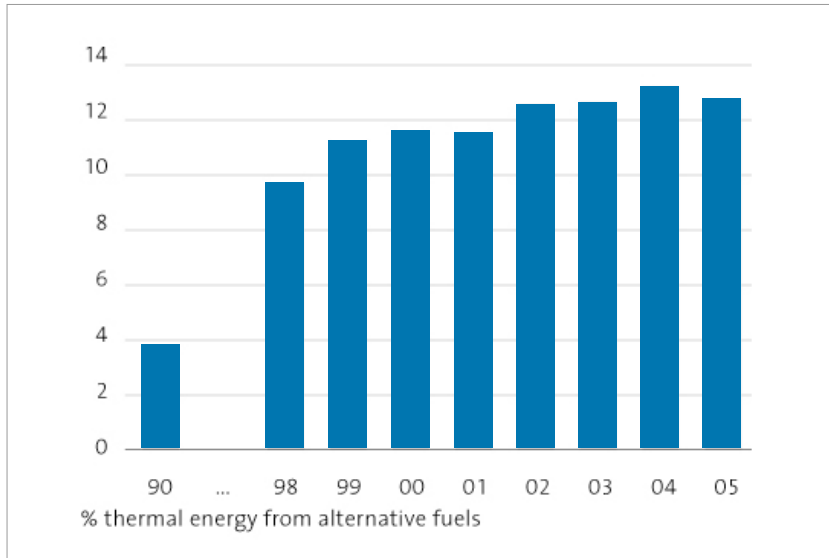


- Independent assurance over the 2004 and 2005 CO₂ inventory of our global cement operations

Climate and Energy

Success factors: AFR & mineral components

Thermal substitution rate by alternative fuels



- The use of mineral components such as granulated blast furnace slag and fly ash to “extend” clinker reduces both process and combustion emissions

- The use of waste derived fuel in cement manufacturing replaces two sources of emissions (fuel combustion and waste management) with one

Clinker factor

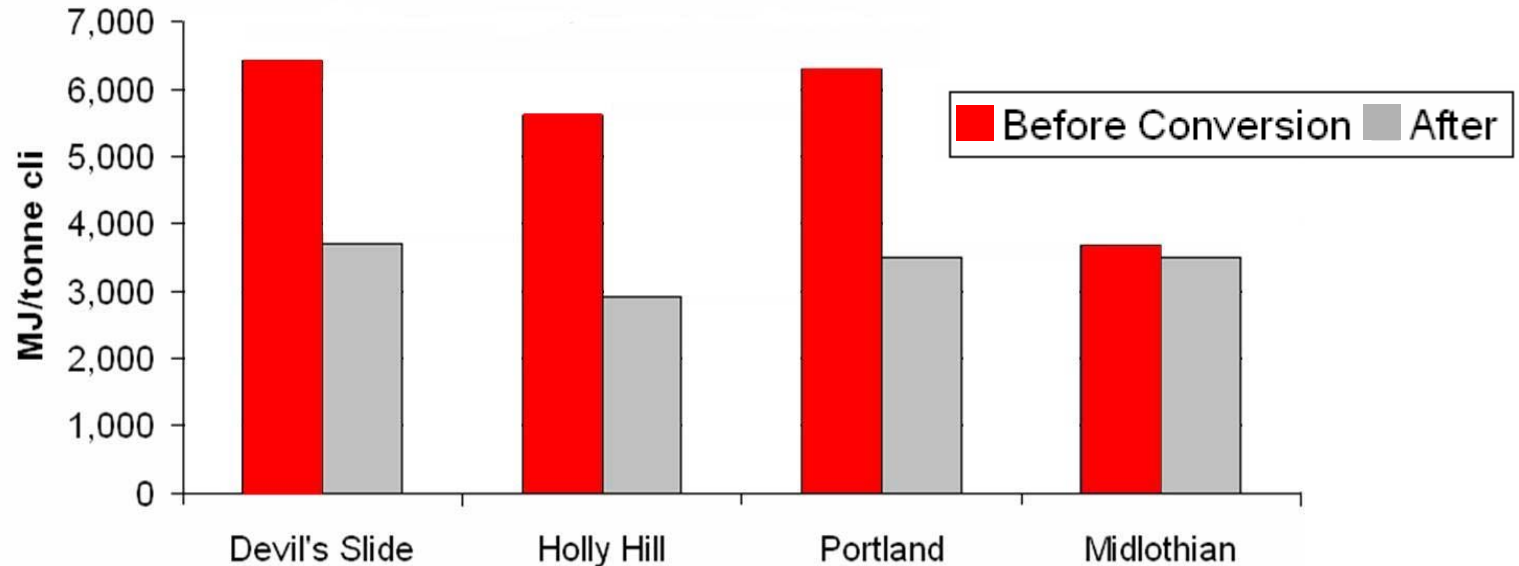


Climate and Energy

Renewing our U.S. assets: Impact on CO₂ footprint

- Since 1990, production of cementitious materials has increased by 69% while CO₂ emissions have increased by only 28%

