

# Annual Review

Holcim (New Zealand) Ltd for the year ending 2012









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For the year ending 2012

Holcim (New Zealand) Ltd

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## Cover

*Holcim concrete volumes remained steady this year, gaining a number of large volume construction projects in the Auckland region.*

## Inside Cover

*In 2012 Holcim Ltd launched "Together for Communities", a global employee volunteering initiative as part of the Centennial celebrations. Greg Manson and Greg Lorkin, part of a group from Head Office, volunteered a day's work in the community, assisting local residents affected by the Canterbury earthquakes.*

# About Holcim

From small beginnings in Otago in 1888, Holcim (New Zealand) Ltd has become a cornerstone of the country's construction industry.

As at the end of 2012, Holcim New Zealand directly employed approximately 500\* people at 40 sites to supply cement, aggregates, ready mixed concrete and lime products to build the country's industries, offices, houses and roads. The head office is in Christchurch.

The Company's vision of providing the foundations for society's future has strengthened over more than 120 years to incorporate long-term sustainability of the business and of its activities, and sustainable development that meets the needs of the present without compromising the needs of future generations.

The fulfilment of that vision of sustainability is built into the Company's values of strength, performance and passion: we care about our people, their safety and their development; we care about our customers and their success; and we care about our world, in particular the communities we live and work in. At the same time, sustainability at an operational level also means finding the best solutions for our customers and delivering on our promises, as well as contributing to a strong organisation that is a solid partner, demonstrating global leadership based on strong local relationships.

## Cement

At Westport Works, Holcim New Zealand produces up to 500,000 tonnes of high quality Portland cement a year. When required, local production is supplemented by imported cement to meet market demands.

Holcim New Zealand operates two ships, marine terminals around the country and a network of road and rail tankers to deliver bulk cement to our customers. Most of it is used in ready-mixed concrete production.

A small amount of cement (about 10%) is delivered to customers as bagged cement in 40kg and 25kg bags. Our cement brands are Ultracem, Duracem and Rapidcem.

## Aggregates

Holcim New Zealand operates quarries at Kiwi Point (Wellington), Bombay (south of Auckland) and Hastings (Hawke's Bay), supplying 1.2 million tonnes of aggregates annually, primarily to the concrete and roading markets. Further supplies of aggregates are produced by Millbrook Quarries (50% owned).

## Concrete

A network of 40 ready-mixed concrete plants owned by Holcim Concrete (100% owned) and AML (50% owned) supply ready mixed concrete for residential, commercial and infrastructure uses.

## Lime

Holcim New Zealand has two lime operations – McDonald's Lime (72% owned), in the Waikato, and Taylor's Lime (100% owned), in Otago. Both plants produce large quantities of burnt and hydrated lime, agricultural lime and a range of ground calcium carbonates.

## Social Sustainability

As an employer, our primary responsibility is the health and safety of our employees in the quarries, at plants and at other worksites. Our goal is clear: nobody should come to any harm while working on or visiting a Holcim site.

Holcim New Zealand is committed to being a good employer by creating an environment of mutual trust and respect for all employees and fostering employee development, initiative and involvement in an environment that is safe, healthy and free from harassment and discrimination. Annual study awards and other initiatives encourage young people to consider a career in the industry.

Holcim New Zealand strives to be a good neighbour – to be supportive of and have good relationships in the communities in which we operate.

\* Note: Staff numbers exclude the following partly owned subsidiaries and associates: AML, Millbrook Quarries, Fiji Industries, Basic Industries and Atlas Resources.



### Environmental Sustainability

Holcim New Zealand aims to keep the environmental impact of our operations as low as possible through careful, forward-thinking management. Our efforts have been acknowledged with continuing ISO14001 environmental certification at all Holcim sites. The accreditation was achieved through a series of protocols that meet the international ISO environmental standard. The protocols put measures and checks in place that minimise noise and emissions, reduce waste, and conserve energy.

For further information about Holcim New Zealand, please visit the website: [www.holcim.com/nz](http://www.holcim.com/nz)

### Holcim Ltd

Holcim (New Zealand) Ltd is owned by Holcim Ltd, based in Switzerland. Holcim Ltd is one of the world's leading suppliers of cement, aggregates, concrete and construction-related services. The Holcim group of companies employs some 80,000 people in 70 countries.

For further information about Holcim Ltd, please visit the website: [www.holcim.com](http://www.holcim.com)

### Holcim Foundation

As part of its commitment to sustainable development in the use of natural resources, Holcim Ltd established the Holcim Foundation for Sustainable Construction in 2003.

The Foundation's purpose is to encourage sustainable responses to technological, environmental, socio-economic and cultural issues affecting building and construction. The Foundation promotes innovative approaches to sustainable construction mainly through awards competitions, an international forum and project funding.

For further information about the work of the Foundation, please visit the website: [www.holcimfoundation.org](http://www.holcimfoundation.org)



### Since 1888

- 1888** Beginning of the Company's involvement in the New Zealand building industry when the Milburn Lime and Cement Company was incorporated in Otago.
- 1958** New Zealand Cement Company commenced operating a new cement plant at Westport to meet growing demand for cement.
- 1963** Milburn and New Zealand Cement Company merged to form New Zealand Cement Holdings Ltd.
- 1971** Holcim (then known as Holderbank), a Swiss company, bought 42% of New Zealand Cement Holdings Ltd.
- 1980s** Company diversified into concrete operations, including the joint venture AML Ltd.
- 1988** Company celebrated 100 years of operations and changed its name to Milburn New Zealand Ltd.
- 1999** Holcim moved to 100% ownership.
- 2002** The name Holcim (New Zealand) Ltd was adopted and the Company rebranded throughout New Zealand.

# Chairman's & Managing Director's Review

2012 has proven to be another challenging year. However, the Board has been impressed by the outstanding efforts of staff who have focussed their attention on those elements of the business that they could influence. Continued emphasis on health and safety, people development, customer service and efficiency will ensure that Holcim New Zealand is best positioned to make the most of the opportunities that are beginning to emerge.

## Holcim Limited's 100th Anniversary

This year marked Holcim Limited's 100th Anniversary. To celebrate this milestone all Holcim companies worldwide participated in "Together for Communities", a global volunteering initiative. In line with this, Holcim New Zealand launched the 'Employee Volunteer Programme' where employees were offered the opportunity to volunteer one work day for their community. Almost 250 employees participated in the programme, contributing over 1900 hours of their time.

## Subdued Market

The commencement of the re-build in Canterbury off-set flat or reducing demand in many parts of the country. The higher New Zealand Dollar has resulted in increased competition while cost pressures have squeezed margins. All of these factors have contributed to Holcim New Zealand taking a conservative approach to our activities, and continuing the focus on reducing the delivered cost of product to market, cash recovery and customer service.

## Holcim Leadership Journey

In June 2012 Holcim New Zealand launched the Holcim Leadership Journey, as part of a global programme designed to increase the competitiveness of the business. The focus areas of the Holcim Leadership Journey are: procurement; logistics; energy and alternative fuels; fixed costs; and customer excellence. Overlaying these work-streams is a drive to accelerate our journey to Zero Harm and a focus on committed and engaged employees.

Several initiatives were developed through the latter half of 2012 with significant collaboration with Holcim Limited subsidiaries in Australia (Cement Australia and Holcim Australia).

In particular Holcim New Zealand formed the Leadership Development Group, comprised of 16 non-executive senior managers. This group meets regularly in facilitated sessions in a programme designed to accelerate their leadership development.

## Workplace Safety

The Board and Executive Committee would like to commend the many plants and sites that achieved Zero Harm again this year.

The trend for a reduction in the rate of injuries sustained at Holcim New Zealand sites continued. In 2012, the Company recorded the lowest ever Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). However this was off-set somewhat by some serious contractor incidents. Contractor Safety management will be an area of increased focus in 2013.

The Company's commitment to Zero Harm remains firm and our approach to it is continually evolving as we learn from our own sites and other similar industries.

## Environmental Performance

This year Holcim New Zealand was audited for compliance with the New Zealand emissions trading scheme. The audit found that all the relevant business units were in full compliance with the scheme. The Board and Executive Committee recognise the hard work of all those involved in achieving this. It is also pleasing to report that no fines or abatement notices were issued to the Company for any environmental breaches during the year.

Holcim New Zealand continues to set high targets for environmental performance as laid out in the annual Environmental Plan. As well as external audits, Environmental Audits are carried out at each of the Company's sites during the year. These audits provide a valuable opportunity for the site managers to reflect on their operating processes and how they can make these more efficient and environmentally sound. Following the audits several of the sites made positive environmental changes, from improving their water use, to reducing waste and recycling.

## Financial Performance

Sales volumes increased but with a generally subdued New Zealand construction sector, pricing remained under pressure. In addition increases in the cost of goods,



materials and services resulted in a decrease in net profit for the year. In preparation for changes in the structure of the Company's concrete investments, the basis of consolidation of a joint venture company was changed to equity accounting. This had no impact on net profit. In 2012 increased dividends were paid to shareholders contributing to a drop in equity.

#### **Weston**

Ongoing uncertainty in the global economy meant that the proposed Weston plant did not gain approval in 2012. Various areas of work continue to ensure the project remains ready should funding become available.

The Company appreciates the uncertainty this generates for staff, communities and other stakeholders. However, unfortunately it is an inevitable outcome of the broader economic uncertainty in New Zealand and globally.

#### **Allied Concrete**

Owing to the prolonged construction downturn and significant over capacity in the concrete market the Company reviewed the structure of its concrete operations throughout 2012.

In order to increase the scale of ready-mix concrete operations, late in 2012 Holcim New Zealand signed a Heads of Agreement with our joint venture partner, Allied Concrete, to merge Holcim Concrete operations with the AML Limited joint venture.

This is a logical extension of our long-term relationship. It will allow the combined entity to focus resources and expertise providing customers with increased service, and enabling operating efficiencies.

#### **Holcim Limited**

Our parent Holcim Limited was founded in the Swiss village of Holderbank in 1912. Since then the Company has grown to become one of the world's leading suppliers of cement and aggregates. Holcim Limited is a global company employing some 80,000 people, with production sites in 70 countries. With a market presence on every continent, Holcim is more globally spread than any other building materials group. Holcim Limited has achieved this position through market-oriented structures, product innovation, skilled employees and efficient environmental management systems.

