

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## ESG Risk Rating

# 21.2

Updated Aug 17, 2021

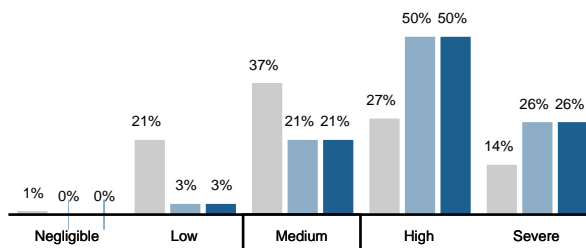
# +1.0

Momentum

## Medium Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	3526/13607	27th
Construction Materials INDUSTRY	6/118	5th
Construction Materials SUBINDUSTRY	6/118	5th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. CRH PLC	49.0 Medium	67.4 Strong	19.7 Low
2. Holcim Ltd.	53.9 Medium	68.5 Strong	21.2 Medium
3. Vulcan Materials Co.	45.9 Medium	41.2 Average	29.0 Medium
4. Anhui Conch Cement Co., Ltd.	44.5 Medium	31.6 Average	31.9 High
5. UltraTech Cement Ltd	55.2 High	43.4 Average	34.1 High

# Holcim Ltd.

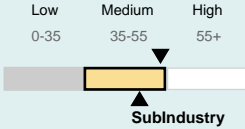
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## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**53.9** +2.2  
**Medium** Momentum  
Beta = 1.10



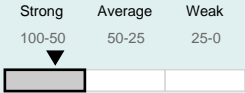
The cement industry contributes about 7% of global carbon emissions and thus faces growing pressure to take measures to transition to a low-carbon economy. The European cement industry must reach carbon neutrality by 2050 to align with the EU Green Deal. Cement companies that find solutions to reduce emissions could minimize carbon-related regulatory risks and increase profitability. Companies in the cement industry also tend to be susceptible to anti-competitive practices due to the industry’s oligopolistic and capital-intensive nature, while corruption and bribery are also issues in the industry. Environmental hazards are a further concern as the aggregate production releases high amounts of particulate matter, and the cement manufacturing process releases other harmful emissions – such as NOx and SOx – which may contaminate local water sources and the ground.

The company's overall exposure is medium and is moderately above subindustry average. Emissions, Effluents and Waste, Carbon -Own Operations and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**68.5** -0.1  
**Strong** Momentum



In line with its top-level sustainability commitment, Holcim has appointed a chief sustainability officer and introduced sustainability objectives with long-term performance-based incentives for management. It discloses solid management policies and initiatives, leading to a lower ESG Risk Rating score than its global peers’ average. Holcim has relatively high carbon intensity by sales but has implemented best-practice GHG reduction programmes and environmental management systems. It has an established programme to tackle business ethics issues with board oversight from the audit committee and robust whistleblowing systems. Holcim’s solid non-GHG reduction programme and waste management system have reduced its SO2 and NOx emissions and internal waste generation. However, it has been involved in air pollution and effluents contamination controversies in several countries in recent years.

The company's overall management of material ESG issues is strong.

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category	Score   Category	Score   Category	
Carbon -Own Operations	12.2 High	63.1 Strong	<b>6.0 High</b>	28.4%
Business Ethics	6.9 Medium	56.9 Strong	<b>3.2 Low</b>	15.0%
Corporate Governance	9.0 High	68.2 Strong	<b>2.9 Low</b>	13.5%
Resource Use	5.7 Medium	71.0 Strong	<b>2.5 Low</b>	11.6%
Emissions, Effluents and Waste	5.3 Medium	69.3 Strong	<b>2.0 Negligible</b>	9.3%
E&S Impact of Products and Services	6.6 Medium	92.0 Strong	<b>1.7 Negligible</b>	8.2%
Occupational Health and Safety	5.0 Medium	69.2 Strong	<b>1.7 Negligible</b>	8.1%
Human Capital	3.3 Low	65.8 Strong	<b>1.2 Negligible</b>	5.8%
<b>Overall</b>	<b>53.9 Medium</b>	<b>68.5 Strong</b>	<b>21.2 Medium</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (5)**

Accounting and Taxation

Anti-Competitive Practices

Emissions, Effluents and Waste

Labour Relations

Occupational Health and Safety

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

#### ⚠️ Low (4)

- Bribery and Corruption
- Business Ethics
- Energy Use and GHG Emissions
- Sanctions

