

# Climate Policy

April 27th, 2023

## Scope and Objective

The Holcim Climate Policy (the “Policy”) applies to Holcim Ltd. and its affiliates in our consolidated and managed countries (“Holcim”), and describes our approach towards accelerating our efforts to address climate change while enabling a just transition and climate change adaptation.

The Policy forms part of Holcim’s core values and its main objective is to lay out the full extent of our commitments to climate change mitigation and adaptation. This Policy is publicly available and subject to regular review.

## Our Commitments to Climate Action

To avoid the most extreme impacts of climate change, the world must rapidly transition to a near net-zero economy by 2050 to limit warming to 1.5°C against pre-industrial levels. As a global leader in innovative and sustainable building solutions, Holcim is part of the solution in addressing the urgent challenge of climate change. We are putting climate action at the heart of our business strategy, to build progress for people and the planet.

At Holcim, we are taking a science-driven approach on the journey to becoming a net-zero company. Holcim was amongst the first companies worldwide to have its 2030 and 2050 CO<sub>2</sub> reduction targets validated by the Science Based Targets initiative (SBTi) as aligned with a 1.5°C scenario.

Our commitment to accelerate decarbonization across the whole building value chain is based on four key areas:

- **Decarbonizing our operations:** We are decarbonizing our energy use across our operations, from alternative fuels to renewable electricity; deploying decarbonized materials for low carbon product formulation such as calcined clay and construction & demolition waste, while scaling up e-mobility, from biofuel to electric fleets, and advancing carbon capture, utilization and storage technologies.
- **Building better with less:** We are decarbonizing construction with our range of low carbon materials, from ECOPact to ECOPlanet, delivering 100% performance with at least 30% lower CO<sub>2</sub>. We empower smart design with solutions like our 3D concrete printing TectorPrint range, enabling up to 50% less material use.

- **Circular construction:** In all metropolitan areas where we operate we are at the forefront of recycling Construction Demolition Waste (CDW) into new building solutions to build new from the old. We can recycle 100% of CDW into new material solutions, cutting across a range of applications, from replacing virgin aggregates in concrete, to serving as a decarbonized raw material in cement formulation, all the way to being used as a filler for road construction.
- **Making buildings sustainable:** We are decarbonizing cities with our broad range of Solutions and Products, from roofing to insulation, driving energy efficiency and smart retrofitting, to make buildings more sustainable in use.

## Policy Principles

The main principle of this Policy is the delivery of our actions in a rigorous, science-based manner, to execute our net-zero journey. Our commitments are translated into targets and actions to drive performance within and beyond our operations. We comply with local, state, federal and national regulations in all our operations and we advocate for collective actions with relevant stakeholders.

Our climate commitments are aligned with the principles and values included in the United Nations Sustainable Development Goal (SDGs).

Our efforts are focused on the following areas:

- **Reducing emissions:** Establishing plant-level climate mitigation plans related to direct and indirect emissions based on our corporate targets and decarbonization roadmap.
- **Accounting:** Ensuring rigorous emissions accounting for both, our direct and indirect CO2 emissions, based on the latest emissions accounting protocols.
- **Target setting:** Continuously ensuring our targets stay abreast with the latest scientific developments and ensuring the highest level of scientific rigor when target setting.
- **Disclosures:** Pursuing the highest level of transparency with regards to climate-related financial disclosures aligned with relevant frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), including climate related risks in our Enterprise Risk Management process.
- **Say on Climate:** Engaging our shareholders through regular ‘Say On Climate’ votes.
- **Innovation:** Continuing to develop, manufacture and promote innovative and sustainable products and solutions through dedicating the vast majority of our R&D resources to low-carbon products and sustainable solutions. Developing solutions aimed at adapting to climate change and communicating these to the relevant stakeholders including municipal authorities. To scale up our impact, we drive an

open innovation ecosystem, working with hundreds of startups with the Holcim Accelerator, while advancing science with leading academic institutions, from ETH to MIT.