Holcim Limited's financial results for the year to 31 December 2012 showed increased consolidated net sales, operating EBITDA and net income despite the difficult economic environment in Europe and substantial restructuring costs. Total sales of cement were 148 million tonnes, an increase of 2.5%. Sales of aggregates and ready-mix concrete were down on 2011 (7.7% and 3.1% respectively). Despite declines in the European businesses strong growth was seen in the emerging markets in North America, Asia and Latin America. Consolidated net sales also rose by 3.9%.

On the back of the Holcim Leadership Journey, the Group achieved like-for-like growth at both operating EBITDA and operating profit level. These results are driven by a high degree of cost awareness in production, distribution and administration.

#### **New Zealand Outlook for 2013**

The construction industry in New Zealand remains subdued, but with early hints of recovery, as councils start to see consenting levels lifting. This is weighted heavily towards Christchurch in its early stages of recovery. The Auckland region also looks poised for a gradual recovery in demand. However competitive pressures throughout the industry and concerns over rising costs mean that the focus on efficiencies must remain.

#### **Thank you**

Holcim New Zealand has made significant efforts to ensure that we continue to perform as efficiently as possible in an uncertain environment. The Board and Executive Committee would like to recognise the ongoing resilience and commitment of all those involved in the Company.

Thanks also to our loyal customers and business partners for their continued support.

**John Lindsay**  
Chairman

**Jeremy Smith**  
Managing Director



# Board Composition

## Holcim (New Zealand) Ltd Board



### 1 John Lindsay (Chairman)

John has had extensive business experience as Chief Executive and board member of various large manufacturing and service companies, based in New Zealand and operating internationally. He has also been a member of the executive committee of several national trade associations and an independent director of the New Zealand Rugby Union.

He is currently Chairman of the New Zealand Chambers of Commerce and Industry, and a Director of a number of companies and organisations.

### 2 Jeremy Smith (Managing Director)

Appointed to the role of Chief Executive of Holcim New Zealand in June 2007, Jeremy was appointed to the Board in November of that year. He joined Holcim in 2000 and has held general management positions in the Lime and Cement divisions.

A qualified lawyer, he has previously worked in executive management roles in other industries.

### 3 Paul O'Callaghan (Deputy Chairman)

In January 2011 Paul O'Callaghan was appointed as Regional Manager with responsibility for Holcim operations in Australia and New Zealand. Formerly Chief Operating Officer for Holcim Philippines, Paul has over 20 years experience in the cement industry. Prior to moving to the Philippines in 2001, he held a variety of positions in Queensland Cement Ltd. He is also a director of Cement Australia and Chairman of Holcim Australia.

### 4 Ian Thackwray

Ian has an MA (Hons) in Chemistry and is also a chartered accountant. Initially he joined Price Waterhouse, handling major corporate accounts in Europe. In 1985, he started a career with a major multinational in the chemicals industry, serving in various management roles in Europe, North America and Asia. From 2004 to 2006, he was the Asian/Pacific President based out of Shanghai. In September 2006, he joined Holcim and was appointed COO of Holcim Philippines. In 2009, the Holcim Ltd Board of Directors appointed him a member of the Executive Committee. His area of responsibility spans East Asia including China, the Philippines, Oceania and Holcim Trading.

### 5 Murray Valentine

Murray is a director and investor in a number of South Island-based companies involved in tourism, hotels and farming and in a New Zealand geographic information services company. He owns and operates the Dunedin-based firm of Chartered Accountants, Jackson Valentine Limited, and is also a director of Alpine Deer Group Limited, Animation Research Limited, Farra Engineering Limited and Trojan Holdings Limited. Murray has been a director of Holcim New Zealand since 1988.

He is Chair of the Audit and Compliance Committee.

As at January 2013





# Operational Highlights

Activity in the construction sector was at a low level when 2012 began but showed signs of improvement as the year unfolded.

## Cement

- Cement sales lifted on previous years. This was a noticeable shift from the downward trend apparent since mid-2008
- The lift in cement sales reduced the number of planned kiln shuts at Westport Works from previous years
- Holcim Cement continued to grow in the area of land stabilisation

## Concrete

- Concrete volumes remained steady this year, sustained by several long-term projects
- Holcim Concrete gained a number of large volume construction projects in the Auckland region
- Holcim Concrete continued establishing and maintaining strong partnerships with large construction companies through excellent customer service

## Aggregates

- Overall volumes remained similar to those in previous years
- Bombay Quarry lifted output, supplying increased volumes into the Auckland market
- Transition to the new Auckland Pit remains the key development initiative for Bombay Quarry

## Lime

- Both McDonald's Lime and Taylor's Lime experienced steady sales growth
- Agricultural lime and fine lime had another solid year on the back of strong dairy activity
- Investment in plant and equipment aided production at both sites

# Financial Result

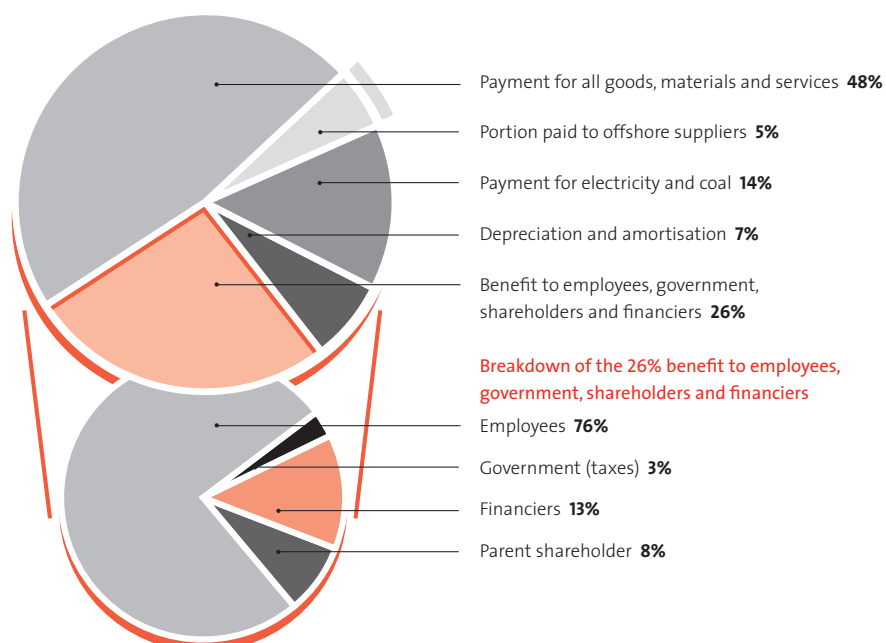
## Value Creation

Value created by Holcim New Zealand for our key stakeholders

	2011	2012
	\$000 Total <i>Offshore portion</i>	\$000 Total <i>Offshore portion</i>
<b>Net Sales</b>	255,859	219,418
Assoc. Profit	2,536	1,403
Other Income	2,477	3,027
<b>Total Income</b>	<b>260,872</b>	<b>223,848</b>
<b>Less</b>		
Payment for goods, materials and services	-141,971	-117,594
<i>Portion paid to offshore suppliers</i>	<i>-13,037</i>	<i>-11,409</i>
Payment for electricity and coal	-27,448	-31,436
Depreciation and amortisation	-15,365	-16,716
<b>Less</b>		
Benefits provided to		
Employees	-52,906	-45,853
Government (taxes)	-3,346	-1,729
Financiers	-9,882	-7,779
Parent/Shareholders	-1,680	-4,732
<b>Increase/Decrease in total equity</b>	<b>8,274</b>	<b>-1,991</b>

## Distribution

Distribution of the value created by Holcim New Zealand for key stakeholders. Percentage of net sales





# Production and Sales

A subdued construction industry across New Zealand continued to have an impact on overall sales. Holcim New Zealand has, however seen a lift in cement sales, helped by the Canterbury rebuild starting. There are positive sales predictions for 2013.

Cement sales is one of the basic indicators of economic activity and for the last four years has been declining. A change in this trend for 2012, though small, is encouraging for the Company.

Despite the difficult trading environment, Holcim New Zealand made provision for capital expenditure, especially in the distribution system. This compares with 2011 when the Company focussed on debt reduction, selling some surplus land and reducing costs.

At \$219 million overall, net sales decreased on the previous year.

Holcim Concrete volumes remained steady in 2012. Volumes were up slightly in Auckland on the back of steady volumes last year. This was largely due to large infrastructure and commercial projects. Concrete volumes fell slightly in the Waikato region, largely due to the completion of major infrastructure projects and the flat commercial, residential and rural sectors.

Concrete volumes began to lift in the Canterbury region owing to the rebuild where Holcim New Zealand has a presence through its joint venture AML.

At Holcim Aggregates, volumes were up slightly on 2011, with rises at Bombay, Kiwipoint and Millbrook. Volumes remained steady at Hastings Quarry in Hawke's Bay with the completion of the Hawke's Bay Expressway and low levels of construction and infrastructure investment in the region.

Lime had another steady year, with revenue increases in most product lines.

## Cement

Holcim Cement sales lifted slightly in 2012 compared with 2011. The first half of the year saw the most growth, helped by some significant infrastructure projects in the North Island and the growing momentum in Canterbury with the rebuild. This upward trend dropped off slightly in the second half of 2012. The Company was anticipating more growth in the second half, but there were delays with consenting processes in Canterbury and this rise is now expected in 2013. A similar trend with consents has been observed in Auckland and again this has not transformed into sales this financial year.

A cautious approach from the commercial and residential sectors was again observed in 2012. A number of large projects were completed in the first half of the year, but fewer were started in the second. The demand for cement in the non-residential and infrastructure sectors was soft.

Outside of Canterbury, there was an increase in residential developments, but not with non-residential and infrastructure projects. So far, the Canterbury rebuild projects have been generally smaller scale, such as repairs and work on driveways and kerbing. To date there has not been a significant number of larger construction or residential builds. The Company is preparing for an increase in sales, especially from the residential sectors in Auckland and Christchurch.

In recent years, the fall in cement sales meant the output of clinker and cement at Westport Works was curtailed at times by way of scheduled individual kiln shutdowns. This was to avoid overloading the cement supply system in a time of reduced demand. In 2012, because of the increase in cement sales these shutdowns were not required to the same extent, although some were still needed for maintenance purposes. Despite this, production at Westport Works was near the plant's capacity.