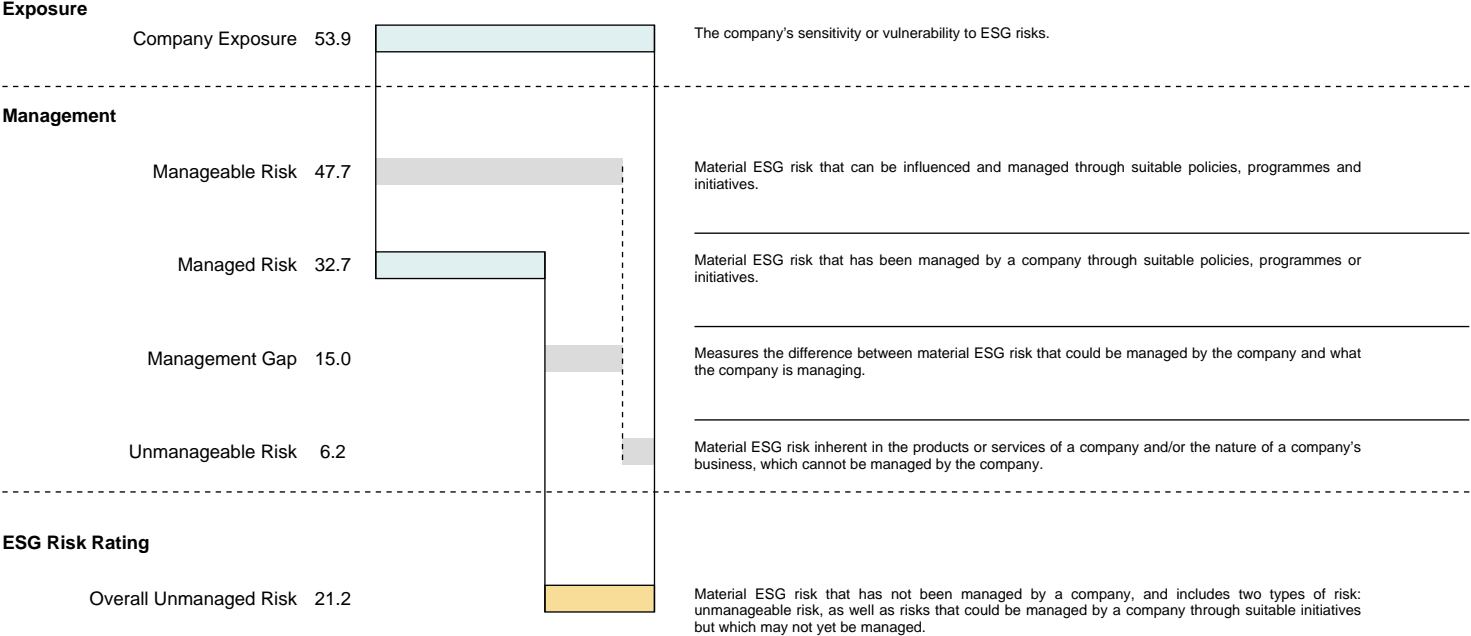
#### ⚠️ None (5)

- Environmental Impact of Products
- Intellectual Property
- Lobbying and Public Policy
- Social Impact of Products
- Water Use

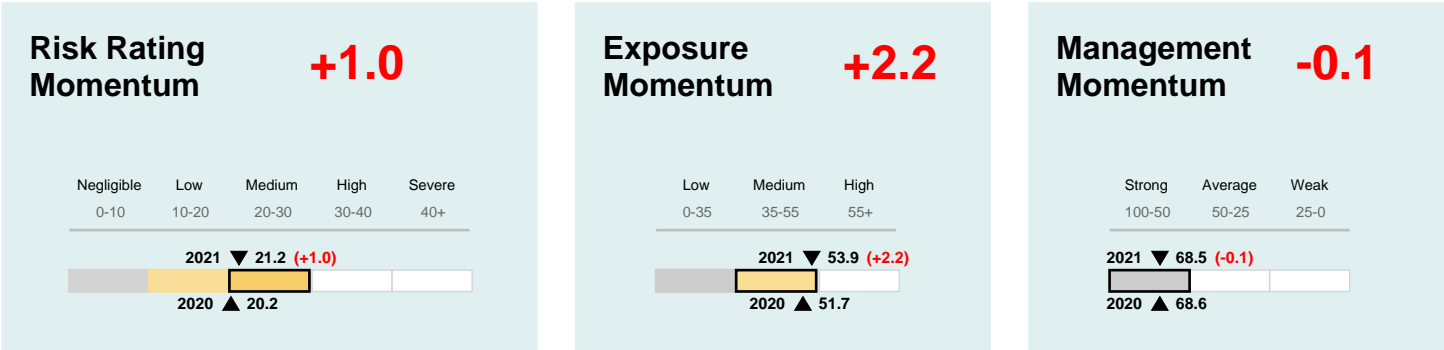
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition




## Momentum Details



# Holcim Ltd.

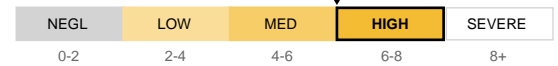
Construction Materials Switzerland SWX:HOLN

<b>Issue</b> Contribution 28.4 %	 <b>Carbon - Own Operations</b> Carbon - Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions.
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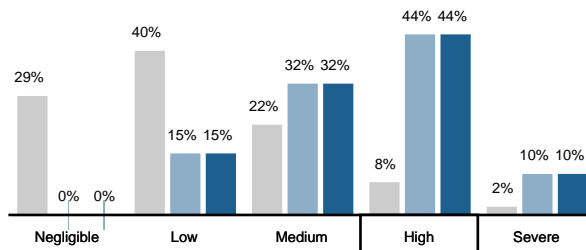
## ESG Risk Rating

