



Sustainable Procurement @Holcim

Protecting the environment. Respecting Human rights. Driving market competitiveness

2023

EXTERNAL PRESENTATION



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HOLCIM IS COMMITTED TO ACCELERATE OUR WORLD'S TRANSITION TO A NET ZERO AND MORE INCLUSIVE FUTURE

- We play an essential role in this transition and **we count on our suppliers to join us in this journey.**
- We believe that a key success for this transition is having markets offering cost competitive sustainable products and services, so they can be scale-up, at the magnitude and at the pace needed to generate impact.
- Our aim is that our suppliers live up our standards and values, communicated in our Supplier Code of Conduct (respecting human rights, providing decent and safe working conditions to their employees, reducing the environmental and climate impact from their operation).
- The principles of sustainability compliance and cost competitive, are embedded in our sourcing framework and we call it “**Sustainable Competitiveness**”.

We seek to partner with our strategic suppliers
in collaboration, development and innovation activities
to build a **competitive supply chain greener, smarter and for all.**

WE COUNT ON OUR SUPPLIERS

TO SCALE UP POSITIVE IMPACT FOR PEOPLE AND THE PLANET

SUSTAINABILITY



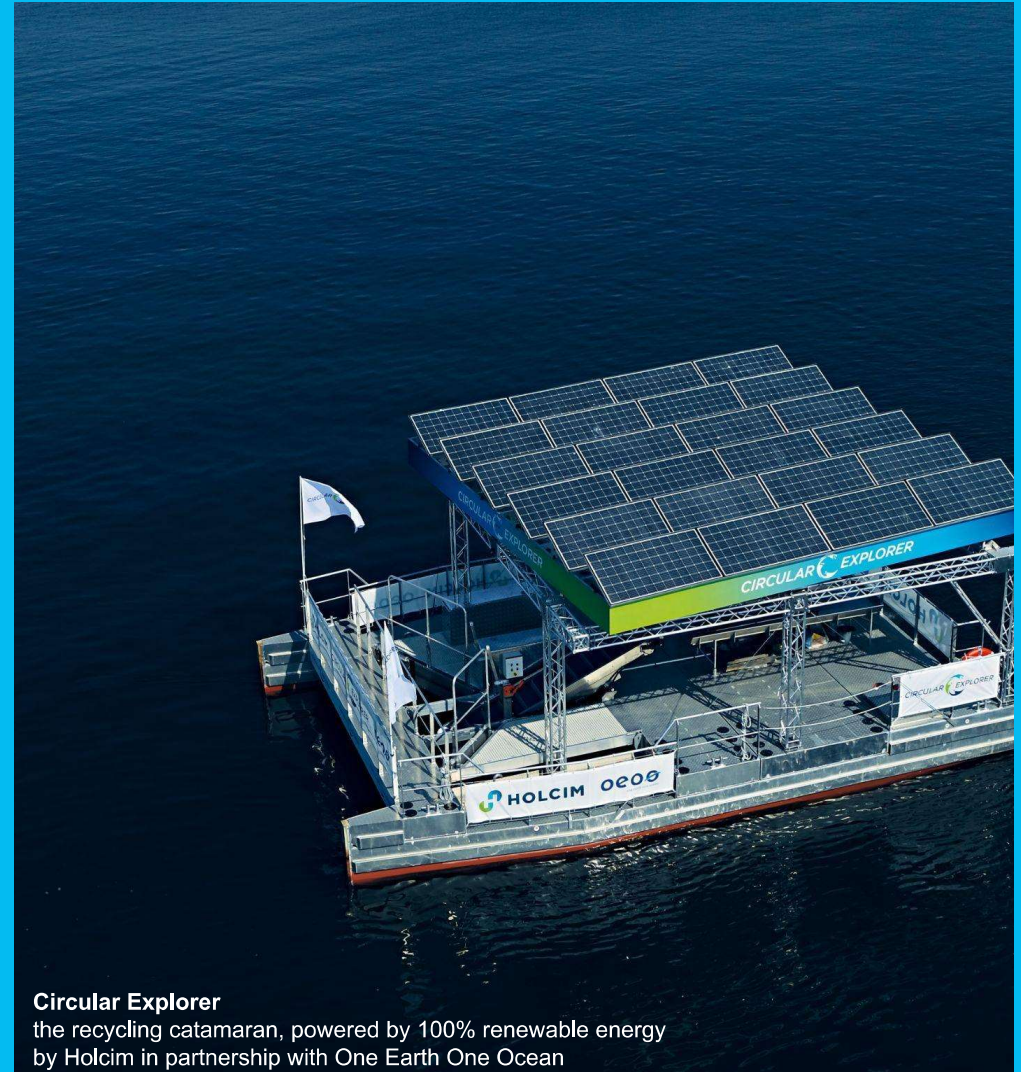
COST

To **scale-up** actions
at the **magnitude**
and at the **pace** needed



**Building progress for
People and the Planet**

INTRODUCTION TO HOLCIM



Circular Explorer
the recycling catamaran, powered by 100% renewable energy
by Holcim in partnership with One Earth One Ocean

ABOUT HOLCIM

GLOBAL LEADER IN INNOVATIVE AND SUSTAINABLE BUILDING SOLUTIONS

~60K
50 markets
Employees

2030 & 2050
1.5 degree aligned net-zero targets, validated by SBTi

300
Patents in green construction

100+ Start ups
in our open innovation ecosystem

29^B
Net Sales
CHF

21%
reduction in our CO₂ per net sales by 21%

40+
University collaborations

#1
R&D organization in our industry

5
worldwide R&D hubs

More information: <https://www.holcim.com/who-we-are>

BUILDING FOR A NET ZERO FUTURE

FROM OUR OPERATIONS TO OUR PRODUCTS ALL THE WAY TO BUILDING USE

GREEN OPERATIONS

DECARBONIZING HOLCIM

We are decarbonizing Holcim operations, from low-carbon product formulation and green mobility, all the way to next generation technologies like carbon capture, utilization and storage.



BUILDING BETTER WITH LESS

DECARBONIZING CONSTRUCTION

With low-carbon materials such as ECOPact concrete, we're delivering 100 percent performance with at least 30 percent less CO₂; as well as enabling smart design systems like 3D printing that can reduce material use by up to 50 percent.



CIRCULAR CONSTRUCTION

BUILDING NEW FROM OLD

We drive circular construction to build new from the old. As a world leader in recycling, we recycled over 30 million tons of materials this year. We put circularity at the core of everything we do, from launching the world's first cement with 20 percent recycled construction and demolition waste, to upcycling plastic bags in roofing systems.



MAKING BUILDINGS SUSTAINABLE

DECARBONIZING CITIES

A broad range of Holcim solutions, from roofing to insulation, are making buildings more sustainable in use to decarbonize our cities, driving energy efficiency and green retrofitting.