Holcim Cement continued to grow in the area of stabilisation this year. This includes roading stabilisation and land rehabilitation projects, such as the Tui Mine project, which contains contaminated land. Holcim Cement has continued to expand its work with these added value solutions and has partnered with specific contractors to achieve this.



## Concrete

Volumes of concrete remained steady this year. While the number of new infrastructure projects was down on previous years, many long-term projects sustained demand. The Company did, however, gain a number of large volume construction projects in the Auckland region.

During 2012 Holcim Concrete's Horotiu plant in the Waikato continued to provide large volumes for the Te Rapa bypass project. The Fulton Hogan-run project commences at the northern edge of Hamilton and connects with the Ngaruawahia section of the Waikato Expressway stretching across eight kilometres, including dual carriageways, bridges and ramps. Holcim Concrete has supplied concrete to both pre-cast and in-situ bridge and interchange structures for this demanding project. The bypass is set for completion in 2014.

The Rail Electrification Project in Auckland also continued this year. This significant infrastructure project that commenced in 2010, is one of the country's largest for many years. In this time over 12,000 cubic metres of concrete has been poured.

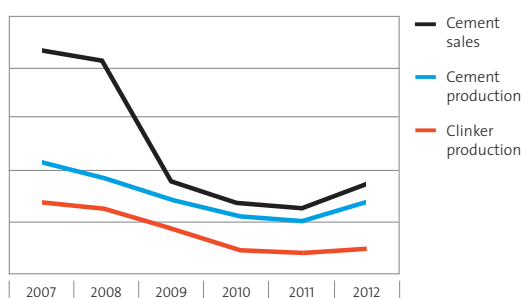
Holcim Concrete and Holcim Cement also contributed large volumes to the upgrading of the North Island's electricity supply.

Holcim Concrete continued establishing and maintaining strong partnerships with large construction companies. By providing excellent customer service, these relationships were key to Holcim New Zealand's success.

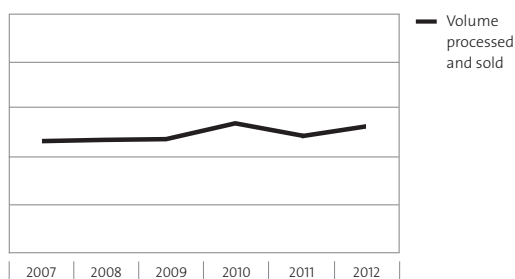
Holcim Concrete completed a number of large projects including the supply of a Green Star Shotcrete mix for the Geyser Building - the mix was jointly developed for the project by Holcim Concrete and subcontractor Shotcrete Services. Another was the placing and pouring of high-specification concrete in the final stages of the Fisher & Paykel Healthcare manufacturing facility in Auckland.

Dominion Constructors required large volumes for one of its major mixed commercial projects in East Tamaki. The Crossing site, in Highbrook is set for completion mid-2013.

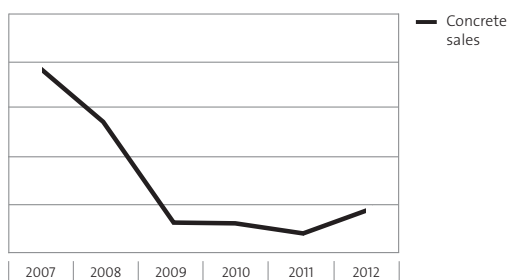
## Holcim Cement volumes



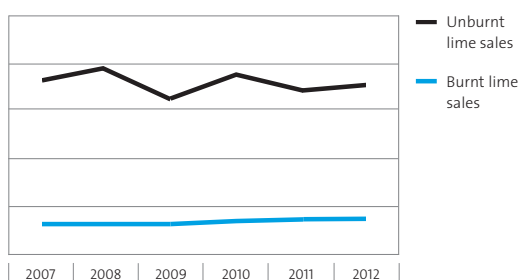
## Holcim Aggregates volumes



## Holcim Concrete volumes



## Lime volumes





Holcim Concrete supplied concrete to the Manukau Mitre 10 Mega and Warkworth Countdown projects. To combat the limitations of the low roof access at Mitre 10 Mega, all pours were completed with speed and accuracy with the help of a concrete pump and conveyor system.

#### Aggregates

Holcim Aggregates had a challenging year with volumes remaining similar to those in 2011.

Hastings Quarry in Hawke's Bay had another steady year. This was aided by the securing of a large scale project.

Bombay Quarry had a stronger year compared with 2011, supplying an increased volume of material into the Auckland market. This year the Company invested in two new Hyundai 780-9 loaders to prepare for increased production of base course at the site. The more reliable, efficient loaders have been put to use in the newly opened Auckland Pit. Extraction of aggregate from the Bombay Quarry's Waikato Pit ceased in July and the transition to the new Auckland Pit is underway.

This year Bombay Quarry also began its Clean Fill Project. This is where Holcim Aggregates' contracted customers can drop off their clean fill and pick up aggregate at the same location. This service offers time and travel cost savings for customers. The clean fill is then unloaded in the valley adjacent to the Bombay Quarry weighbridge.

Millbrook Quarry at Wellsford (a joint venture with Wharehine Group Limited) experienced a drop in sales. The quarry has seen increased demand for high value product, such as sealing chip.

#### Lime

Holcim New Zealand's lime interests are held at McDonald's Lime Limited at Otorohanga and Taylor's Lime at Dunback in Otago. The Lime division experienced steady sales growth during the year. The projected growth in the second half of the year was less than expected due to delays in commissioning at one of the Company's major export customers, Newcrest gold mine in Papua New Guinea. Commissioning was under way towards the end of 2012 and volumes are expected to lift after this process is complete.

Agricultural lime and fine lime had another strong year on the back of strong dairy activity, especially in the Waikato region. Taylor's Lime had increased volumes owing to a good year for cropping, sheep and beef in the South Island.

Fine lime products, such as Calcimate were supplied in record volumes from both McDonald's and Taylor's Lime. Calcimate is used as a calcium supplement in dairy farming. This rise has been assisted by investment this year in production systems using robotics.

Investment in plant and equipment has aided production at both sites. This year McDonald's Lime purchased a larger capacity dump truck and started upgrading its gas kiln. The kiln will not only increase capacity, but modernise control systems and improve efficiency.

#### Fiji

In Fiji, Holcim New Zealand has interests in cement producer Fiji Industries Limited (24%) and concrete company Basic Industries Limited (49%). Compared with 2011 where exports were exceptionally strong, this year exports remained steady. However, the domestic economy is showing good signs of growth with some infrastructure and new construction projects.

Holcim New Zealand maintains close ties with Fiji Industries Limited and Basic Industries and has provided support with health and safety, staff training and operational issues. Both companies have performed well in regards to health and safety this year.



# Distribution



## Holcim Cement

Holcim Cement's national distribution system handled a higher volume of cement this year, largely due to the increased demand for cement in Canterbury.

Availability of cement to Canterbury for the rebuild is critical. As part of the work to ensure this, Holcim New Zealand is working with the Lyttelton Port Company to refurbish the existing berth that deteriorated with the Canterbury earthquakes. Two new mooring bollards were installed and work will continue on the wharf structure in the coming year.

To ensure Holcim New Zealand is prepared for the expected continued growth as the Christchurch rebuild progresses, the Company fast tracked a \$5 million bulk storage project at the Lyttelton Depot. The assembly of two cement silos is under way on the Gladstone Quay site and will increase bulk cement storage by 4000 tonnes. This project is expected to be completed in late 2013. The Company is also investing in further cement storage at customer sites and working to increase rail carrying capacity in a joint effort with KiwiRail. On completion mid-way through 2013, this venture will increase the Company's rail carrying capacity by 50% between Westport Works and Christchurch.

The ship mv Milburn Carrier II went into dry dock at Lyttelton during January and February for major maintenance work, with over \$1 million being spent to maintain the condition of class on the vessel. During her absence supplies of cement were maintained for Christchurch using mv Westport and some increased rail. The ship mv Westport will undergo a similar period in dry dock early in 2013 to ensure she meets the stringent audit standards.

Bar conditions at Port of Westport were better than average, with excellent conditions reported towards the end of 2012. If the ships are delayed in Westport because of the weather, back-up by road transport is available to maintain a reliable supply of cement. Road transport was required slightly more than in previous years, due to the increased demand for cement in Canterbury. Weather conditions on the Manukau Bar for Onehunga were relatively normal.

In 2012, Holcim New Zealand marked the significant milestone of 1000 days without a Lost Time Injury (LTI) on board a ship. This is a reflection of the efforts of shipping staff and the emphasis the Company gives to the health and safety of employees.

### Road

The Company continues to focus on and develop its road safety culture. It has been building on current safety initiatives that include an annual driver training programme; a pre-start check system; and implementation of national safety standards. This year, driver training moved away from the classroom and included simulations for both first-aid and emergency response. This approach to driver training was received well by the drivers.

Following on from the introduction of these systems, Holcim Cement has formed a Transport Safety Standards Committee, charged with protecting and developing safety standards. The committee comprises drivers, depot managers, through to senior managers.

A new dispatch system was implemented this year to ensure a more efficient and timely distribution of cement to customers. Each tanker is supplied with a smart phone that also provides the dispatcher with GPS information.

## Holcim Concrete

In 2012, Holcim Concrete continued to supply the large scale rail electrification project despite difficult on-site conditions and disrupted demand schedules set by KiwiRail.

The majority of concrete was delivered between 11pm and 4am while the trains were not on the tracks. The work is completed six days a week and on allocated weekends when KiwiRail places all traffic on hold.

## Significant Projects

In tough times, the value of long-standing commercial partnerships forged in mutual trust over the years is realised. For Holcim New Zealand, being trusted to consistently make, deliver and place quality product on time is the foundation of many partnerships that continue to gain projects, large and small.

*Holcim Cement and McDonald's Lime worked with Hiway Stabilisers to develop an appropriate blend to address unsafe residues at the abandoned Tui Mine.*



### **Tui Mine stabilisation – Waikato**

The Tui Mine is an abandoned mine site near Te Aroha in the Waikato region. The mine produced a range of base metals, including copper, lead and zinc from 1966 to 1973 when it was abandoned by the owner Norpac Mining Company who went bankrupt. The company left behind hazardous tailings containing lead and cadmium that have leached into, and contaminated the Tunakohia and Tui Streams.