# 6.0

## High Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	2315/2542	91 <sup>st</sup>
Construction Materials INDUSTRY	21/41	51 <sup>st</sup>
Construction Materials SUBINDUSTRY	21/41	51 <sup>st</sup>

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. <a href="#">Vulcan Materials Co.</a>	7.7 Medium	58.5 Strong	4.1 Medium
2. <a href="#">CRH PLC</a>	9.5 High	67.1 Strong	4.4 Medium
3. <a href="#">Anhui Conch Cement Co., Ltd.</a>	6.8 Medium	25.2 Average	5.4 Medium
4. <a href="#">Holcim Ltd.</a>	12.2 High	63.1 Strong	6.0 High
5. <a href="#">UltraTech Cement Ltd</a>	11.7 High	51.6 Strong	6.9 High

# Holcim Ltd.

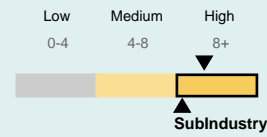
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**12.2**  
High



According to the International Energy Agency, the cement industry is the second-largest industrial CO<sub>2</sub> emitter globally. This is due to the energy-intensive cement production process, which involves the decomposition of limestone and combustion of fuels. Global emissions from cement manufacturing will need to decline by an estimated 24% to meet the goals of the Paris Agreement. The transition to a low-carbon sector presents not only regulatory and reputational risks, but also opportunities for companies to develop innovative solutions.

The company's exposure to Carbon -Own Operations issues is high and significantly above the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	9.0
Issue Beta	x <b>1.35</b>
Company Issue Exposure	12.2

### Beta Indicators

### Beta Signal

Energy Use and GHG Emissions	0.01
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Carbon Emissions	0.15
Clinker Efficiency	0.10
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.35
Baseline	+1.00
Overall Beta	<b>1.35</b>

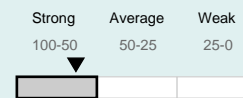
# Holcim Ltd.

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Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.


## ESG Risk Management

**63.1**  
Strong



Although Holcim's carbon intensity by revenue remains high compared with industry peers, the firm has implemented strong environmental policies and initiatives. Holcim has set a target to reduce CO2 emissions per tonne of cementitious products by 39% by 2030, from a 1990 base year. As well as its strong GHG monitoring system, Holcim's initiatives to achieve the target include lowering its clinker ratio and investing in carbon capture technologies and programmes to improve the environmental performance of its logistics. Moreover, Holcim reported in 2020 that 90% of its cement plants have an environmental management system certified to the ISO 14001 standard or its equivalent. On the renewable energy side, Holcim is investing in installing wind turbines and solar power farms across its production sites. However, renewable energy represents less than 5% of its total energy use as of FY2020.

The company has above average preparedness measures to address Carbon -Own Operations issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

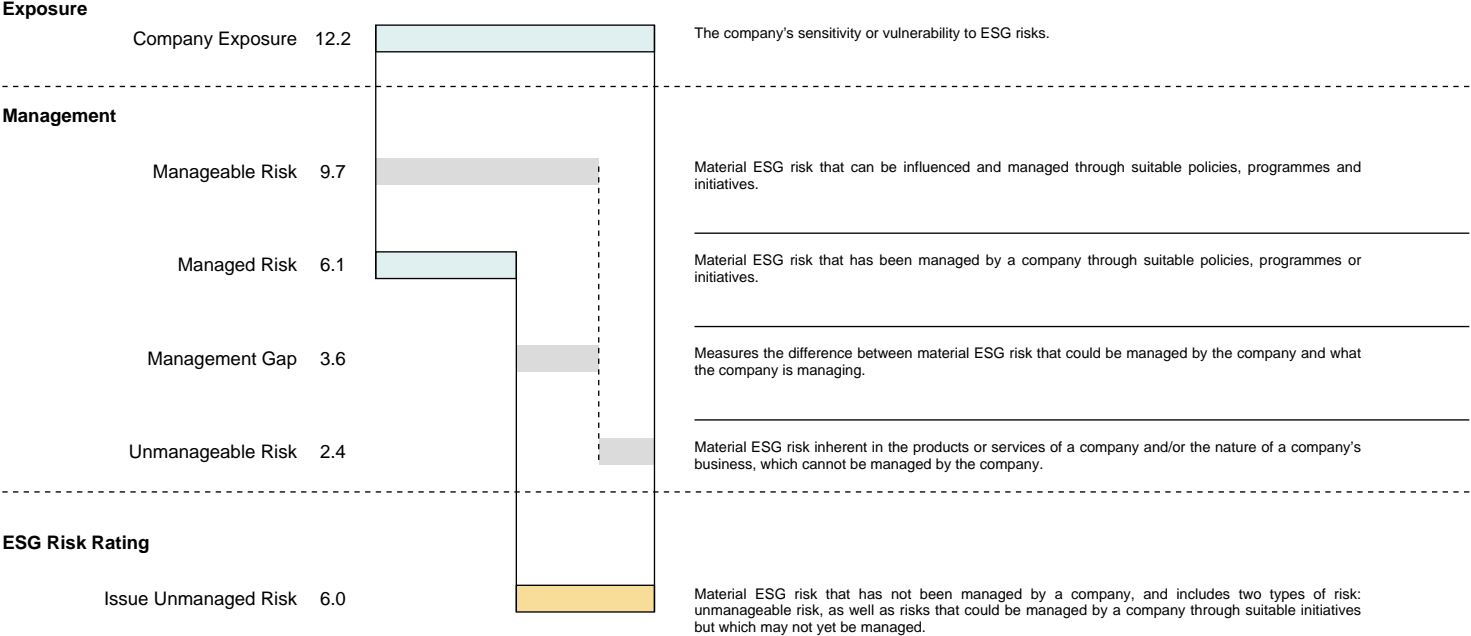
Management Indicators	Raw Score	Weight	Weighted Score
Environmental Management System	100	9.5%	9.5
Environmental Policy	100	4.8%	4.8
GHG Reduction Programme	100	19.0%	19.0
GHG Risk Management	100	4.8%	4.8
Green Logistics Programmes	100	7.1%	7.1
Scope of GHG Reporting	100	4.8%	4.8
EMS Certification	75	2.4%	1.8
Carbon Intensity Trend	50	14.3%	7.1
Renewable Energy Programmes	50	4.8%	2.4
Renewable Energy Use	20	9.5%	1.9
Carbon Intensity	0	14.3%	0.0
 Energy Use and GHG Emissions	Category 1	5%	0.0
<b>Weighted Sum</b>			<b>63.1</b>



# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition



# Holcim Ltd.

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## Issue

Contribution 15.0 %

## Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

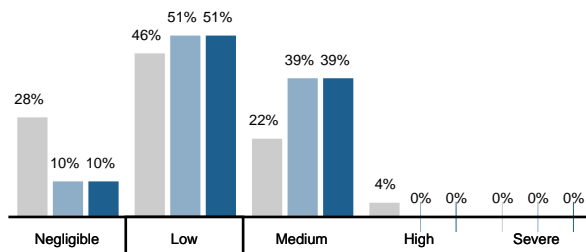
## ESG Risk Rating

# 3.2

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	2463/4240	58th
Construction Materials INDUSTRY	13/41	31st
Construction Materials SUBINDUSTRY	13/41	31st

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. CRH PLC	6.3 Medium	74.4 Strong	1.8 Negligible
2. Holcim Ltd.	6.9 Medium	56.9 Strong	3.2 Low
3. Vulcan Materials Co.	5.7 Medium	40.0 Average	3.5 Low
4. Anhui Conch Cement Co., Ltd.	5.4 Medium	28.5 Average	3.9 Low
5. UltraTech Cement Ltd	6.0 Medium	20.2 Weak	4.8 Medium

# Holcim Ltd.

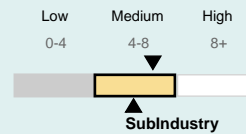
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## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**6.9**  
Medium



Companies in the construction material sector tend to operate in an oligopolistic and capital-intensive space, providing largely commoditized products. These industry characteristics and Holcim's market dominance facilitate anti-competitive tendencies such as price-fixing and collusion, leading to increased scrutiny by anti-competitive authorities. Moreover, occasions for bribery and corruption practices can arise when companies strive for contracts for public infrastructure projects. As such, well-established compliance systems are necessary for avoiding penalties and fines.

The company's exposure to Business Ethics issues is medium and moderately above the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x <b>1.15</b>
Company Issue Exposure	6.9

### Beta Indicators

### Beta Signal

Accounting and Taxation	0.02
Anti-Competitive Practices	0.02
Bribery and Corruption	0.01
Business Ethics	0.01
Intellectual Property	0.00
Lobbying and Public Policy	0.00
Sanctions	0.01
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.15
Baseline	+1.00
Overall Beta	<b>1.15</b>

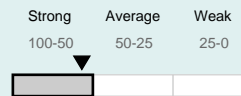
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN








Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**56.9**  
**Strong**



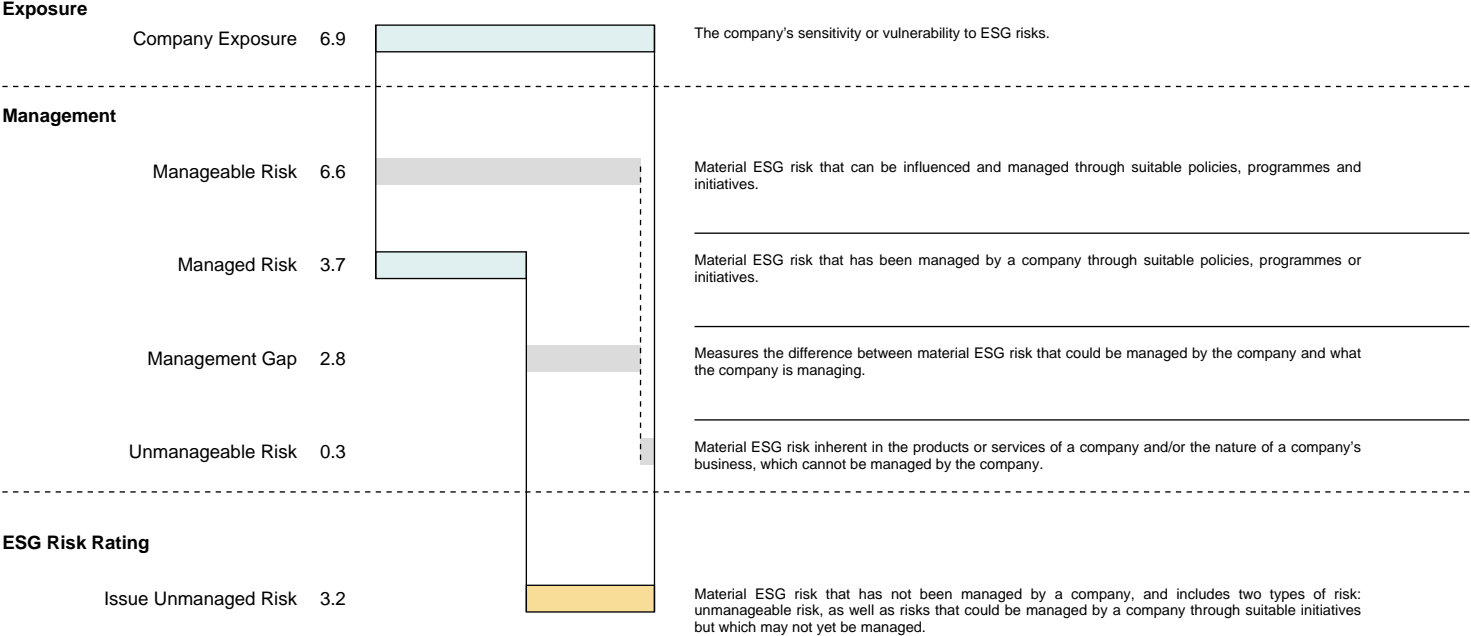
Holcim has robust business ethics initiatives governed by its Ethics, Integrity & Risk Committee, which has managerial accountability. Best practice commitments include a formal whistleblower system with an independently operated reporting hotline available 24/7 and dedicated human resources on a local and consolidated level covering business integrity. Holcim also has fair practices controls through training, policy reviews and internal audits. However, like some of its industry peers, Holcim is involved in moderate controversies associated with taxation and anti-competitive practices in various regions. The company has also spent substantial amounts on political lobbying in previous years. The company has above average preparedness measures to address Business Ethics issues and has been implicated in major controversies related to the issue. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	4.9%	4.9
Bribery & Corruption Programmes	100	16.3%	16.3
Business Ethics Programme	100	16.3%	16.3
Whistleblower Programmes	100	14.6%	14.6
Political Involvement Policy	75	6.5%	4.9
Lobbying and Political Expenses	0	6.5%	0.0
 Accounting and Taxation	Category 2	10%	0.0
 Anti-Competitive Practices	Category 2	10%	0.0
 Bribery and Corruption	Category 1	5%	0.0
 Business Ethics	Category 1	5%	0.0
 Sanctions	Category 1	5%	0.0
 Intellectual Property	Category 0	0%	0.0
 Lobbying and Public Policy	Category 0	0%	0.0
<b>Weighted Sum</b>			<b>56.9</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition



# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 13.5 %



## Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

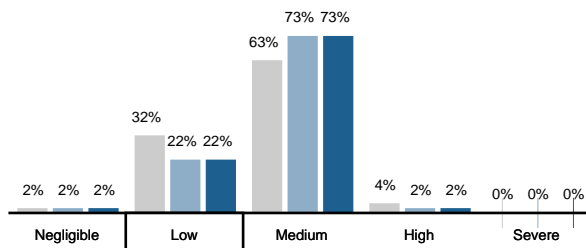
## ESG Risk Rating

# 2.9

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	197/4625	5th
Construction Materials INDUSTRY	5/41	11th
Construction Materials SUBINDUSTRY	5/41	11th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. CRH PLC	9.0 High	68.3 Strong	2.9 Low
2. Holcim Ltd.	9.0 High	68.2 Strong	2.9 Low
3. Vulcan Materials Co.	9.0 High	52.2 Average	4.3 Medium
4. UltraTech Cement Ltd	9.0 High	43.1 Average	5.1 Medium
5. Anhui Conch Cement Co., Ltd.	9.0 High	41.5 Average	5.3 Medium

# Holcim Ltd.

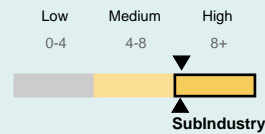
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**9.0**  
High

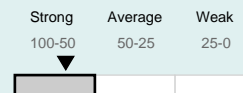


The quality and integrity of the company's board and management and its remuneration systems are identified as the highest weighted governance areas of focus. The company is publicly traded, which leads to heightened scrutiny of its governance practices and increases the importance of governance structures, practices and behaviour. This translates into high exposure to baseline Corporate Governance risk.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**68.2**  
Strong



