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Response to Report on Child Labour in the Supply Chain of LafargeHolcim in Uganda**Received on May 1st, 2017**

LafargeHolcim has a corporate citizenship policy, issued in 2015, which states we support the Universal Declaration of Human Rights and we have a Group Human Rights management system, which is currently being rolled out across all our operations. In 2016 we launched the sustainable procurement initiative which included a Supplier Code of Conduct.

LafargeHolcim takes any allegations related to human rights seriously which is why following the article in Le Monde in March 2016 alleging child labour in our pozzolana supply chain, LafargeHolcim Group commissioned an independent investigation by an international independent qualified auditor. The investigation found that although children work routinely alongside their parents in agriculture, there was no material evidence that Hima Cement or its suppliers used, or were aware of the use of child labour within the supply chain.

Since the beginning of April 2016 Hima Cement have conducted a total of 49 unannounced audits of our pozzolana and sand quarries and in none of these have we observed artisanal mining by children. Also since April 2016 we have extended our GPS monitoring system, that already was installed in all our outbound logistics vehicles and in some inbound logistics vehicles, to all our inbound logistics vehicles. This includes all the vehicles transporting pozzolana to Hima Plant in our supply chain.

The Hima Plant manufactures pozzolana cement in its product range. Historically, pozzolana was mined in artisanal quarries in the Fort Portal area and other areas around Southwest Uganda. Hima Cement suppliers sourced from these quarries and sold to Hima Cement and delivered at the plant gate. In 2014, Hima Cement took a decision to mechanize and restructure its supply

chain with regards to raw materials and to that effect contracted with five suppliers for pozzolana out of Fort Portal / Harugongo and with one supplier from a quarry located South of Hima Plant. Hence, since the quarry operations have been mechanized and not artisanal.

We would highlight that pozzolana from Fort Portal / Harugongo is supplied to several companies including one competing cement company.

We therefore disagree with the following statements / allegations in your report;

- that “the total number of working children in Harugongo before September 2016 was at least 150” for the aforementioned reasons. At each of our meetings, we have asked for, but have not been given any evidence from your research that substantiates your findings.
- in your report you state that “The truck drivers who reported buying pozzolana from child labourers were working for 12 different companies (both suppliers and transporters) in the supply chain of Hima Cement, indicating a practice that is widespread, not isolated.” As previously stated Hima Cement, at the time of the Le Monde article, only had 5 suppliers from Fort Portal / Harugongo sourcing from 2 mechanised quarries. Currently we have one supplier from Fort Portal / Harugongo sourcing from one quarry.
- lastly, there is an alleged contradiction by Hima Cement in that “Hima Cement plans to support one primary school and promote vocational training, both of which are measures that will provide benefit to some former child labourers”. We acknowledge that the mechanization of mining operations led to reduced employment opportunities. However, this is in no way an acknowledgement of child labour in our supply chain.

As part of the Group initiative for stakeholder engagement, Hima Cement have had an active CSR program in place for several years. Following the impact assessment it was identified that little CSR activities had been carried out in Harugongo area. It was decided to extend the CSR support Harugongo area and we can report the following progress;

- we are in procurement stage for construction of sanitary facilities for children in Harugongo Primary school.
- we have engaged with SOS Children’s Village, a non-governmental organisation, to partner in several programs in the Harugongo community; e.g. Family Strengthening Programs that involve income generation for the communities; we hope to sign an MOU before end of Q2 2017