BUSINESS SEGMENTS – LEADING THE INDUSTRY IN INNOVATIVE AND SUSTAINABLE BUILDING SOLUTIONS



DRIVEN BY OUR PURPOSE

BUILDING PROGRESS FOR PEOPLE AND THE PLANET

MAKING CITIES GREENER

from foundation to rooftop with low carbon solutions



Bosco Verticale, the first vertical forest in Milan, Italy built with green concrete

EMPOWERING SOCIETY WITH SMARTER INFRASTRUCTURE

from green mobility and renewable energy to essential sanitation



Wind mills, renewable energy

IMPROVING LIVING STANDARDS FOR ALL

with affordable and sustainable solutions



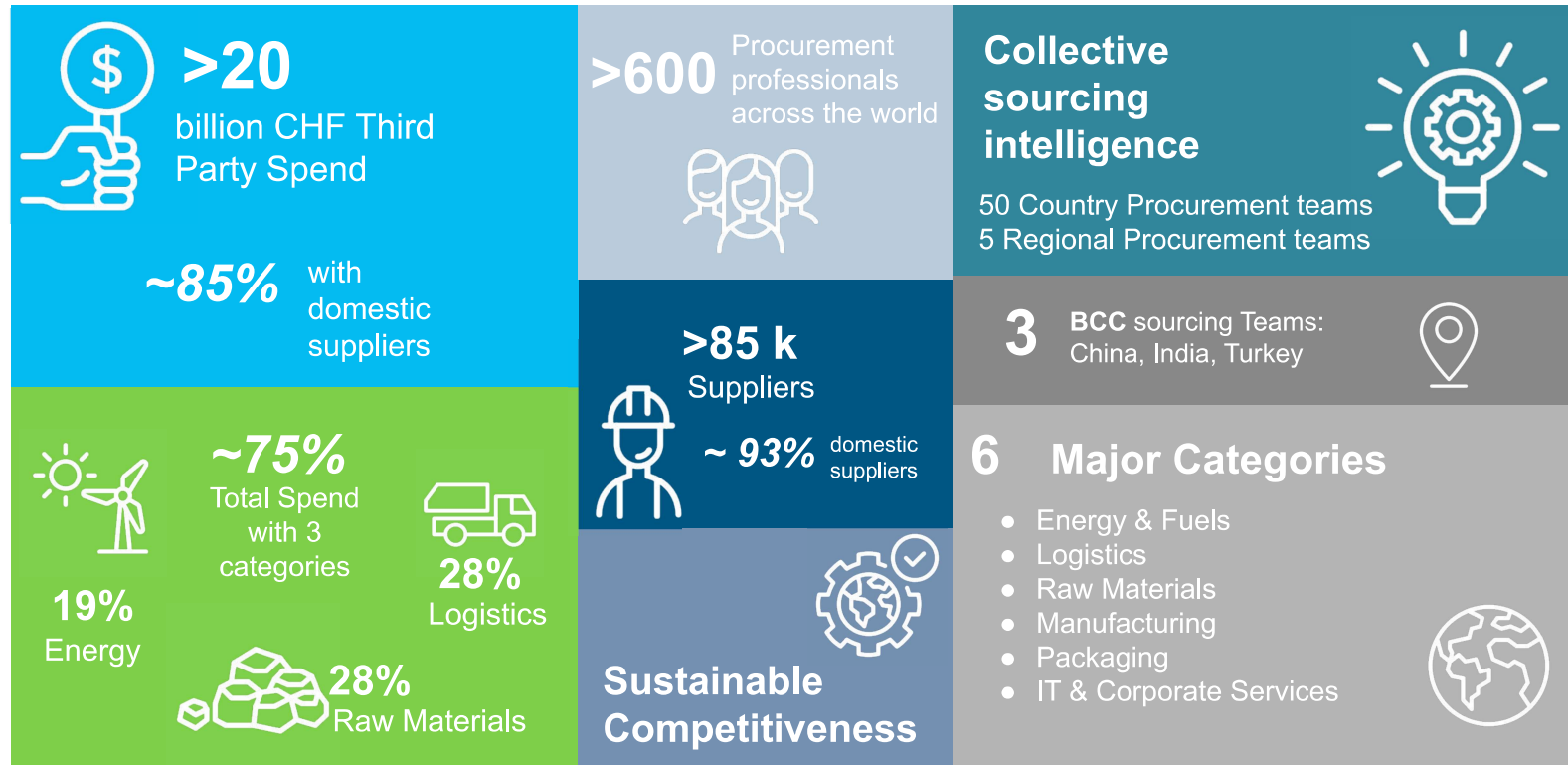
3D Printing homes in Malawi

INTRODUCTION TO PROCUREMENT

SUSTAINABLE COMPETITIVENESS



PROCUREMENT AT A GLANCE



“SUSTAINABLE COMPETITIVENESS”

THE PROCUREMENT STRATEGY TO ACCELERATE GREEN GROWTH

 CLIMATE & ENERGY	Reduce CO2 and improve energy efficiency From fuels & energy, equipment and transportation
 CIRCULAR ECONOMY	Reduce dependency of natural resources Sourcing alternative materials Extending life use of equipment and utilizing 2nd hand equipment Demanding recycled components in our products
 NATURE	Reduce impact to biodiversity and water From our packaging and extractive materials purchased
 PEOPLE	Ensure Human rights and Health & Safety standards Conducting Due Diligence in our supply chain to verify ESG/H&S compliance Deployment of programs to help suppliers improving ESG/H&S performance

THE OVERARCHING PRINCIPLES OF OUR PROCUREMENT STRATEGY

Secure Supply. Ensure Cost Competitive. Protect Planet. Respect Human Rights

Security of supply

Supporting Growth



- Secure strategic sources
- Manage shortages - network optimization
- Leverage footprint and access sources

Competitive sourcing

Profitability & Cash Flow



- Facilitation of volume bundling and creation of economies of scale
- Efficient benchmarking & rollout of success proven practices
- Proactive key supplier management

Sustainable supply chain

Future proven



- Due diligence in the supply chain
- “Sourcing decision framework” to integrate CO2, Circular Economy and Nature in buying decision
- Supply Chain Resilience plan

OPERATIONALIZING SUSTAINABLE COMPETITIVENESS

Common mindset and toolbox across procurement teams (global, region, countries)



POWER



FUELS



EQUIPMENT



TRANSPORTATION



CLINKER & CEMENT



RAW MATERIAL



PACKAGING



OTHERS CONSUMABLES MATERIALS

**SUSTAINABILITY PRINCIPLES
EMBEDDED
IN ACTIONABLE
SOURCING STRATEGIES
TO ENSURE
SUPPLY CONTINUITY
AT COMPETITIVE VALUE.**

- Guidelines and tools to:
 - integrate CO2 in TCO models
 - foster recycling content and alternative materials
 - decouple business growth from need of natural resources
 - reduce waste
 - increase energy efficiency
- Supplier engagement strategies to foster co-innovation
- Specific roadmaps across countries and regions to achieve SBTi Targets
- Dashboards and Tools to execute and monitor decarbonization levers

SHIFTING TO RENEWABLE ENERGY

Our goal is to reduce Scope 2 emissions by 65% by 2030



Our actions:

Increasing alternative and renewable energy across all our operations by:

- Installing on-site renewable energy
- Buying decarbonized electricity through off-site Power Purchase Agreements (PPA's)
- Turning waste heat into electricity
 - We recently reached 100% renewable energy in Colombia to run our operations, supplied from hydroelectric and solar plants.
- Furthermore, with our building solutions we are building more renewables infrastructure, from low-carbon windfarms to solar panels on our cities' roofs



PHASING OUT FOSSIL FUELS

Creating a zero waste future by rethinking waste challenges and providing innovative solutions to them

Our actions

Deploy “Thermal substitution” strategy to increase the use of alternative fuels through industrial waste co-processing

- Holcim is a world leader in recycling with more than 34 million tons of materials recycled across our business in 2022. We aim to increase our thermal substitution rate to 50% by 2030 and reach over 70% by 2050. [LINK](#)
- We apply the proven technology of ‘co-processing’ and utilize existing facilities in the cement industry to resolve waste challenges sustainably.
 - Some plants in Europe already running at an almost 100% substitution rate.



Assessment & Consultation

We understand the needs & priorities of our partners and undertake a complete survey of the waste to recommend the best treatment options.



Laboratory Testing

Dedicated laboratory testing produces a thorough analysis of the waste to ensure it is suitable for co-processing.



Collection & Transportation

Dedicated laboratory testing produces a thorough analysis of the waste to ensure it is suitable for co-processing.



Special Services

We offer a wide range of services including risk assessment, on site handling, sorting, repackaging, labelling & other solutions, depending on the waste stream and needs of our partners.



Pre-processing

We pre-process waste using a range of techniques to prepare it for safe final treatment. State-of-the-art handling equipment and trained operators manage the various types of waste ensuring the highest standard of safety, control & quality.



Co-processing

The final step is the safe and environmentally friendly treatment of waste materials through co-processing in cement kilns leaving no residue.