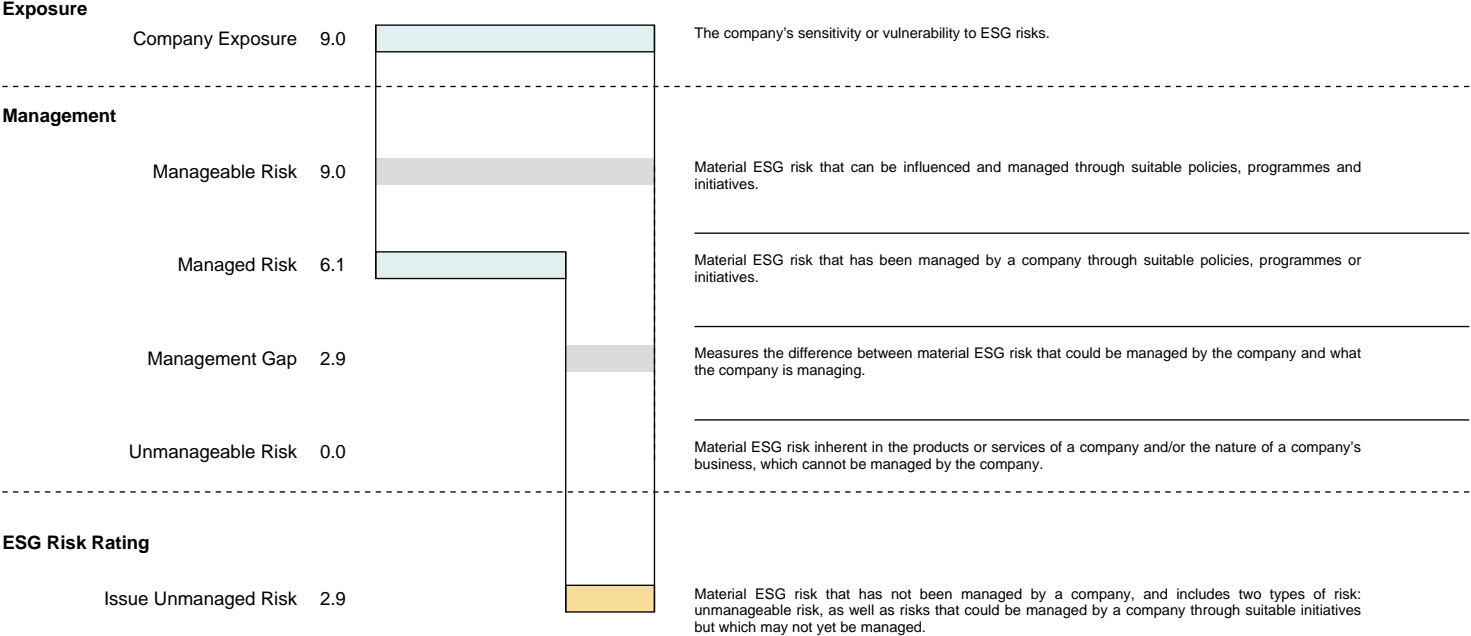
The company is noted for showing particular strength in its board structure, its ownership structure/shareholder rights, its remuneration systems, its audit and financial performance systems and its stakeholder governance. It has average management of its other governance pillar. Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Board/Management Quality & Integrity	46	25.0%	11.5
Board Structure	78	15.0%	11.7
Ownership & Shareholder Rights	65	17.0%	11.1
Remuneration	76	25.0%	19.0
Audit & Financial Reporting	74	8.0%	5.9
Stakeholder Governance	90	10.0%	9.0
<b>Totals</b>		<b>100.0%</b>	<b>68.2</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition





# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 11.6 %



## Resource Use

Resource Use focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks.

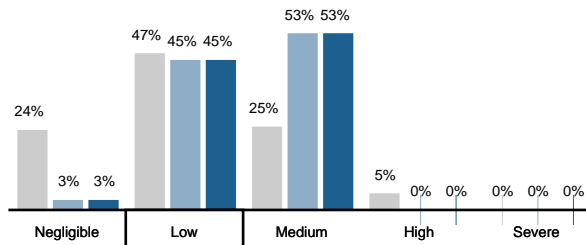
## ESG Risk Rating

# 2.5

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	430/1243	35th
Construction Materials INDUSTRY	5/40	11th
Construction Materials SUBINDUSTRY	5/40	11th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. Holcim Ltd.	5.7 Medium	71.0 Strong	2.5 Low
2. CRH PLC	6.0 Medium	51.8 Strong	3.5 Low
3. Vulcan Materials Co.	5.7 Medium	32.3 Average	4.2 Medium
4. Anhui Conch Cement Co., Ltd.	5.4 Medium	22.7 Weak	4.4 Medium
5. UltraTech Cement Ltd	9.0 High	55.6 Strong	5.0 Medium

# Holcim Ltd.

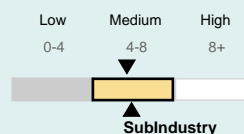
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**5.7**  
Medium



Despite significant reductions in water use in recent years, the construction materials industry is more water intensive than most industries. Large volumes of water are required for cooling cement and brick kilns, though actual water discharge from production plants is relatively low, unless there is heavy stormwater runoff. Evaporation generally accounts for the largest loss of water in the construction materials industry. Using dry kilns instead of wet kilns in cement production can significantly reduce water consumption, when this switch is technically feasible; however, production in developing countries relies heavily on the older wet kiln technology. Excessive water use in regions of high water stress can raise operational costs or provoke community opposition, particularly when competing with local communities for the resource. Companies that are unable to secure a stable water supply could face production disruptions. Some subindustry companies have arranged to buy and use wastewater from other businesses for their operational needs, which reduces their need for fresh water supplies and can significantly lower their water bills. Best practice includes strong water management programmes, including ongoing monitoring of water usage as well as increasing water reuse and recycling.