Clinker Heat Consumption:
Two Years' Weighted Averages
Pre and Post Kiln Conversion



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Holcim's Perspectives on Climate Policy Development

- We can reconcile absolute reductions in greenhouse gas emissions needed to respond to climate change by reducing the greenhouse gas intensity of the economy
- We need universal efficiency standards
 - the concept is simple and can be applied across all sectors
 - provides incentives for the right behavior (by rewarding early actors)
 - provides a framework for engaging emerging economies and developing nations
 - accommodates new entrants
- In order to encourage adoption of energy and CO₂ efficient technologies, regulatory barriers to implementation of equipment upgrades and product specifications need to be addressed in the U.S.

Our Contribution to Shaping Climate Policy

- World Business Council on Sustainable Development
 - Chair, Energy and Climate Working Group
- Cement Sustainability Initiative
 - Chairmanship Climate Change Taskforce
- Pew Center on Global Climate Change BELC
 - Member
- EPA's Climate Leaders Program
 - Charter Member
- Asia Pacific Partnership Cement Task Force
 - U.S. industry representative

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EnviroCore Products

Holcim Ltd - Global supplier of cement, aggregates and concrete - Mozilla Firefox

File Edit View Go Bookmarks Tools Help

http://www.holcim.com/

Getting Started Latest Headlines

EnviroCore
Holcim

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Green construction spotlight

▶ What is green building?

▼ LEED

- ▶ What is LEED / Why LEED
- ▶ What are LEED standards
- ▶ How does LEED affect Holcim
- ▶ Environmental credit categories
- ▶ LEED credit calculator
- ▶ LEED useful links

▶ Concrete's role in green construction

▶ Green construction Spotlight

▶ Architects / Engineers

▶ Green community / Forums

▶ Interactive playground

▶ Guide to master links

▶ About Envirocore

Environmental friendly construction

▶ **GREEN ROOFS:** A thin layer of plants and soil on rooftops provides insulation, reduces stormwater runoff, absorbs carbon dioxide and creates oxygen.

▶ **WATER EFFICIENCY:** Cisterns collect rainwater to use for landscaping irrigation. Low-flow, waterless or composting toilets help reduce water use.

▶ **VENTILATION:** Vents and operable windows assist in heating and cooling by circulating air better.

▶ **ALTERNATIVE ENERGY:** Roof-mounted wind turbines and solar panels reduce need for outside energy sources.

▶ **WINDOWS:** Windows and skylights provide natural lighting and heat. Glazed or double-paned windows provide insulation.

▶ **BUILDING MATERIALS:** Recycled building materials reduce waste. Building with certified lumber helps protect forests and using non-toxic paints and carpets creates a healthier interior space.

Green elements overview

- Building materials

More about heat island effect...

Strength. Performance. Passion.
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Top