TRANSPORTATION

Optimizing Logistics and accelerating demand of low emission Heavy Duty Vehicles



TRUCKS

~1% of Total 3rd Party Spend

Logistics services

~29% of Total 3rd Party Spend

(Scope 3 emissions)

Our actions

- Network Optimization
 - Moving volumes from road to waterways or rail
 - Apply modelling tools to optimize material flows and assets
- Dispatch optimization
 - Reduce KMs driven (road) by optimizing routes
 - Increase Payload and avg load per shipment
 - Reduce empty returns (backhauls)
- Fleet optimization
 - Gradually replace fleet from Diesel to Eco Friendly fuels (CNG, H2, eFuels)
- Eco-Driving
 - Increase Safe KMs (road) by implementing HSE key enablers (iVMS, Drivers training, Drivers feedback)

Examples - Fleet optimization:



~3 Electric RMX in Switzerland. 2 other technologies on trial (Latam and EU)



~15 LNG RMX (EU & Latam)



Hydrogen RMX trials (NAM)



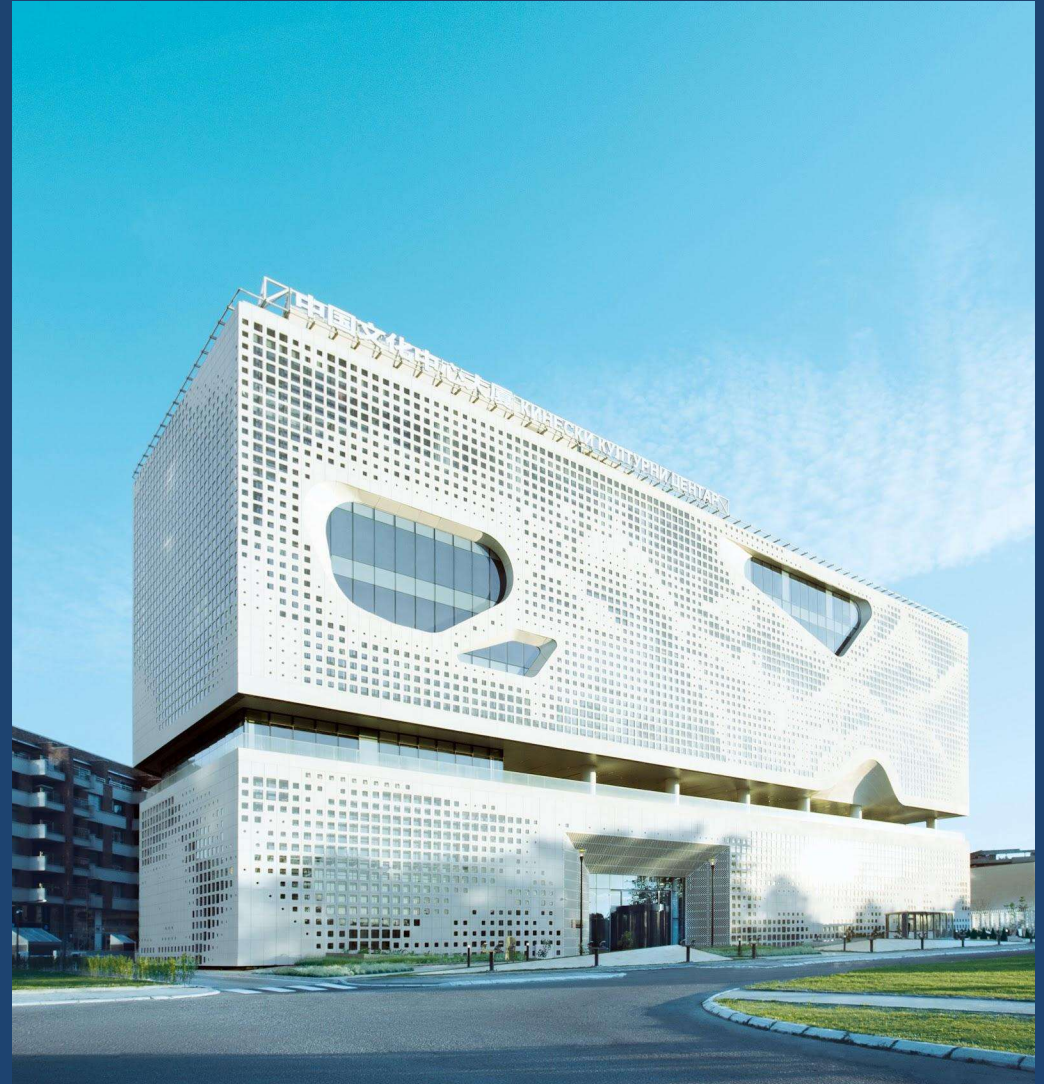
~91 LNG Trucks (EMEA)



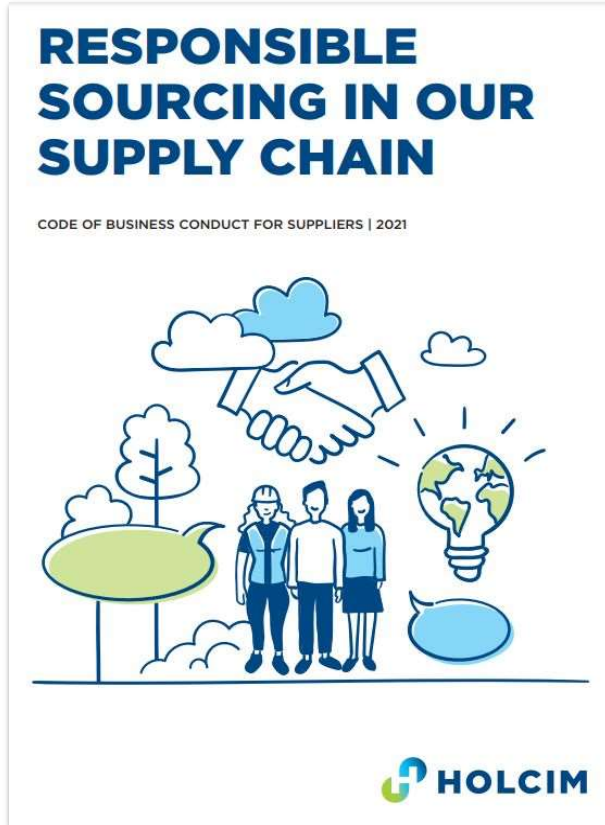
~60 Aluminium silo truck (Latam)