- **Collaboration:** To bridge the gap between market demands and what's possible with our innovation today, we engage with a range of key stakeholders to build awareness and scale up our impact together: government authorities to evolve building norms; real estate and infrastructure developers to specify low carbon requirements in their building standards and procurement strategies, and architects & engineers to embed low carbon, circular and energy efficient solutions in their designs. With our world being built in cities, we launched the Circular Cities Barometer, to empower cities to fast track the shift towards a 1.5 future by showcasing best practices from leading sustainable cities to inspire action.
- **Advocacy:** To ensure that our direct and indirect advocacy through trade associations are aligned with the Paris Agreement, we commit to publish a regular review of our climate-related public positions at corporate level and for our main markets. We also commit to publish a biannual review of the positions of the main trade organizations we are a member of to verify that there are no major misalignments with the Group's positions on climate change.
- **Just Transition:** Decarbonizing in line with Just Transition principles:
  - Our Employees: We are committed to creating a high-performance culture of empowerment, lifelong learning and development. We aim for all employees to develop their skills in a way that helps us achieve our green growth ambitions while they continue to thrive
  - Our Communities: We remain fully committed to creating a positive social impact in the communities where we operate. We aim to decarbonize while providing high value jobs, as well as increased affordable housing and skills development.
  - Our suppliers: we remain committed to building long-term partnerships with suppliers who share our goals of addressing climate change, driving a circular economy and improving living standards for all. We also remain committed to a just transition for all the suppliers we work with
  - Our customers: We are at the forefront of decarbonizing building throughout its lifecycle to ensure a net-zero future.

## Minimum operational requirements

We have identified the following minimum operational requirements:

- Each site and country must set a multi-year Scope 1, 2 and 3 decarbonization plan, including a plant-level scope 1 and 2 decarbonization plan.

- Our suppliers must comply with the principles and guidelines established in the [Holcim Code of Business Conduct for Suppliers](#).
- Each site must comply with the related policies, directives and minimum control standards (MCS) as listed in the Annex.

## Monitoring and reporting

- **Scope 1 emissions (direct emissions):**
  - Every production unit must ensure rigorous monitoring and reporting of its direct emissions including process related emissions or any emissions resulting from the consumption of fuels in operations
  - Specifically for cement, production units must monitor and report CO<sub>2</sub> emissions according to the Global Cement and Concrete Association Sustainability Guidelines for the monitoring and reporting of CO<sub>2</sub> emissions from cement manufacturing (previously the WBCSD CSI Cement CO<sub>2</sub> and Energy Protocol version 3.1)
- **Scope 2 emissions (indirect emissions from purchased electricity):**
  - Every production unit must monitor and report scope 2 emissions according to the Greenhouse Gas Protocol for scope 2 emissions. This includes total electricity purchased, market based emission factors of electricity purchased, percentage of renewable electricity.
- **Scope 3 emissions (indirect emissions from the supply chain):**
  - Scope 3 emissions data is measured or estimated at country level for all scope 3 categories according to the Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard.

## Responsibility

The Chief Executive Officer and the Chief Sustainability and Innovation Officer of Holcim have the overall responsibility for the Policy; oversight and performance reviews are carried out by the Board's Health, Safety and Sustainability Committee (HSSC); Chief Executive Committees in countries where we operate take responsibility and are accountable for assessing and addressing local climate performance.

This Policy was approved by the Holcim Executive Committee on April 19th, 2023 and will be effective from May 8th, 2023.

## Annex

Related Policies, Directives, and MCS
<a href="#">Circular Economy Policy</a>
<a href="#">Code of Business Conduct for Suppliers</a>
<a href="#">Human Rights and Social Policy</a>
<a href="#">Human Rights Directive</a>
<a href="#">Memberships in Trade Associations and Industry Bodies - Review of Climate Policy Positions</a>
<a href="#">Minimum Control Standards #61 and #62</a>
<a href="#">Nature Policy</a>
<a href="#">Sustainable Procurement Directive</a>
<a href="#">Water Directive</a>