The contract to remediate the site (funded largely by central Government) was awarded to Hiway Environmental. It is the first large scale rehabilitation of this kind in New Zealand. Holcim New Zealand was identified as having the expertise to provide specialised binder materials which are the solution to stabilise the mine. A project specific blend of cement was developed in conjunction with Hiway, containing cement, calcium carbonate and calcium oxide (lime products). This blend was required to meet the varied conditions at the mine.

The project required a strong partnership between McDonald's Lime and Holcim Cement. Additionally, the expertise of Holcim Australia and its frequent use of blended solutions were called upon. The companies combined and worked with the customer to develop a special cement/lime blend, to stabilise the types of rock found at the site.

The difficult site led to many challenges. Owing to the intense weather patterns in the region access to the site was an issue. The site would often resemble a bog after periods of rain. Because of this both companies often had to meet tight supply deadlines, and had to act quickly when the weather was clear enough to permit access.

Distribution contractor PGF Transport and Holcim Cement distribution were dedicated to ensuring a supply of lime and cement to the mine. Both worked closely with Hiway Environmental, contributing to the overall success.

By the end of 2012, the majority of the tailings had been reshaped and stabilised, with the cement/lime blend.

The effective teamwork between Holcim Cement and McDonald's Lime has ensured this stabilisation project continued successfully throughout the year and is expected to be completed on schedule in early 2013.

By then 10,000 tonnes of blended product will have been used to stabilise the mine and tailings.

The Tui Mine project is expected to make considerable improvements for the Te Aroha community and the environment.

### **The Crossing – Auckland**

During the year, building started on a set of mixed use commercial buildings in East Tamaki, Auckland. The Crossing development is being constructed by Dominion Constructors at the 108 hectare Highbrook Business Park. The Crossing buildings are set to be a significant landmark in this mostly industrial region of Auckland.

The Crossing will comprise of six buildings arranged around a podium base and linked by an open air plaza. It is designed to be the focal point of the business park.

The 24,700 square metre development will house commercial, retail and hospitality outlets, including offices, accommodation, restaurants, shops, entertainment facilities and a conference centre.

To date Holcim Concrete has poured over 4,500 cubic metres of concrete for the project, contributing to the wide expanse of stairwells, structural work, columns and suspended floors.

The first stage of the project is set to be completed by mid-2013 and has been designed to a four green-star standard.



#### Point Resolution – Taurarua, Auckland

The original bridge connecting Auckland's Tamaki Drive to Point Resolution and the Parnell Baths was built in 1927. In 2012 the old bridge had reached the end of its design life and was removed in November in preparation for work to begin on a new bridge.

Auckland Council retained the services of architecture firm Warren and Mahoney to design a new structure. Plans were drawn up for a new bridge featuring a series of three sculpted arches that cradle a pedestrian deck. The bridge's deck consists of a concrete beam, hull-like in shape, to provide a connection to the yachts in the neighbouring harbour. This connects with a glass balustrade. Both the concrete deck and the glass balustrade will feature a collaborative artwork designed by Henriata Nicholas from Rotorua.

In November Holcim Concrete began working closely with Wilson Precast Construction Ltd on this highly technical project. Self compacting concrete was chosen to construct the waka (Maori canoe) shaped deck of the bridge, to give the structure a smooth finish. Given the nature of the concrete, pouring the mix into the moulds required careful planning and timing.

Simultaneously six trucks and a team of 12 staff, using specialised equipment, carefully poured the mix at the pre-cast yard in segments. The pours were successful, with 100% utilisation of concrete at the site.

The segments were then put together at Point Resolution in December 2012. The bridge is set to be open to the public in early 2013.

#### National War Memorial Bypass – Wellington

Another significant project to get under way in 2012 was the National War Memorial Bypass in Wellington. The project involves lowering Buckle Street between Tory and Taranaki Streets. The area overhead will link the memorial park with the Tomb of the Unknown Warrior and the National War Memorial.

Holcim Kiwi Point Quarry secured a supply agreement with Wellington-based contractor Dixon & Dunlop for the first stage of this project, which involved clearing the site. This provided an opportunity for both the contractor and Holcim to remove the demolition concrete to the quarry, where it could be recycled. Previously this waste went into landfill. In total over 570 tonnes of waste concrete was received and this was returned to the site, combined with 590 tonnes of quarry rock.

The second stage of the bypass' construction is set to begin in 2013 and work on the Memorial Bypass is to be completed before the Gallipoli landings centenary on Anzac Day 2015.

#### Westport Laboratory

Holcim's Westport Laboratory carries out the quality control testing for Westport Works and provides final product certification for its cement products - Ultracem and Rapidcem. It also carries out some external testing for other Holcim New Zealand sites.

The staff at the Westport Laboratory are continually developing their skills and monitoring performance. A laboratory technician training programme has now been in place for the last two years, involving in-house training and skills development. The success of this programme was highlighted this year when the French Technical Association of the Industry of the Hydraulic Binder (ATILH) tested the accuracy of the lab's concrete testing.

The inter-laboratory testing programme found the Westport lab to be in the top 5% worldwide for test accuracy. The ATILH testing programme covers physical testing of initial setting time, 28-day strength, chemical composition and fuel testing. It also certifies cement for particle size analysis.

*Artist's impression of the Point Resolution Bridge. Holcim Concrete supplied a special mix which was carefully poured into moulds in segments which were then put together on site.*





*The new bagging plant at McDonald's Lime. The new system uses robotics to speed up packaging.*

In an anonymous process, samples from Westport were sent to participating laboratories throughout the world for testing. The group tested the internal Coefficient of Variation (COV) and found Westport to produce COV's of less than 2% (a COV of less than 3% is considered excellent).

These world class results are a testament to the ongoing staff training and regular quality control monitoring at the site, as well as the consistent efforts of the staff at the laboratory.

#### **New Cement Spreader**

In the past, spreading cement for road stabilisation has been a dusty process that is often disruptive for those neighbouring the projects. Traditional spreader trucks often challenged the Company's clean distribution and delivery policies and some local councils had raised concerns. To remedy this, Holcim Cement and Downer Maintenance developed a new spreader.

Holcim Cement engineers have worked closely with Downer to develop a new spreader that is more efficient, environmentally friendly and less dusty. The spreader includes a fully enclosed system with specially designed filter technology.

The truck proved its worth through rigorous testing and the first spreader began work in October on a large road maintenance contract between the Waikato and Bay of Plenty.

#### **Robotics assist production at McDonald's Lime and Taylor's Lime**

In previous years bagging lime products has been a laborious job for staff working at McDonald's Lime and Taylor's Lime.

The task was done manually and involved employees loading machines, lifting heavy product bags and stacking pallets. During peak season when demand for calcium supplements on dairy farms was high, the sites often struggled to keep up with demand.



In response to this, during 2012 McDonald's Lime and Taylor's Lime made a considerable investment in robotics to assist in the production of their branded lime flour product - Calcimate.

The robotics were commissioned with quarry staff and engineers contributing to the design. The new technology was then implemented in the summer of 2011/2012 in time for the busy Calcimate season.

Not only have robotics allowed Holcim to significantly improve the quality of lime products packaging, they have also allowed the sites to more than double their Calcimate output. This increased output was particularly beneficial during the months of July to August when the dairy industry requires more calcium supplementation. This improved capacity has ensured a better supply for customers and resulted in greater capacity for bigger product deliveries. It is felt that the implementation of the new robotics strongly contributed to the record sales of bagged lime products in 2012.

As well as the economic benefits, the robotic system has significant health and safety benefits..

*In late September, Hastings Quarry hosted an Open Day with more than 200 people from the local community attending. Families and locals enjoyed the free activities, competitions and bus tours of the site. The giant sandpit was a great success with children on the day.*



# Social Sustainability





## Social Sustainability

Corporate social responsibility continues to be a cornerstone of Holcim New Zealand's commitment to sustainable development. Building and maintaining relationships based on mutual respect and trust is integral to Holcim New Zealand's corporate social responsibility.

Holcim New Zealand aims to build the capacity of people and communities through investment and engagement. Holcim New Zealand supports education, building of infrastructure and sustainable community development.

Holcim New Zealand's social sustainability programme focuses on the health, wellbeing and safety of our employees and meaningful engagement with our key communities. These activities are important to employees and the communities in which the Company operates. Consultation with Holcim New Zealand's key communities has been formalised through community liaison groups and Community Support Programme committees.

## Safety Initiatives



The Company's **Zero Harm-Safety First Programme** was founded in 2004. The programme has seen significant investment and resources towards training employees and instilling in them that the first step to injury prevention remains the responsibility of individual employees, contractors and visitors.

During 2012 the focus has remained on individual safety behaviours, while a strong focus continues to be placed on those employees and contractors putting themselves and others at risk. Total Recordable Injury Frequency Rate (TRIFR - combined total of lost time and medical treatment injuries) for Holcim New Zealand employees, was half what it was in 2011. The injuries sustained by employees were less serious soft tissue injuries, such as sprains and strains. Contractor safety is still a concern with contractors accounting for six of the Company's nine Lost Time Injuries (LTI) in 2012.



### Tools for Take 2

Introduced in October 2011, 'Tools for Take 2' provided training for all staff in five

key behaviours, that when applied will help prevent injuries. We attribute the reduction of our TRIFR to our people's receptiveness of this programme.

The 'Take 2 to do it right' initiative encourages staff to stop and think for two minutes about the potential for harm before attempting an activity.

### Business Leaders' Health and Safety Forum

The Business Leaders' Health and Safety Forum is a coalition of business and government leaders committed to improving the performance of workplace health and safety in New Zealand. The focus of the Forum is to make workplaces safer by growing world-class CEO safety leadership in New Zealand, and by leveraging the combined skills, influences and resources of members. Holcim New Zealand joined the Forum in 2010 when it was launched. In July Holcim New Zealand's Managing Director Jeremy Smith hosted a CEO peer learning event for forum members where he shared Holcim New Zealand's safety philosophy and journey to date. The event highlighted that health and safety of our people is the Company's first priority and the key to being an effective safety leader, is to care about the people who work for you.

### Safety Leadership Programme

Encouraging leadership in safety plays an important role in changing behaviours and developing a safety-focused culture among staff. During 2012 Holcim New Zealand completed two more leadership programmes. Almost 200 employees have now completed the programme.

The programme provides participants with the tools to become more effective in leading safety conversations with colleagues. It aims to nurture the safety behaviours of those performing well, while helping to change and overcome unsatisfactory behaviours. In between the two modules, participants carry out projects in the workplace and review their progress with their managers. This year many of the projects undertaken involved controlling hazards associated with tasks at our operations.