**SUPPLIER
DUE DILIGENCE:**

**SUSTAINABLE
PROCUREMENT**



OUR SUPPLIER CODE OF CONDUCT DRIVES INTEGRATION OF ESG STANDARDS IN PURCHASING DECISIONS



E nvironment S ocial G overnance

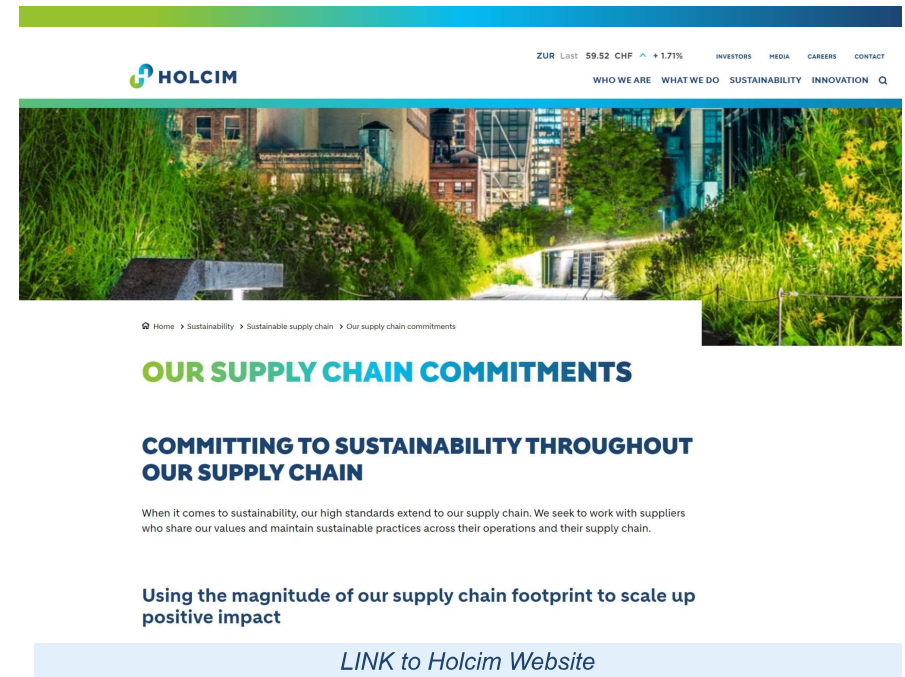


*Integrated in
the Group
Procurement
Policy*

IMPLEMENTED THROUGH SOLID GOVERNANCE AND SYSTEMS

Details publicly available in our website

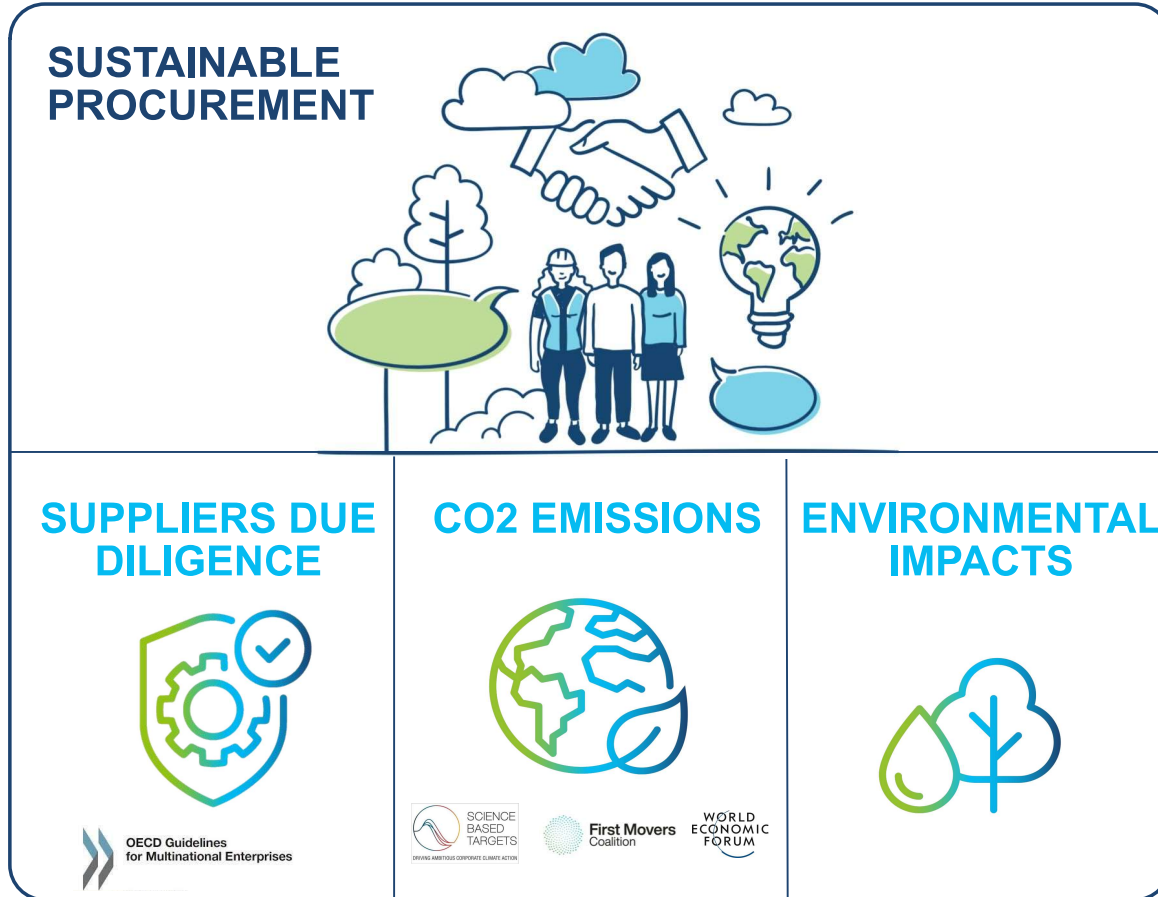
- “Supplier Code of Conduct” embracing the UNGC principles
- Policy landscape and “Minimum Control Standards” system
- Group Procurement Policy
- “Sustainable Procurement Management Standard” adopting the [OECD Guidelines for Responsible Business Conduct](#)
- Public statements of company governance, respect for Human Rights
- Grievance mechanisms for employees, suppliers and communities (Integrity Line Platform)
- Disclosure of sustainability performance as expected in most relevant frameworks ([GRI](#) , ISSB, TCFD, EU Taxonomy & CSRD...)