The company's exposure to Resource Use issues is medium and moderately below the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x <b>0.95</b>
Company Issue Exposure	5.7

### Beta Indicators

### Beta Signal

Water Use	0.00
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Regional Water Stress	-0.15
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>-0.05</b>
Baseline	+1.00
<b>Overall Beta</b>	<b>0.95</b>

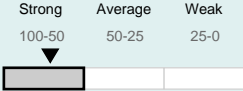
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN


Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**71.0**  
**Strong**



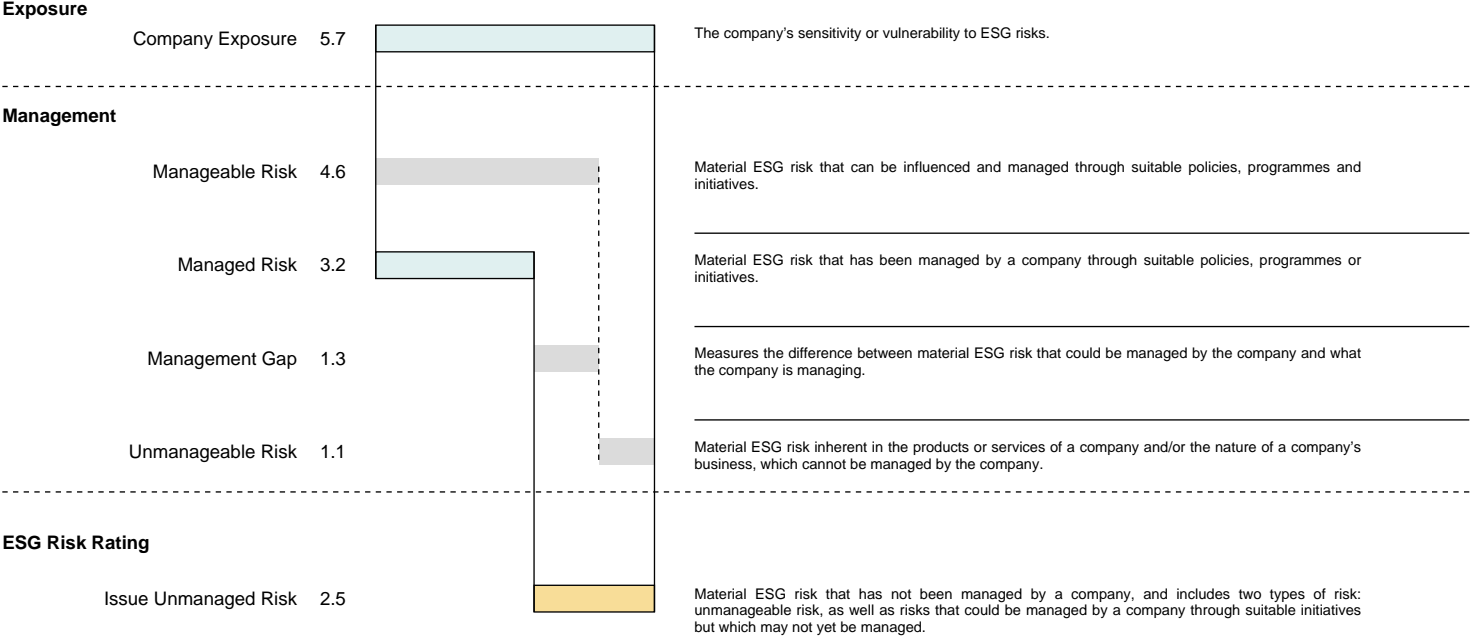
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Water Management Programmes	100	25.0%	25.0
Water Risk Management	100	10.0%	10.0
Water Intensity Trend	75	15.0%	11.3
Recycled Material Use	60	35.0%	21.0
Water Intensity	25	15.0%	3.8
 Water Use	Category 0	0%	0.0
<b>Weighted Sum</b>			<b>71.0</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition



# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 9.3 %



## Emissions, Effluents and Waste

Emissions, Effluents and Waste focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions.