One of these projects was isolating a water sampling area and eliminating the risk associated with measuring bench heights at the Westport Quarry.

### Safety Tours

Safety Tours are essential in reinforcing positive behaviours and correcting behaviours with the potential to cause harm. They have been at the core of the Company's goal of Zero Harm since its initiation. The tours are carried out at all Holcim New Zealand sites to identify and rectify existing or potential unsafe acts or situations. Safety Tours remain an effective and proactive tool to stimulate discussion and corrective action among all staff. In 2012, 6668 Safety Tours were conducted across all sites compared with 6597 the year before. The number of tours has remained relatively steady in the past four years, reflecting a continuing high level of involvement.

### Safety Alerts

A three-level health and safety communication system, 'Safety Alerts' has proved effective in passing on lessons learned from incidents within the Holcim Group and across the industry. Introduced four years ago, the system encourages staff to share information ranging from a high risk alert (displayed on noticeboards and on the intranet with a red border), a change to standards, procedures or rules (blue border), or general awareness (green border). As well as using the online Safety Alerts link, employees can also contribute to Safety Alerts through the Health and Safety Alerts and Good Ideas database.

### Fatality Prevention Elements

Since 2007, 13 Fatality Prevention Elements (FPE) have been introduced by Holcim Ltd to control high risk activities with a potential to cause serious harm. This significant project has been successfully rolled out by Holcim New Zealand.

During 2012, the Company has reviewed, developed and implemented management processes for: Working Near Water; Vehicle and Traffic; Stability of Quarry Slopes and Stockpiles; and Hot Surfaces and Gases.

Audits were completed during the year to check the level of compliance of Fatality Prevention Elements: Vehicle and Traffic, Electrical Safety, Machine Guarding and Working Near Water.

### Contractor Management

Much was done during 2012 to achieve more control of contractor behaviour onsite, so it was disappointing that six contractors experienced Lost Time Injuries during the year. The Company recognises that exceptional leadership is required from site managers where contractors operate. Reviews of contractor performance were carried out and a strong line was taken with those contracting companies whose employees exhibited unsatisfactory safety behaviours.

### Actions Employees Can Take

Actions Employees Can Take (AECT) is integral to Holcim New Zealand's progress towards achieving Zero Harm. This behavioural management programme is provided to all new employees and encourages them to take responsibility for their own and their colleagues' behaviour. In previous years this programme was based in the classroom. This year the Company moved the programme to operational sites where participants carry out actual hazard identification, use the Tools for Take 2 and undertake real Safety Tours.

### Job Hazard Analysis

A safety documentation process introduced six years ago, Job Hazard Analysis (JHA) ensures safety processes and procedures are always thoroughly documented. It has become ingrained in the Company's culture.

During 2012, the 'JHA Decision Tree' was simplified to assist employees and contractors in determining when a JHA is required. The flow chart was communicated to employees during the year and feedback was favourable.

### Incident Investigation

Eleven new incident investigators were trained in 2012 and have all had opportunities to complete investigations.

Detailed analysis of safety incidents plays a major part in preventing similar occurrences. During the year, 19 high-level investigations were carried out by Holcim New Zealand's Incident Causation Analysis Method (ICAM) investigators.

In 2012, a new Incident Management System (IMS) 'INX in Control' was implemented. This change will give the Company the ability to identify incident trends, allow for better management of events such as investigations, and is expected to make reporting more efficient.

Seven of these investigations involved injuries, with the remaining 11 involving incidents where there was the potential for harm to occur.

# Safety Performance



*Holcim Cement employees participate in a simulated first aid training exercise.*

A continued focus on the goal of achieving Zero Harm to employees, contractors, customers and visitors which to date has seen a gradual decrease in injuries. Unfortunately in 2012 three Holcim employees and six contractors experienced LTIs during the year, compared with five employees and three contractors in 2011.

Fourteen Holcim New Zealand sites had an impressive record of Zero Harm – no LTIs, Medical Treatment Injuries (MTIs), or First Aid Injuries (FAIs) during the year, operating at a highly advanced level of safety awareness, and they are to be congratulated. The remaining sites are being encouraged to emulate these successful sites. The Company's continued efforts on health and safety management aims to see this record extended across all sites. Injuries requiring medical treatment were considerably down on the previous year – seven compared with 19 in 2011.

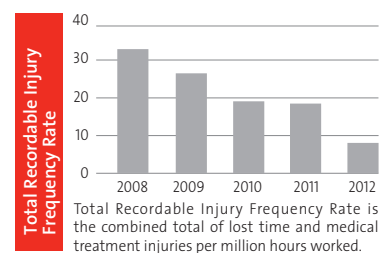
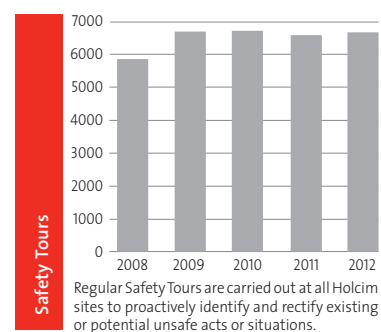
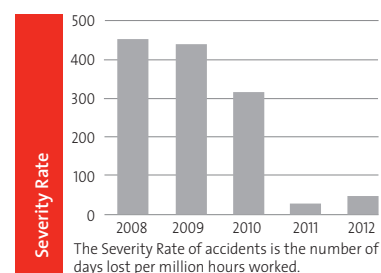
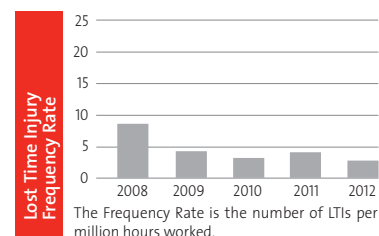
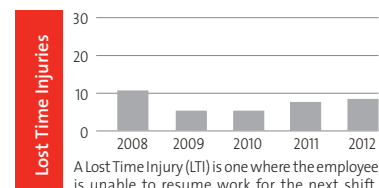
Efforts continued to alert employees to the need for behaviour change through the 'Move at Work' programme and, 'Tools for Take 2' initiative.



## Accident Compensation Corporation Partnership Programme

Holcim New Zealand retained its tertiary level status for the fifth year in a row after Accident Compensation Corporation's (ACC) September audit of Head Office.

Being accepted at the tertiary level allows the Company to take on ACC's role of administering, remunerating and rehabilitating employees injuries at work.



# Employee Initiatives



## Holcim Limited Centennial

In 2012 Holcim Limited celebrated its 100th anniversary. To mark the Centennial all Holcim companies, across 70 countries, including 80,000 employees participated in “Together for Communities”. This was a global employee volunteering initiative with the aim of all employees volunteering one day's work in the community. Holcim New Zealand launched the Employee Volunteer Programme. Under this programme, Holcim New Zealand has partnered with Keep New Zealand Beautiful, a charitable trust involved in promoting litter recycling, waste reduction, as well as town and city beautification. Holcim employees from all Holcim New Zealand sites were offered the opportunity to volunteer one day for their community. Positive feedback has been received from all those who participated in the programme.

As well as volunteer activities, each of the Holcim New Zealand sites chose their own way of marking the Centennial. At the events, employees were presented with a copy of *Industrious*, an artistic photo book. The book features the work of world-renowned photographers Marco Grob, David Hiepler and Fritz Brunier.

## Gender

	2008	2009	2010	2011	2012
<b>All Employees</b>					
Female	14%	13%	14%	15%	17%
Male	86%	87%	86%	85%	83%
<b>Management Positions</b>					
Female	15%	13%	12%	14%	11%
Male	85%	87%	88%	86%	89%

## Turnover

	2008	2009	2010	2011	2012
Resignations	107	41	73	69	52
Retirements	4	5	3	3	4
Death in service	1	1	0	0	1
Redundancies	5	20	4	5	1
Dismissals	6	6	3	7	8
Average number staff	539	512	496	499	506
Voluntary turnover	16.1%	6.6%	8.9%	12.0%	11.3%
Total turnover	18.4%	11.9%	12.9%	14.4%	13.1%

**Note:** Some previous years' turnover figures have been adjusted to enable accurate comparison with 2011 when the basis of measurement was improved.

## Age of Employees

Age Band	2008	2009	2010	2011	2012
15 – 29 years	11%	9%	9%	9%	13%
30 – 49 years	45%	43%	42%	41%	41%
50 – 60 years	25%	29%	30%	32%	30%
60 years plus	17%	17%	17%	16%	15%
Age unknown	1%	2%	2%	2%	1%

**Note:** Staff demographics exclude the following partly owned subsidiaries and associates: AML, Millbrook Quarries, Fiji Industries, Basic Industries and Atlas Resources.



*The Waikato Concrete team had a great time volunteering at Hamilton Zoo. Brandy West, Customer Services Representative, feeds the Sumatran Tiger, Jaka.*

### Holcim Leadership Journey

Earlier this year, Holcim Limited announced the Holcim Leadership Journey to improve group performance and further strengthen market and cost leadership. In line with this, in July Holcim New Zealand introduced its own Holcim Leadership Journey at the 2012 Management Forum held in Christchurch. The forum included 42 managers from across the Company and focused on leadership development, customer excellence and plans to deliver on the key elements of the Leadership Journey. Holcim New Zealand also introduced the Leadership Development Group, a new leadership development initiative involving 16 influential leaders within the Company who will work closely with the Executive Committee to develop their personal leadership skills. The group meets regularly with an outside leadership coach.

### Employee Volunteer Programme

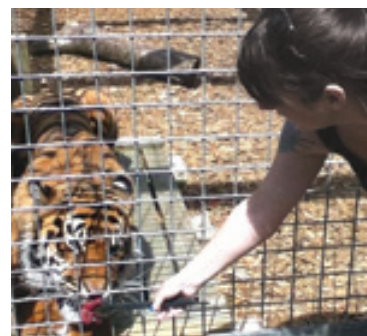
Launched in 2012 as part of the global Centennial celebrations, around 250 Holcim New Zealand employees volunteered a day working in their local communities.

Employees at McDonald's Lime assisted the Department of Conservation (DoC) with planting 1500 native trees along the Timber Trail between Pureora and Ongarue over two days. The 45 employees who took part enjoyed the opportunity and DoC appreciated the Company's support and involvement.