PRINCIPLES OF HOLCIM SUSTAINABLE PROCUREMENT

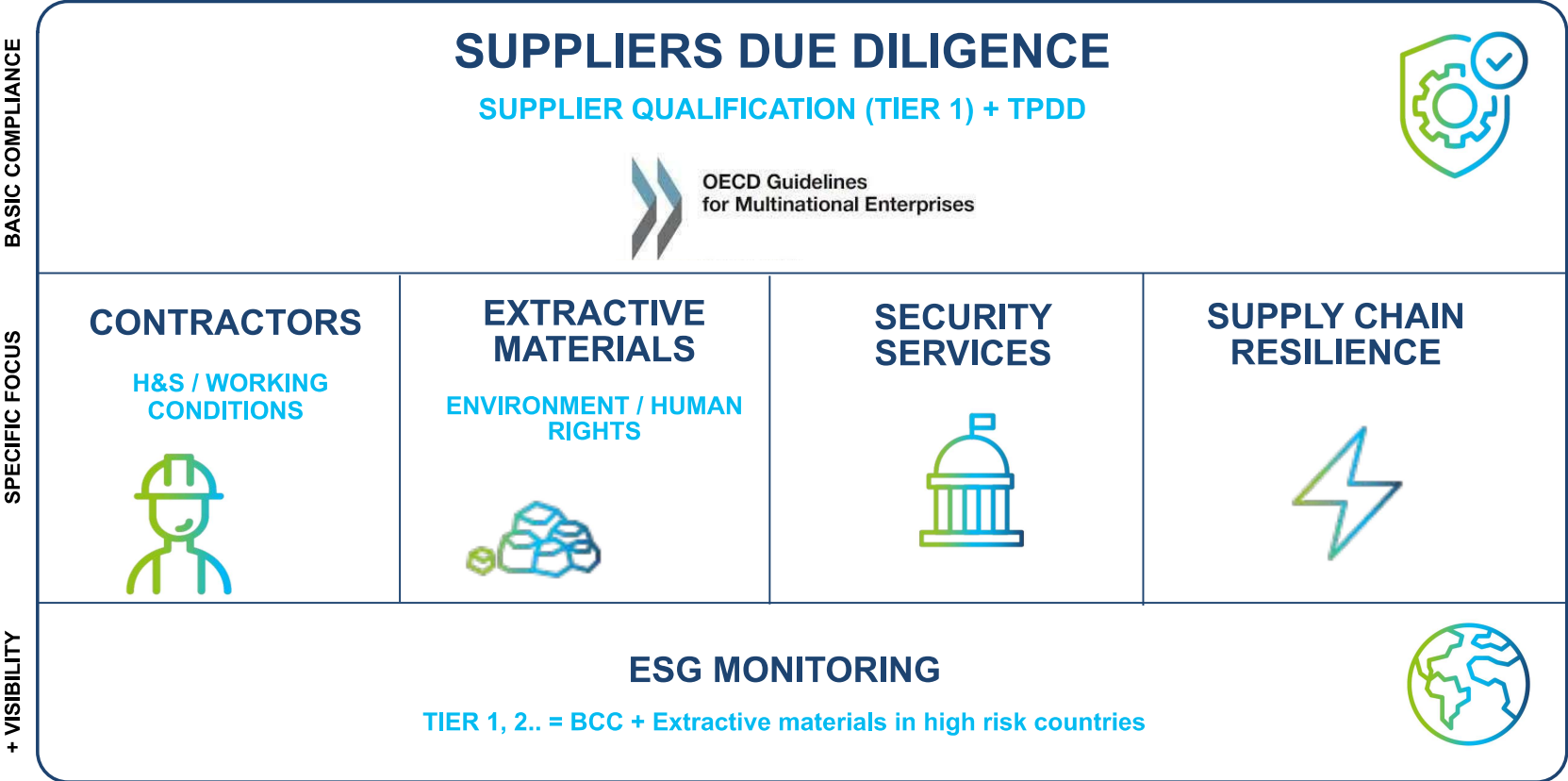
From compliance to impact

*Doing
the things
right*



*Doing
the right
things*

OUR SUPPLIER DUE DILIGENCE FOCUSED IN MOST MATERIAL RISK EXPOSURE



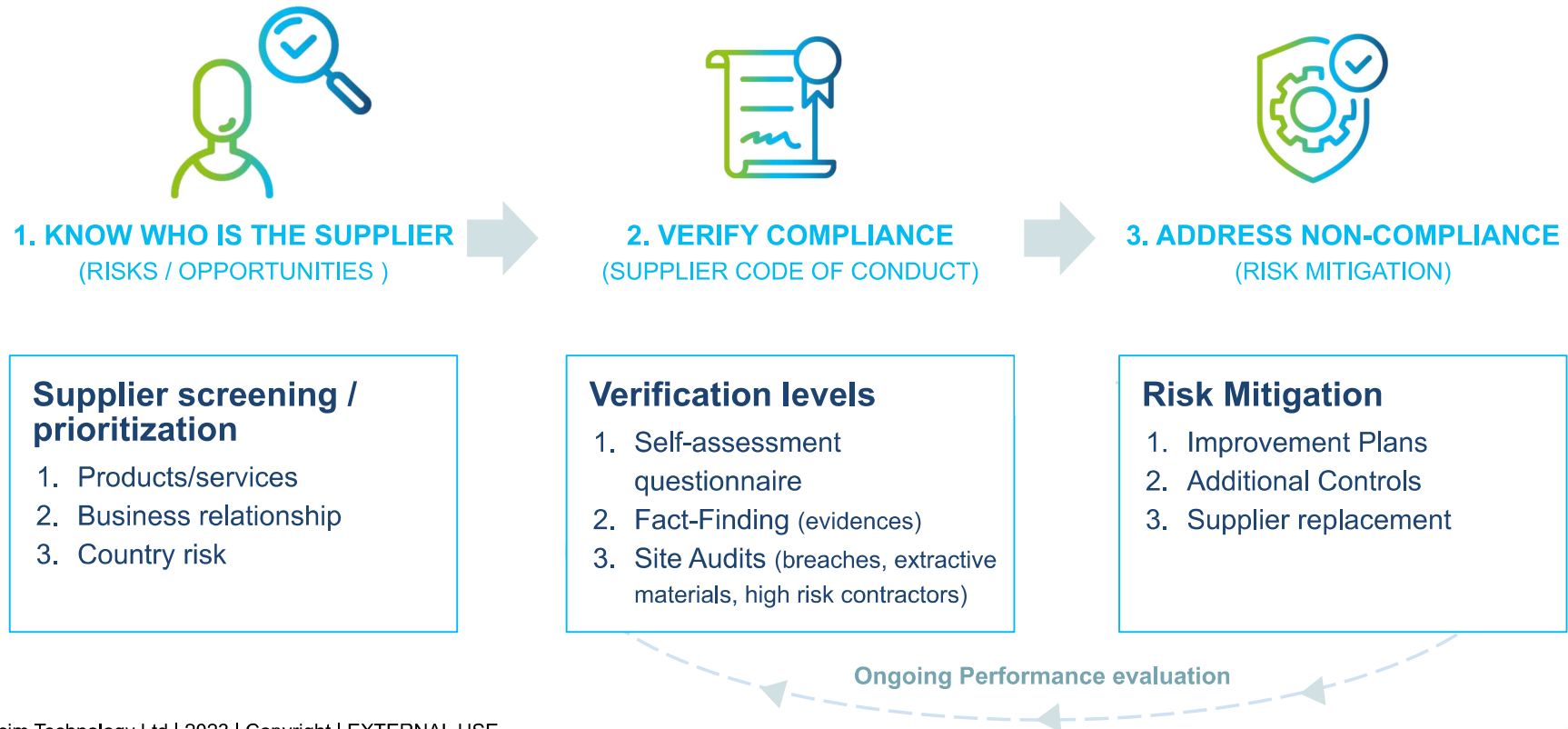
OUR SUPPLIER DUE DILIGENCE FOCUSED IN MOST MATERIAL RISK EXPOSURE



WE WORK WITH “APPROVED” SUPPLIERS

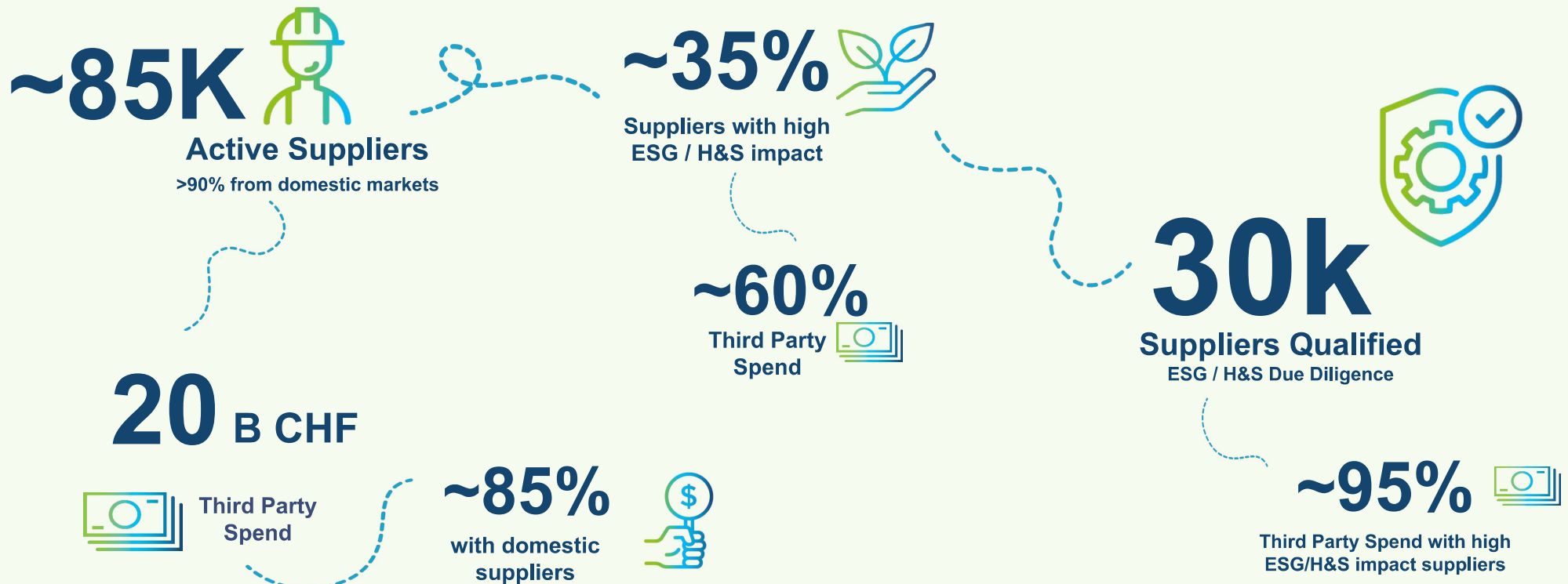
Addressing risks from non-compliance

Before signing/renewing a Contract/Purchase Order, we follow a diligent process:



SUPPLIER DUE DILIGENCE AS PER OECD GUIDELINES, LAWS & REGULATIONS

BIG coverage and many actions to verify ESG / H&S standards across our supply chain



¹ High risk suppliers = suppliers identified as having high ESG impact

Deep verification on contractors conducted in low regulated markets

The Holcim Human Rights methodology (Due diligence)

2
6



Formal consultations with employees and contractors to discuss in an open environment about “work life” conditions.