Done



Holcim Foundation for Sustainable Construction

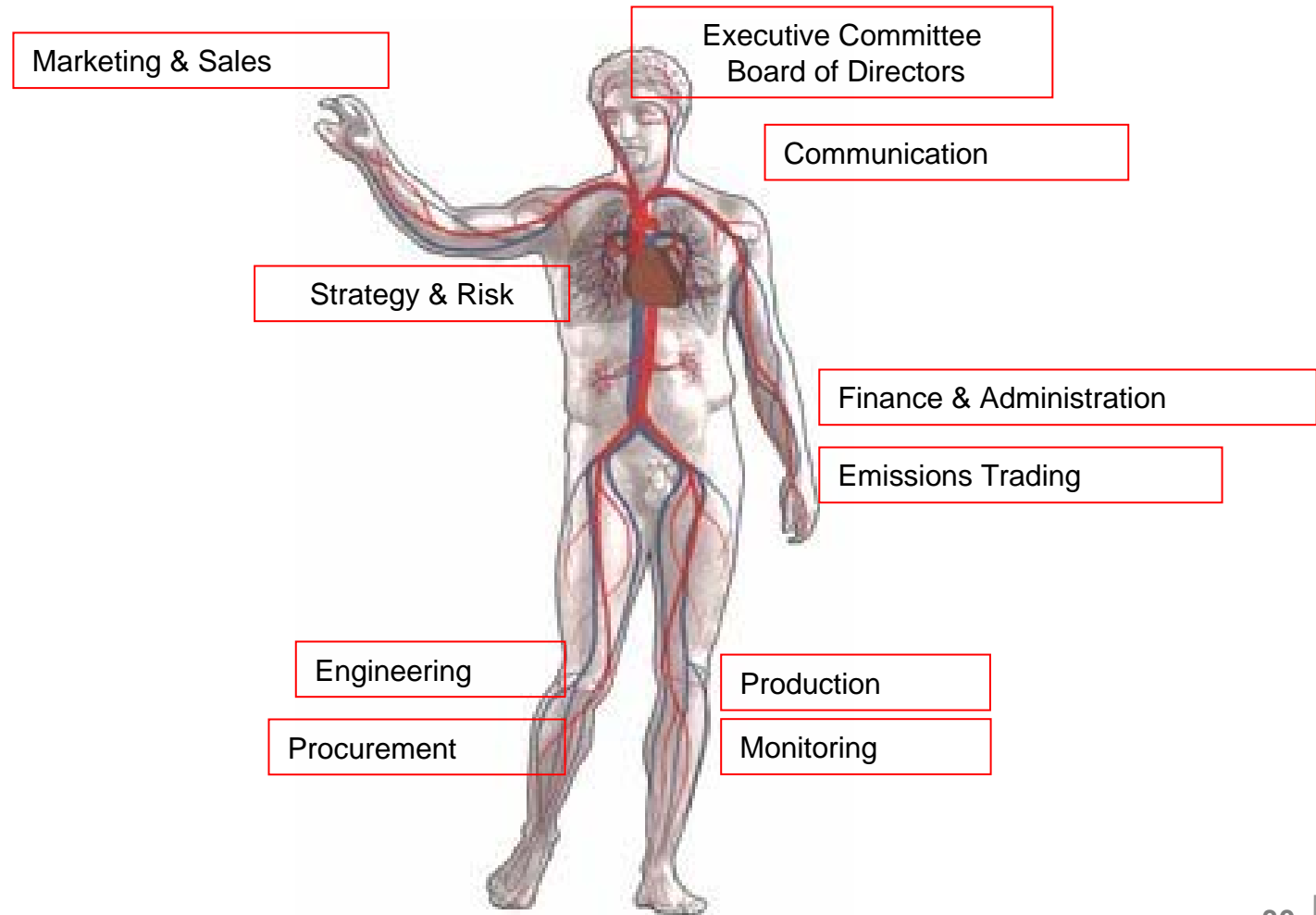
- International sustainable construction competition (Holcim Awards)
 - ▶ Catalyst for sustainability in the construction industry
- Provides financial support for research and construction projects (seed funding)
- Promotes collaboration through publications and exhibitions
- In partnership with five of the world's leading technical universities

www.holcimfoundation.org

The screenshot shows the website of the Holcim Foundation for Sustainable Construction. The browser window title is "Holcim Foundation for Sustainable Construction - Microsoft Internet Explorer". The address bar shows "http://www.holcimfoundation.org/fdn/univ.html". The website header includes the logo and navigation links for Search, Contact, and Home. A left sidebar contains a tree menu with categories like "Holcim Foundation", "Holcim Awards competition", "Holcim Forum", "Press and media", and "Sustainable construction". The main content area features a photograph of a group of people, with a caption: "Meeting of the partner universities of the Holcim Foundation at the ETH Zurich, Switzerland on February 11/12, 2006". Below the photo is a section titled "Partner universities" with introductory text and a search box. The right sidebar contains contact details for the foundation, including phone and fax numbers, an email link, and a list of profiles for the Technical Competency Center.



CO₂ is integrated in the business systems



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Conclusions

- Holcim is committed to SD across all its three pillars: economic, environmental, and social
- Improving our SD performance will add value to our business and is a key factor in maintaining our “licence to operate”
- Reducing our emissions of CO₂ is a key sustainability challenge for our industry and a strategic business issue
- Driven by top management commitment
- Integrated into business processes

Meeting society's needs for products and services using fewer resources and creating lower emissions through improved efficiency is a key element of Holcim's strategy