*Staff from the Greenlane office volunteered a day clearing rubbish from Blackpool Beach.*



Taylor's Lime took part in tree planting at the Tavora Reserve, in conjunction with the Yellow-Eyed Penguin Trust. The site is an important habitat for the penguin. Holcim New Zealand also contributed the materials to protect the new plantings.



Over 60 employees from Westport Works and Westport Quarry participated in a community clean-up day around the town and another large group worked on a planting project in a picnic and recreational area. Those who worked on the projects enjoyed their work and found it a great team-building activity.

Kiwi Point Quarry staff took part in cleaning up their local creek.

The Greenlane Office employees spent a day clearing rubbish from Blackpool Beach on Waiheke Island.

East Tamaki Concrete Plant employees removed graffiti and cleaned up a community shopping centre.

The Waikato Operations staff, Te Rapa Office and Waikato Customer Services volunteered at the Hamilton Zoo. Work included spreading mulch around gardens, cleaning monkey cages, fixing fences on the savannah to stop rabbits getting in, and fixing the display cages for the cats by laying rocks and mulch, and cleaning.

Hastings Quarry staff helped deliver community calendars and carried out gardening and site maintenance at the Flaxmere Community Marae.

Staff at Head Office volunteered with the Addington Action group. This volunteer group was set up to help households affected by the earthquakes in the local area where the head office is located. Teams of four to five different Holcim New Zealand employees have been going out each week with Mike Peters from Addington Action, carrying out various jobs in the neighbourhood.





*Left photo: Members of the Leadership Development Group met in Christchurch.*

*Right photo: In 2012 Holcim New Zealand undertook an extensive project to upgrade to Microsoft Office 2010. Deirdre Larsen, Microsoft Office 2010 Project Manager shows Sandra Miller, Head Office Receptionist the new features.*

This has included helping clean up sections of residents with disabilities and the elderly who are struggling to maintain them. The community building in the Christchurch South Community Garden now has a fresh coat of paint thanks to Holcim New Zealand volunteers. Other painting jobs have also been undertaken.

#### **Survival Kit Presentations**

In February, almost a year on from the devastating 6.3 magnitude earthquake, a BBQ was held for all employees at Christchurch's Head Office. At the lunch, all staff were presented with emergency Survival Kits. The kits included survival essentials such as batteries, a torch, disposable gloves, candles, a radio, dust masks etc.

#### **Staff Development**

Core staff development and training programmes were retained this year. A number of employees participated in leadership and technical courses and conferences both within New Zealand and in Europe.

Recruitment and selection workshops for managers were run during 2012, as well as the successful launch of a new Internal Project Management course. This initiative is part of Holcim New Zealand's Project Management Approach and was developed for employees who lead projects.

A range of 'Dialogue' refresher training courses for managers and staff continued this year.

In February this year Holcim New Zealand rolled out Microsoft Office 2010 across the Company. Training on new software was offered to all 350 staff who use PCs and was very successful. The upgrade process began in August 2011 and was initiated by an informative

road show explaining the project. The new Microsoft Productivity Suite was then tested by almost 90 key staff members. Group or one-on-one training sessions were then carried out at the larger Holcim sites throughout New Zealand.

#### **Compliance with laws and regulations including competition laws**

Holcim New Zealand has a well-established reputation for conducting its business in an honest and ethical manner. This reputation is built on Holcim's core values, one of which is working with integrity, and includes compliance with applicable laws and regulations in the countries where Holcim operates.

Holcim respects the principles and rules of fair competition prohibiting anticompetitive behaviour in all the countries in which it operates. To ensure staff and management understand and follow these laws, Holcim New Zealand continued to ensure employees followed the regular competition law training programme used by the Holcim Group worldwide.

In 2012 a new policy regarding anti-bribery and corruption was introduced in accordance with the Holcim Limited Anti-bribery and Corruption directive. Holcim New Zealand staff and management are trained in this policy to assist identifying red flags to ensure that they do not directly or indirectly utilise bribery and corruption in conducting business.

## Community Initiatives

With 40 sites throughout New Zealand, Holcim New Zealand aims to make a positive contribution to each of the communities it operates in and actively works to ensure it is a responsible and good neighbour.

*Holcim 2012 Scholarship winners, from left to right: Wei Nee Carleton, Westport; Hannah Martin, Westport; Dillon Cane, Bombay; Melissa Giddens, Hastings.*

*Right inset photo: George Jensen, previous scholarship recipient secured a full time role as Quarry Cadet at McDonald's Lime.*

Sustainable operations at sites and community involvement and support are ways the Company can ensure this happens.

Holcim New Zealand partners with local stakeholders in communities to improve educational, social and cultural development.

Nationwide corporate sponsorships are supplemented at larger sites by Holcim New Zealand Community Support Committees, which consider applications from local organisations. Newspaper advertisements are placed to encourage communities to apply for assistance in areas that reflect the company's corporate social responsibility. These include education that increases future options, initiatives that help communities to help themselves, and support for community infrastructure. These areas are also the focus of Holcim Group companies worldwide. Holcim New Zealand also encourages staff to suggest applications from community groups that they may be involved in or connected with. The Community Support Committees at Westport, Bombay and Hastings are made up of community representatives, Holcim New Zealand management and staff.

### Tertiary Scholarships

Scholarships were offered in 2012 at Westport, Hastings, and Bombay. Scholars previously appointed continue to receive funding and holiday work for the term of their tertiary studies.

Each scholarship offers \$2000 a year (for a maximum of four years) towards tertiary study costs and paid work at the relevant Holcim New Zealand site during each holiday period. Preference is given to students who have a connection with the community and whose studies are relevant to our industry.

Winners of the 2012 scholarships were:

**Westport:** Wei Nee Carleton, will be studying for a Bachelor of Science at Victoria University of Wellington. Wei Nee has excelled at high school winning many awards including the Holcim Science Foundation Award, and gaining Excellence in NCEA at both levels.

Hannah Martin was offered a Holcim New Zealand Work Scholarship. She will attend Canterbury University also completing a Bachelor of Science.



**Hastings:** Melissa Giddens, will be attending Otago University to complete a Bachelor of Science in Geology. Melissa has had good results academically and performed well in several leadership roles.

**Bombay:** Dillon Cane, currently attending Canterbury University completing a Bachelor of Engineering majoring in Civil and Natural Resources. As well as achieving high results academically, Dillon has excelled in sports, debating, and drama productions.

2009 Scholarship recipient George Jensen from Hastings graduated in 2012 with a Bachelor of Science, majoring in Geography, at Massey University. While George completed his studies he worked at the Hastings Quarry during the university holidays as part of the scholarship. After graduating he took up a permanent job at the Oparure Quarry as a Quarry Cadet. Holcim New Zealand has a good record of retaining the recipients of tertiary scholarships. Many go on to work in full time positions at one of the sites.

### Holcim Future Community Leadership Award

A new Holcim New Zealand initiative offered in 2012 was the 'Holcim Future Community Leadership Award'. This award was offered to the children of Holcim New Zealand employees with the successful candidate given the opportunity to develop their leadership skills on a 10-day Youth Development Voyage with the Spirit of Adventure Trust. The winner of this award for 2012 was Roland Eveleens, from Diamond Harbour.

### Community Engagement Plans

Holcim New Zealand aspires to include well-planned and continuous community engagement as a standard element of daily business. In 2012 every site completed a summary of their community engagement activities and plans for the future. The plans focus on the sites' stakeholder relationships, sponsorship support in the local community, community liaison groups, scholarships, community based projects and employee volunteering



activities. The document also identifies target areas for improvement based on community needs. It also provides a platform for monitoring the results of its various community projects.

#### Community Liaison

To encourage community feedback and foster community relationships, Holcim New Zealand holds community liaison group meetings in Westport and Bombay. These meetings provide locals with an opportunity to discuss community needs and issues and learn about the activities Holcim New Zealand has planned for the area. The meetings are attended by Holcim New Zealand staff, representatives from the relevant district councils, local businesses, organisations and neighbours. In recent years the meetings have focussed on environmental awareness, conservation and community support.

#### Paper4trees

Holcim New Zealand supported schools in the Otorohanga, Westport, Waitaki and Christchurch regions, through the Paper4trees Carbon Reduction programme. Schools are supplied with a native tree or plant for every two cubic metres of paper and cardboard they recycle or keep from landfill. This year, Holcim New Zealand staff delivered trees to some of the schools in the Christchurch and Waitaki areas.

#### Head Office, Christchurch

Holcim New Zealand continued to help fund projects related to the earthquake recovery during 2012. Some of these Earthquake Fund sponsorships are outlined here. This year the Christchurch office has partnered with Addington Action group. As well as employee volunteering activities to celebrate the Company's Centennial, Holcim New Zealand has funded a covered trailer with concrete mixer and tools to assist the group's volunteers to carry out earthquake related repairs in south Christchurch. The trailer carries a concrete mixer and all the necessary tools to various worksites. The group help those who do not receive assistance from other organisations. These might be the elderly or people with disabilities who have sustained damage to their homes but may not have insurance, or those having difficulties with their insurance companies and cannot get urgent work done.

Assistance from the Earthquake Fund ensured the volunteer-run Canterbury Repertory Theatre Company was able to perform its March season of *An Inspector Calls* in hired premises after their historic theatre was lost in the Canterbury earthquakes.

The Sendai/Christchurch Art Exchange was initiated early in 2012. Sendai is a city close to the epicentre of the Tohoku earthquake and was directly affected by the resulting tsunami. Holcim New Zealand provided sponsorship for an art exchange which included an art exhibition in Sendai and one in Christchurch featuring artists from each city.

Holcim New Zealand helped sponsor the repair of cricket nets and surface area at Cashmere Primary School. The nets are used by the school and community.

Support was provided for the mentoring service Big Brothers Big Sisters of Christchurch. The service provides mentoring for children who may not have a positive role model. Holcim New Zealand chose this organisation on the recommendation of one of its Christchurch employees who is a Big Brother.

#### Westport Works

More than 30 West Coast community organisations, including educational, sporting, cultural and support groups benefitted from sponsorships allocated by the Holcim Community Support Committee based at Westport Works.

This year Westport launched a new partnership with Conservation Volunteers New Zealand. One of their major projects on the Coast is the Lighthouse Road Picnic area. The new community amenity at Cape Foulwind will eventually provide a picnic site for locals and visitors with great views.

The Buller Adult Learning Services received support to help volunteer tutors travel to other centres for training. The group provides literacy language and numeracy tuition for adults in the district.