“Focus Groups”



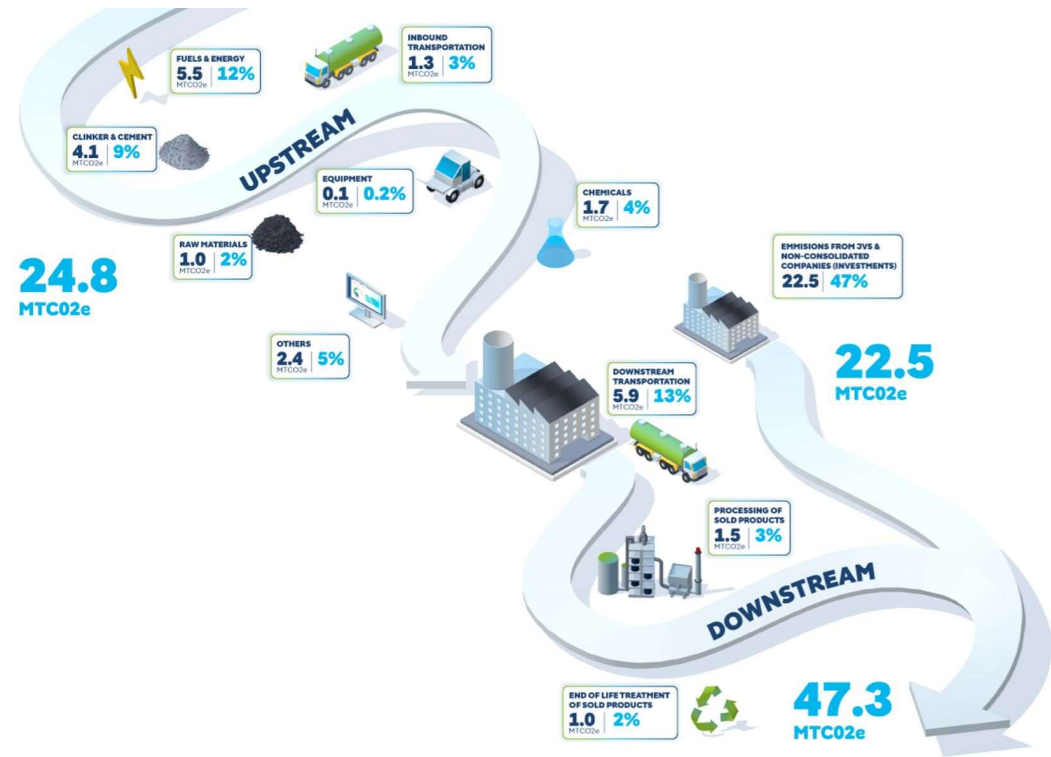
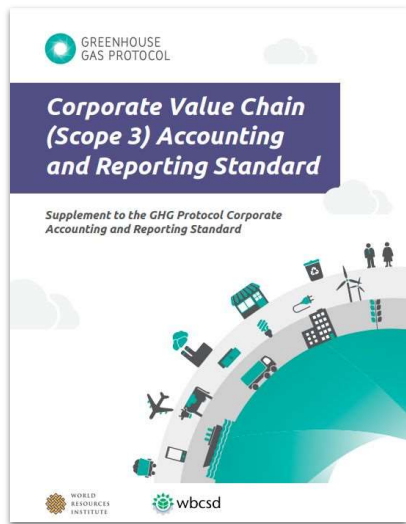
“On-the-spot interviews”

GHG EMISSIONS IN THE SUPPLY CHAIN



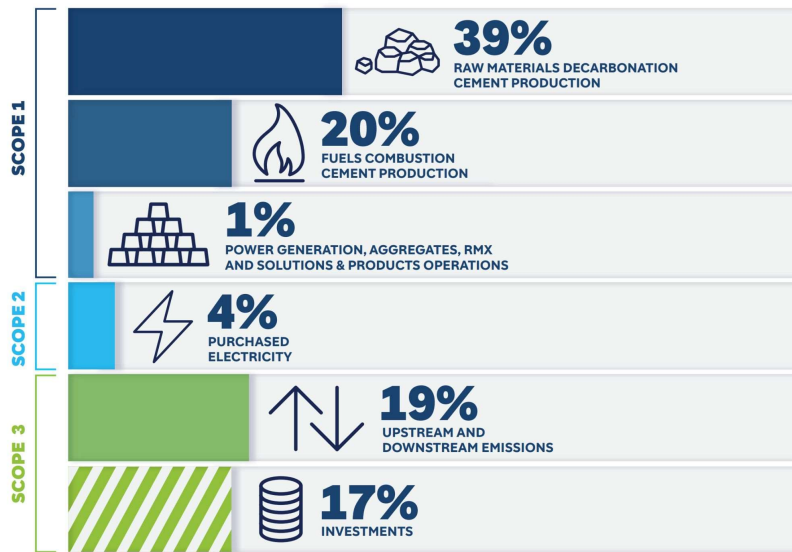
OVERVIEW OF GREENHOUSE GASES EMISSIONS

The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations and across value chains. It is organized in 3 “scopes” to measure direct and indirect emissions related to a reporting entity.



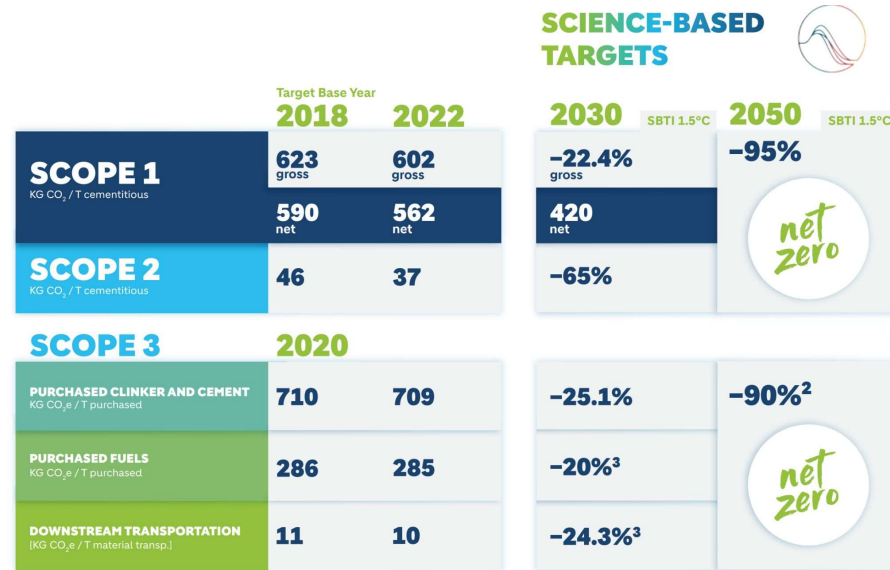
COMPREHENSIVE AND ROBUST DISCLOSURE WITH ACTIONABLE TARGETS ACROSS SCOPE 1, 2 AND 3

OUR CO2 EMISSION FOOTPRINT 2022 ~131 MIO TONS



SCOPE 3 REPRESENTS 36% OF TOTAL EMISSIONS

OUR TARGETS ACROSS THE FULL VALUE CHAIN



¹ The target boundary includes land related emissions and removals from bioenergy feedstocks.

² This net-zero validation was evaluated within the parameters of the Business Ambition for 1.5°C campaign, and covers categories 1, 3, 4, 6, 7 and 9 of Holcim's Scope 3 emissions.

³ Targets aligned with well-below 2°C

More information: <https://www.holcim.com/sustainability/climate-action>

SCOPE 3: A MECHANISM TO ENGAGE ALL BUSINESS PARTNERS

DECARBONIZING THE VALUE CHAIN

Engage and mobilize companies, to build a net zero future for all

Scope 3 measures indirect CO2 emissions generated from business activities (e.g. purchasing products, delivering products..).

It allows companies to assess their entire value chain emissions and identify where to focus reduction activities.

Despite not having direct control of those emissions, companies are expected to work with other companies to reduce them.

Customer's Scope 3
(Indirect emissions from our products)

i.e: CO2 emissions from cement purchased are our customers' scope 3 emissions

Holcim's Scope 1
(Direct emissions from operation)

i.e: CO2 from cement manufacturing are Holcim's scope 1 emissions

SUPPLIERS & CUSTOMERS



 **HOLCIM**



Supplier & Customers' Scope 1
(Direct emissions from operation)

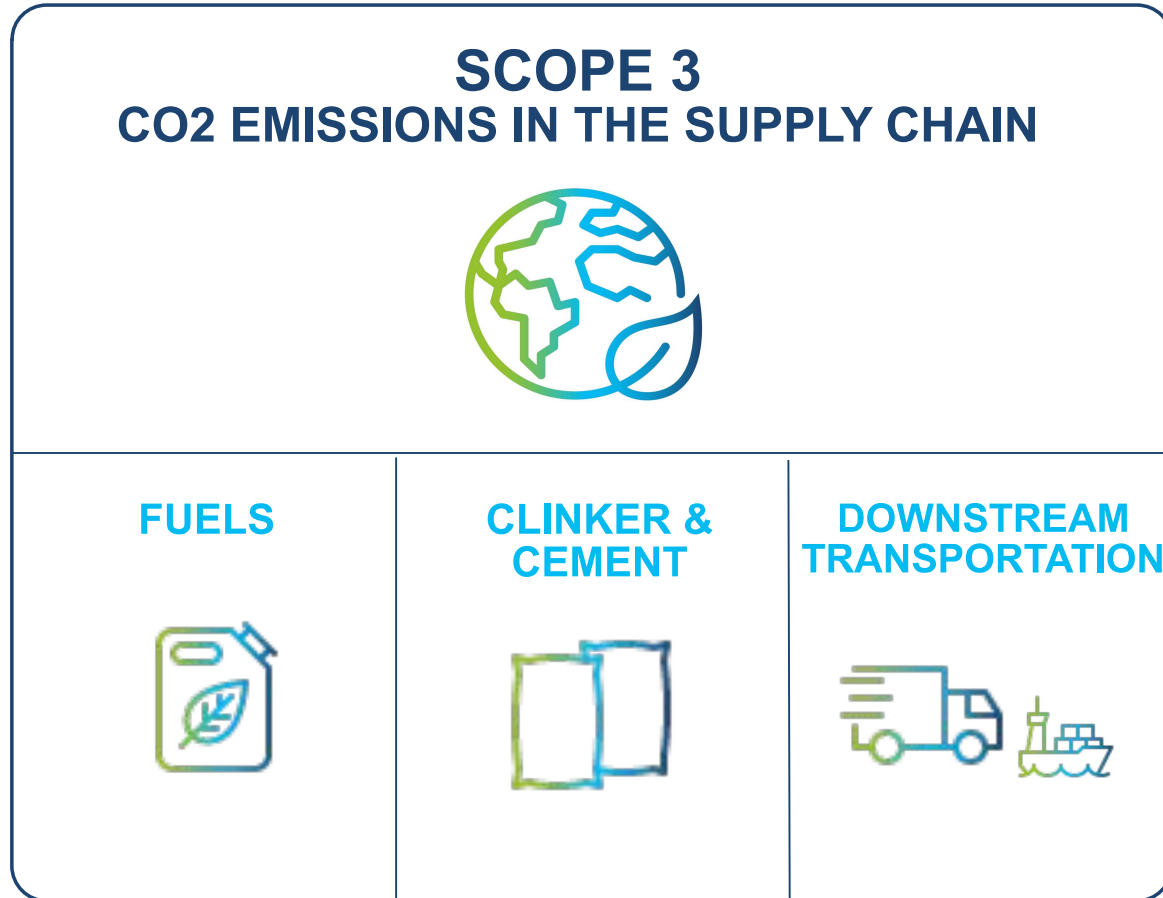
i.e: CO2 emissions from slag are steel producers' scope 1 emissions

Holcim's Scope 3
(Indirect emissions from purchases, from use of sold products and end of products life)

i.e: CO2 from slag consumed in cement blending, are Holcim's scope 3 emissions

OUR CLIMATE ACTIONS IN THE SUPPLY CHAIN

FOCUSED ON CATEGORIES REPRESENTING +70% CO2 EMISSIONS



2022 SCOPE 3 ABSOLUTE EMISSIONS 47 mio Tons CO2 REPRESENTING 36% OF TOTAL CO2 EMISSIONS

24.6 mio CO2e

UPSTREAM ACTIVITIES		mtons CO2e	%
	Fuels & Energy	5.3	11%
	Clinker and Cement	4.1	9%
	Chemicals	1.7	4%
	Inbound Transportation	1.3	3%
	Raw Materials	1.0	2%
	Equipment	0.1	0%
	Others	2.4	5%



DOWNSTREAM ACTIVITIES		mtons CO2e	%
	Downstream Transportation	5.9	13%
	Processing of sold products	1.5	3%
	End of life treatment of sold products	1.0	2%
	Others	0.0	0%

22.5 mio CO2e

EMISSIONS FROM JVs AND NON-CONSOLIDATED COMPANIES (INVESTMENTS)		
Huaxin	19.1	41%
Others	3.4	7%

EXTERNAL COMMITMENTS AND RECOGNITIONS



NATURE STRATEGY: COMMITMENTS IN THE SUPPLY CHAIN



[\[website\]](#)

Value chain

Being part of the solution in our own operations is a key driver, but we intend to also work with our value chain. Stipulated in our Suppliers Sustainability Standard, by 2022 all our suppliers identified as having a high environmental impact will have a recognized system in place to identify and manage the environmental impact from their operations, with a particular focus on **extractive raw material suppliers**. Currently 66 % of these suppliers have been qualified according to our Supplier Code of Conduct which requires them to have an environmental system in place. To achieve this, we will develop a Holcim biodiversity environmental training module for our extractive raw material suppliers to share our knowledge on environmental management systems, quarry rehabilitation and biodiversity measurement with them.

PEOPLE: SALIENT HUMAN RIGHTS RISKS IN THE SUPPLY CHAIN



[[website](#)]



PAR Last 47.35 EUR + 0.74% INVESTORS MEDIA CAREERS CONTACT
WHO WE ARE WHAT WE DO SUSTAINABILITY INNOVATION

SALIENT HUMAN RIGHTS RISKS

We seek proactively to identify, prevent and mitigate potential or actual risks to people. We have identified seven salient risks: health and safety; working conditions in our operations and particularly our supply chain; discrimination and harassment; security-related abuses and violations; child labor in high-risk supply chains; dust and other emissions; and climate change and its impacts.