Holcim Westport continued to sponsor two Buller High School students gain a berth on a 10-day Spirit of Adventure Voyage. The Company also presented a further Buller High School Science Foundation Award and this year assisted the school's Year 12 and 13 History students trip to Vietnam.



Buller and Westland Rural Education Activities Programme (WestREAP) received funds to provide recycled computers to families with young children on the Coast. The group also provides computer training for parents so they can support their children's technology education.

Life Education Trust West Coast received support for its mobile classroom that travels the length of the West Coast teaching health in primary and intermediate schools.

Help was provided to Seddonville Volunteer Rural Fire Force who had to relocate their fire station and local library to higher ground after devastating floods in late 2010.

Again this year Holcim New Zealand staff and some customers were well represented in the Buller Marathon, with almost 50 runners donning the Holcim running kit. Volunteers also helped make the day a success. As well as being a major sponsor for the overall event Holcim New Zealand sponsored the medals for the Kids' Mini Marathon.

#### **Bombay Quarry**

Bombay Community Support Committee approved a number of sponsorships with a focus on education and young children.

The Bombay Playcentre received funds towards fixing drainage problems, re-concreting and putting a shelter over the concreted area.

Assistance was given to Pukekohe East Community Centre for upgrading their hall entrance with wheelchair access.

Ramarama School received sponsorship to go towards purchasing a fully-equipped science trolley.

Hunua School was given help towards an off-road school car parking area.

#### **Hastings Quarry**

Hastings Quarry employees and local community representatives selected a variety of community organisations to receive sponsorship this year.

Among those was Te Whakaritorito Trust who provides mentoring services for young people in the region.

Similarly, the Company supported the Koru Youth Trust. The Trust runs Project K, a youth programme that provides outdoor experiences and mentoring for 13-15 year olds who come from low decile/high deprivation communities.

Kiwi Kidz Community Early Education Centre was given help towards a new deck and cover for their play and learning outdoor area.

Sponsorship helped Age Concern Flaxmere run its daily drop in centre, transport members to appointments and shopping, as well as advocacy services.

Holcim New Zealand again supported the good work of the U-Turn Trust, a Hastings community initiative involved in a variety of activities, predominantly in the Flaxmere community. Activities include supporting the MAC rugby club, the Flaxmere health programme, bike programme and community garden

A Maori Achievement Award was again presented at Taradale High School. The Hastings site has committed to supporting the award annually.

#### **Other sites**

Again this year a team from Holcim New Zealand participated in the annual Sunrise Walk for the South Auckland Hospice. More than 1500 men and women braved the wet conditions to walk the 10 kilometre 'Holcim Trail', set out around the Botanical Gardens. The Company once again gave \$10,000 sponsorship to this worthy cause. The sponsorship helps ensure the South Auckland Hospice provides free of charge care, and support for whanau/families of those requiring palliative care. The annual walk was made even more poignant this year for those from the Greenlane Office, who late last year lost a much loved team member Robyn McStay to cancer.

Holcim New Zealand continued to support schools in the Waitaki region. The Weston School received funding for technology equipment. This sponsorship was matched by the Otago Community Trust. The Weston Playcentre received some funding for new decking in their play area. Ngaruawahia Community House (close to the Horotiu site) has received sponsorship for various projects over the last few years. This year support was given for a community event they were organising.

Holcim New Zealand provided sponsorship to the Ronald McDonald House in Christchurch. The organisation helps provide free accommodation to families throughout New Zealand while their child receives hospital treatment.

*Julie Irvine, Environmental Advisor – Concrete and Aggregates, undertakes water quality testing at Bombay Quarry.*



# Environmental Sustainability





# Environmental Performance

*Jeremy Smith, Managing Director (centre) presents the second Holcim New Zealand Environmental Excellence Award to the Holcim Cement Sales and Marketing team for their project to supply cement kiln dust (CKD) for re-use by a West Coast mine.*

## Environmental Submissions

Throughout New Zealand, Holcim New Zealand makes environmental submissions on relevant sections of district, regional and national plans and policy statements. This pro-active approach ensures that officials and fellow submitters have a good understanding of the Company's environmental position. Active involvement also helps the company's interests and identifies for Holcim New Zealand the future direction of local authority and Government environmental planning.

In 2012, the Company submitted on plans in the Buller, Auckland and Dunedin council districts; the Canterbury and Otago regions; the Ministry for the Environment's updating of the New Zealand Emissions Trading Scheme; and the Electricity Allocation Factor 2013. The Company also submitted to the Finance and Select Committee on the Climate Change Response (Emissions Trading and Other Matters) Amendment Bill.

Holcim New Zealand is an active member of the Aggregate and Quarry Association's planning committee. This committee provides an industry voice on maintaining supplies of the essential materials to meet the demands of New Zealand's growth and infrastructure. This committee has a particular focus on environmental and sustainability issues.

The parent company Holcim Limited is determined to show its support of sustainable environmental initiatives and sets out a number of environmental policies regarding protecting and enhancing biodiversity worldwide. Holcim New Zealand maintains close alignment with these values and policies.



## Recognising Excellence

The Holcim New Zealand Environmental Award was introduced last year to foster and enhance employees' thinking about environmental matters throughout the Company. The award recognises outstanding environmental and sustainability work within Holcim New Zealand.

The 2012 recipients were the Holcim Cement Sales and Marketing team for its innovative and valuable project to supply cement kiln dust (CKD) to a West Coast coal mine, to use in backfilling and stabilising voids. This project takes a reusable product of cement production and converts it to an innovative value-added product - a low strength, low cost cementitious product. Prior to this, a large portion of CKD was stockpiled.

The benefits include mine site safety, environmental quality and waste minimisation as well as providing additional revenue in a new supply segment (mining – void stowing) for Holcim New Zealand.

This product is also used to neutralise acid-mine drainage.

## Innovate NZ Silver Award

In January this year, Holcim New Zealand's recently commissioned Spent Cell Lining (SCL) handling and disposal plant was awarded silver in the Innovate New Zealand Awards. The SCL facility at Westport Works was designed by Aurecon New Zealand and received recognition for excellence in planning, installation and commissioning. The awards are run by the Association of Consulting Engineers New Zealand and acknowledge



high standards of achievement within the engineering industry.

The SCL co-processing plant project was successfully initiated in 2011, as part of the Alternative Fuels & Raw Materials (AFR) programme and has operated efficiently this year. SCL is a by-product of manufacturing aluminium and is unsuitable for conventional landfilling. Westport Works uses SCL as an energy source replacing coal for heating the kilns, and providing an alternative source of raw materials for clinker production.

#### Emissions Trading Scheme Compliance

In 2012 Holcim New Zealand's cement and lime businesses were audited by Deloitte on behalf of the Environmental Protection Authority for compliance with the New Zealand emissions trading scheme. The audit found that all the businesses were in full compliance with the scheme. Those involved with the audit found the process to be very constructive and were pleased with the outcome.

#### AFR at Westport Works

Iron is an important ingredient in cement and finding a reliable source of high quality iron corrective has historically been a challenge for Holcim New Zealand. The Company has worked with Pacific Steel to source a supply of iron corrective from its Auckland operations. Pacific Steel recycles car bodies and scrap metal into recycled steel and a by-product of this process is mill-scale fines, which is now proven to be suitable as an iron corrective. Previously, most of this ended up in landfill. The project uses bulk shipping to transport the large quantities of material to Westport on the mv Anatoki. Recycled gypsum continues to be used as a replacement for natural gypsum, and during 2012 approximately 1800 tonnes of recycled gypsum was used. In 2012 a new shed was installed to improve the handling properties of recycled gypsum by keeping it fully dry. The shed is constructed using 12 metre long containers with a strong tarpaulin roof and has the advantage of being relocatable to accommodate future needs.

Spent Activated Carbon (SAC) is a by-product from the fuel refining processes carried out at RefiningNZ. Holcim New Zealand is successfully using SAC as an alternative fuel to substitute for coal at Westport.



*Piles of waste wall board from the demolished Hotel Grand Chancellor in Christchurch awaiting processing prior to being transported to Westport Works for cement production.*

#### Compliance

There were no environmental breaches in 2012 that resulted in fines or abatement notices.

#### Waste minimisation at Westport

A great emphasis has been placed this year on housekeeping at the Westport Works. The site has considerably reduced its Nodulised Stack Dust (NSD) and scrap metal stockpiles. Wherever possible the Company recycles these products and is researching improved waste minimisation options for the future.

#### Recycling water

In the May to September period water consumption grew at the Kiwipoint Quarry in the Ngaraunga Gorge near Wellington. This was of concern and prompted management staff to review water usage in the Quarry. Kiwipoint has since introduced a system that enables the recycling of waste water used in the process. Rather than using water from the mains (at a cost), water is now recycled back into the processing system and used for cleaning.



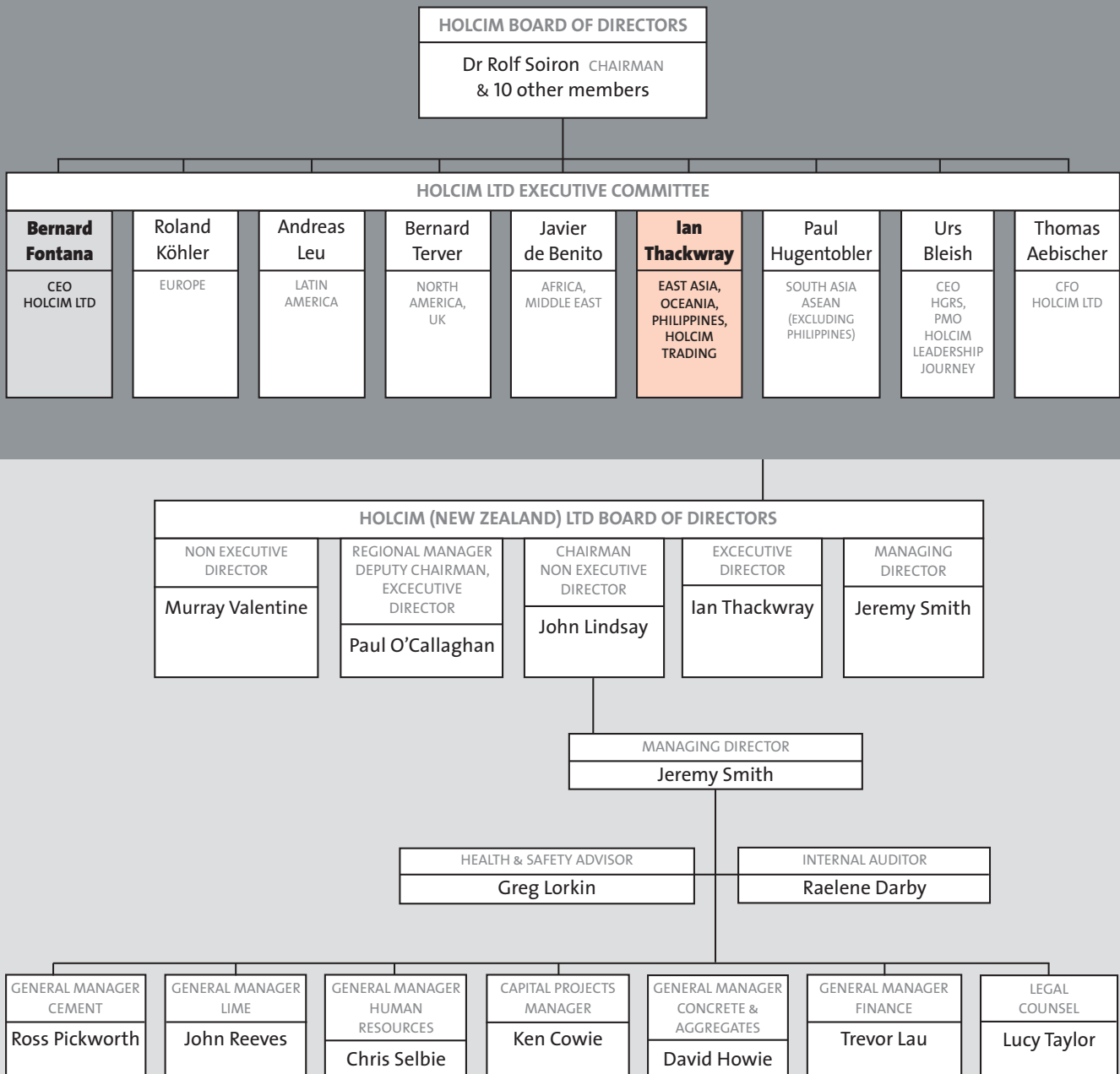
### Holcim New Zealand Ltd Environmental Plan 2012

Targets for 2012	Status	Details
Environmental Management Systems	✓	Retain ISO14001 certification and maintenance of the Environmental Management System.
Environmental Compliance	✓	Ensure compliance with the Resource Management Act 1991 and other New Zealand environmental regulations.
Environmental Site Audits	✓	Environmental Audits completed for all sites.
Recognise Environmental Excellence	✓	Internal environmental excellence award.
Biodiversity Management	Ongoing	Establish biodiversity management and enhancement plans.
Water Management and Measurement	Ongoing	Efficient use of water at all Holcim New Zealand sites to ensure best practice measures are being employed at all sites.
Waste Minimisation	✓	Develop economic opportunities for key manufacturing by-products.





# Company Structure



As at January 2013



# Holcim New Zealand Executive Team



**Standing – Left to right:** Ross Pickworth GENERAL MANAGER - *Cement*  
David Howie GENERAL MANAGER - *Concrete and Aggregates*  
Trevor Lau GENERAL MANAGER - *Finance*  
Ken Cowie CAPITAL PROJECTS MANAGER

**Seated – Left to right:** Jeremy Smith MANAGING DIRECTOR  
Lucy Taylor LEGAL COUNSEL  
Chris Selbie GENERAL MANAGER - *Human Resources*  
John Reeves GENERAL MANAGER - *Lime*

As at January 2013



# Directory

## Holcim (New Zealand) Ltd – Directors

John Lindsay (*Chairman*)  
Paul O'Callaghan (*Deputy Chairman*)  
Ian Thackwray  
Murray Valentine  
Jeremy Smith (*Managing Director*)

### AUDITORS

PricewaterhouseCoopers

### SOLICITORS

Chapman Tripp

### BANKERS

The Bank of Tokyo – Mitsubishi UFJ Ltd  
ANZ National Bank Limited  
Westpac New Zealand Limited

### REGISTERED OFFICE

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New Zealand  
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Fax + 64 3 339 7499  
enquiries-nz@holcim.com  
www.holcim.com/nz

## Operating Subsidiaries – Directors

### AML LIMITED

Jeremy Smith  
Trevor Lau  
Scott O'Donnell  
Jocelyn O'Donnell  
Mark Jordan

*50% Holcim (New Zealand) Ltd owned.  
Concrete company*

### MCDONALD'S LIME LIMITED

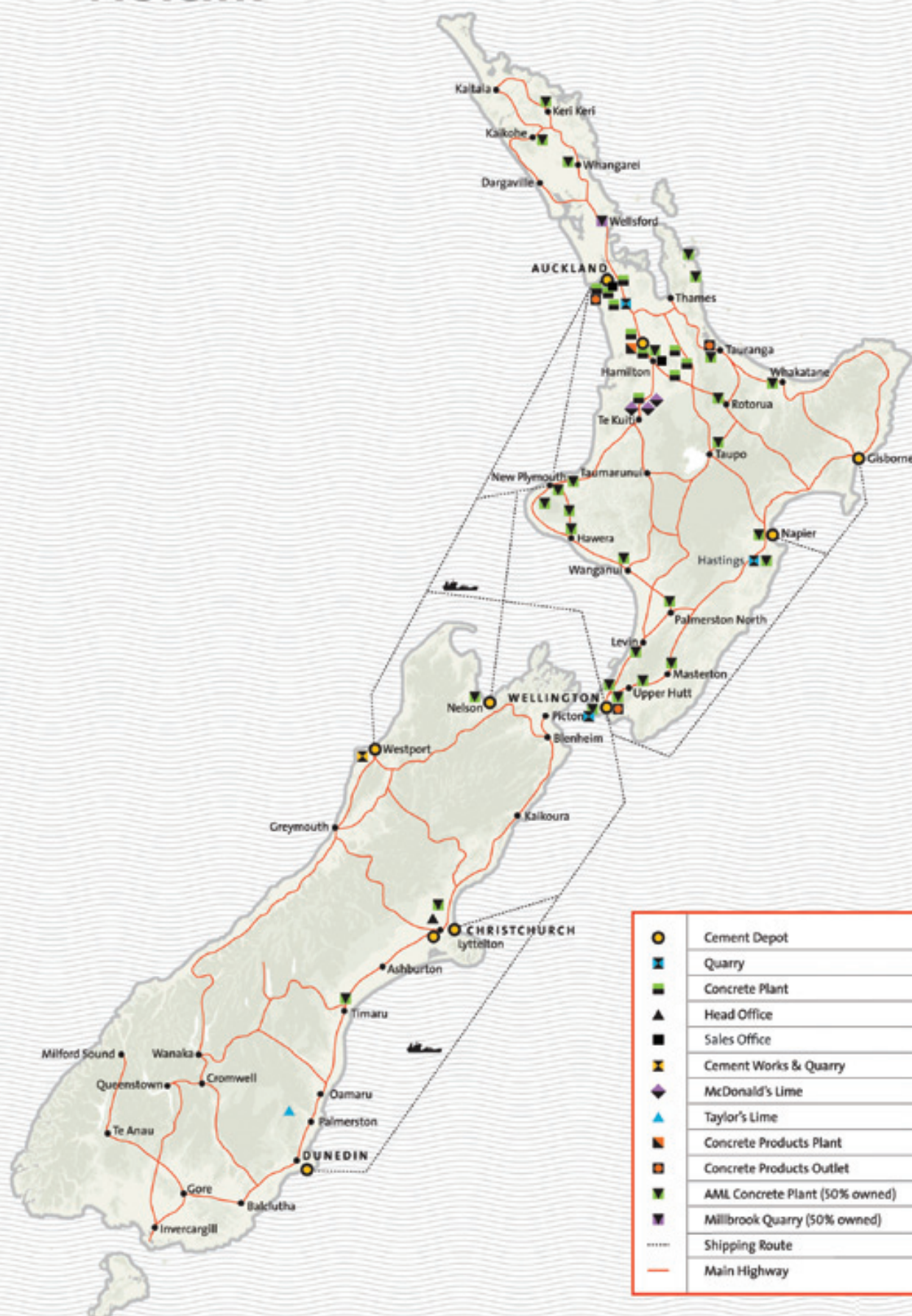
Jeremy Smith  
David Hazlehurst  
John Lindsay  
Simon Linge  
John Reeves  
Ron Gillespie

*72% Holcim (New Zealand) Ltd owned.  
Lime manufacturer*

### MILLBROOK QUARRIES LTD

Jeremy Smith  
David Howie  
Stephen Dodd  
Phillip Schmidt

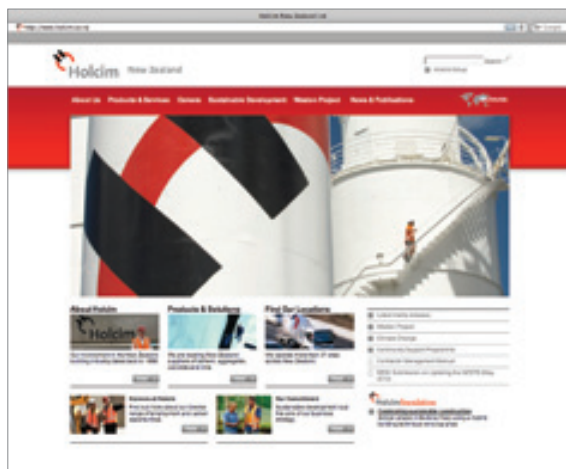
*50% Holcim (New Zealand) Ltd owned.  
Aggregates quarry*



	Cement Depot
	Quarry
	Concrete Plant
	Head Office
	Sales Office
	Cement Works & Quarry
	McDonald's Lime
	Taylor's Lime
	Concrete Products Plant
	Concrete Products Outlet
	AML Concrete Plant (50% owned)
	Millbrook Quarry (50% owned)
	Shipping Route
	Main Highway

## Further information

For further information about Holcim (New Zealand) Ltd, please visit: [www.holcim.com/nz](http://www.holcim.com/nz)



For more information about Holcim Ltd's Corporate Development Sustainability Report, please visit: [www.holcim.com](http://www.holcim.com)



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