HEALTH & SAFETY	
WORKING CONDITIONS IN OUR OPERATIONS AND SUPPLY CHAIN	
DISCRIMINATION AND HARASSMENT	
SECURITY-RELATED ABUSES AND VIOLATIONS	
CHILD LABOUR IN HIGH-RISK SUPPLY CHAINS	
DUST AND OTHER EMISSIONS	
CLIMATE CHANGE AND ITS IMPACTS	

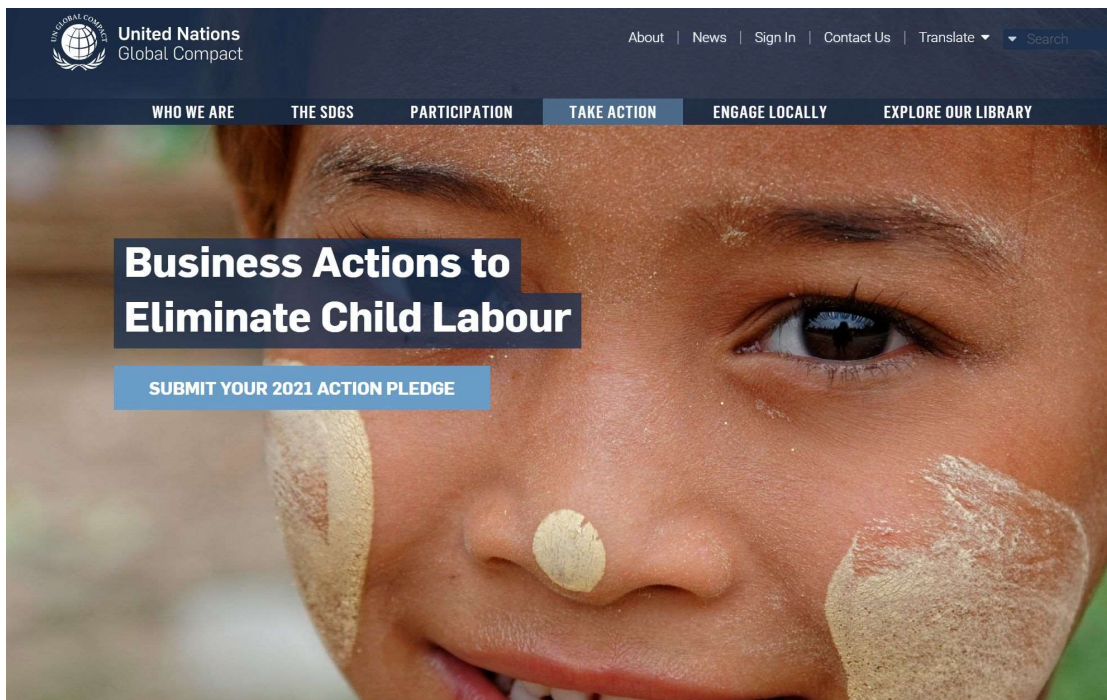


PEOPLE: PLEDGE TO ERADICATE CHILD LABOUR IN SUPPLY CHAINS



[\[website\]](#)

UN Pledge to eradicate Child Labour in the extended supply chain



OUR EXTERNAL COMMITMENTS IN THE SUPPLY CHAIN

Climate



Among first companies with 2050 targets validated by SBTi aligned with 1.5° scenario

WEF - Founding members of the First movers Coalition to accelerate demand of green products

OUR NET-ZERO JOURNEY

AN INDUSTRY-LEADING NET-ZERO PLEDGE ACROSS SCOPE 1, 2 AND 3 TARGETS

Holcim was the first global building materials and solutions company to have its 2030 and 2050 net-zero targets validated by the Science Based Targets initiative (SBTi) for all scopes. Addressing both direct and indirect impacts, these objectives will guide our low-carbon strategy for decades to come.

Scope 1 emissions

Accounting for 75% of our carbon footprint, scope 1 emissions include all CO₂ emissions released directly from our operations – primarily during cement production. They form the core of our net-zero strategy.

Scope 2 emissions

Part of our pledge commitment, scope 2 emissions include indirect CO₂ emissions produced during power generation to run equipment owned or controlled by Holcim. They account for 5% of our carbon footprint.

Scope 3 emissions

Scope 3 emissions are indirect emissions generated in our supply chain, such as extraction and production of purchased materials, fuels and transportation. They account for 20% of our carbon footprint.

Own Fleet

> 30% of our Heavy Duty Trucks purchased are Zero Emission by 2030
(As per FMC)

Transportation services

I require my transportation service providers in mature markets to meet the commitment that at least 30% of their Heavy Duty Trucks purchased are Zero Emission by 2030 (to serve Holcim freight needs)
(As per FMC)

Note: Voluntary commitments made by joining the FMC are subjects to the **availability** of technology supply that enables companies to meet their 2030 purchase pledges and acknowledge that these technologies may come at a premium cost.

HOLCIM SUSTAINABLE PROCUREMENT

A solid approach externally recognized and well positioned



ERNST & YOUNG



Scope 3 targets validated by SBTi

For medium term (2030) and long term (2050) in line with Net Zero roadmap toward 1.5° scenario

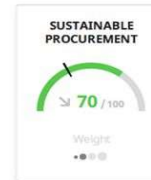


Holcim recognized as a

Supplier Engagement Leader

Three consecutive years with **A** score, raising the level of climate ambition across our value chain

ecovadis



Holcim Sustainable Procurement Program

Top rated By Ecovadis



Founding member

First Movers Coalition

To scale up green demand for a net-zero future



Signature of "Call for Action"

To accelerate zero emission technology for heavy duty vehicles



SEA CARGO CHARTER

Signature

Transparent reporting of shipping emissions

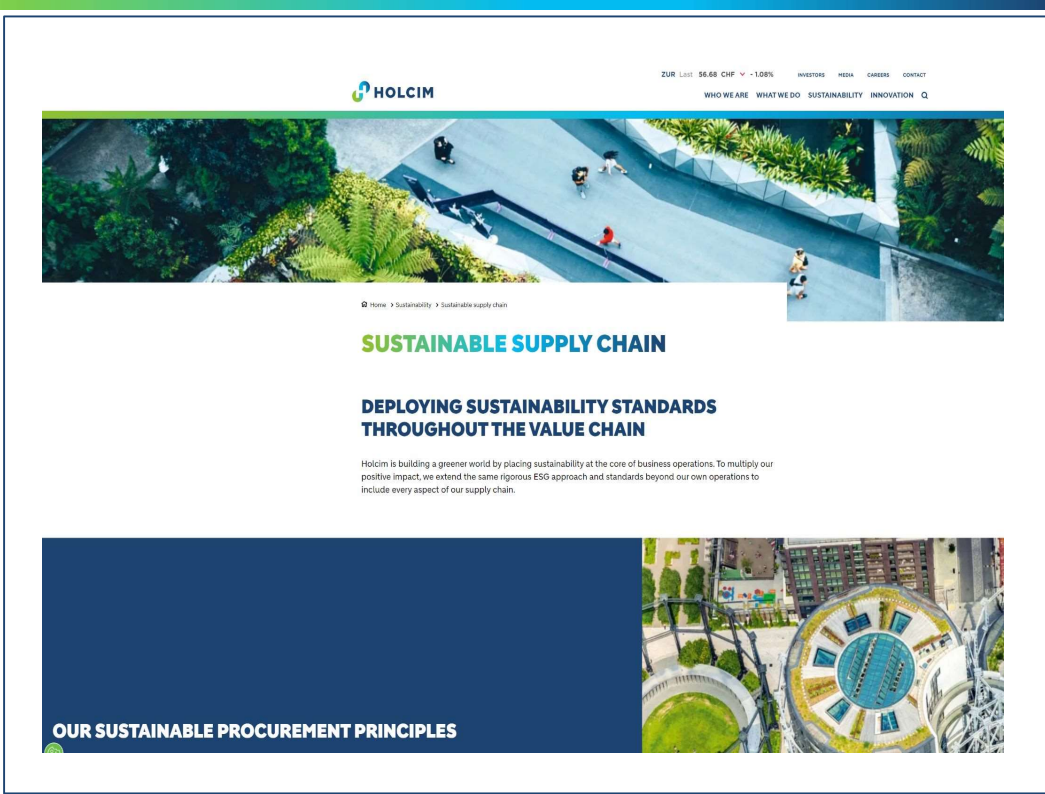
a framework for assessing and disclosing the climate alignment of ship chartering activities around the globe

DO YOU WANT TO LEARN MORE ? ...



... PLENTY INFORMATION AVAILABLE ONLINE

Holcim Website: [LINK](#)



Q&A





HOLCIM