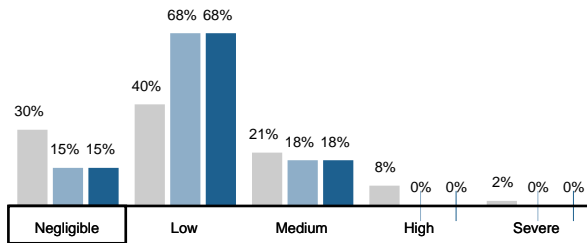
## ESG Risk Rating

# 2.0

# Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	482/1651	30th
Construction Materials INDUSTRY	5/40	11th
Construction Materials SUBINDUSTRY	5/40	11th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. CRH PLC	4.0 Medium	58.6 Strong	1.9 Negligible
2. Holcim Ltd.	5.3 Medium	69.3 Strong	2.0 Negligible
3. Anhui Conch Cement Co., Ltd.	5.0 Medium	47.9 Average	2.8 Low
4. Vulcan Materials Co.	4.5 Medium	40.5 Average	2.9 Low
5. UltraTech Cement Ltd	5.3 Medium	39.2 Average	3.4 Low

# Holcim Ltd.

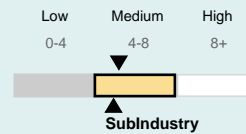
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**5.3**  
Medium



The cement manufacturing process releases harmful emissions such as SO<sub>x</sub> and NO<sub>x</sub>, while aggregates quarries release significant amounts of particulate matter, and asphalt plants can release benzene. Those substances may also contaminate local water sources through stormwater discharges. Holcim also flags kiln dust as a concern in terms of waste management. As Holcim operates in around 70 countries, it is subject to various regulated emissions limits and waste disposal rules. Failure to comply could lead to significant fines, as well as to opposition from local communities.

The company's exposure to Emissions, Effluents and Waste issues is medium and similar to the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x <b>1.05</b>
Company Issue Exposure	5.3

### Beta Indicators

### Beta Signal

Emissions, Effluents and Waste	0.02
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Headquarters Location	-0.03
Assets Location	-0.05
NO <sub>x</sub> Emissions	0.00
SO <sub>x</sub> Emissions	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Overall Beta	<b>1.05</b>

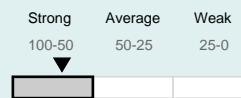
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN


Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**69.3**  
**Strong**



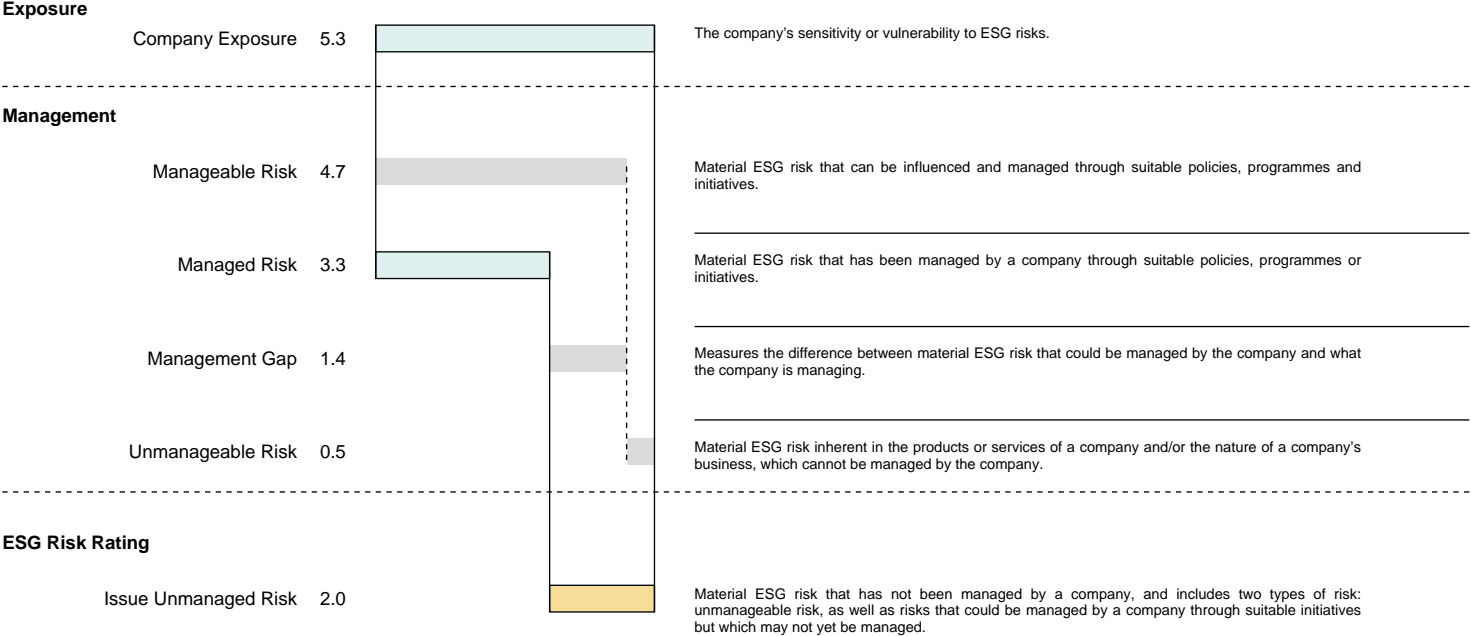
Holcim has established a solid non-GHG reduction programme, which aims to reduce NOx and SO2 emissions by 27% and 36%, respectively, by 2030 (from 2016 levels). The programme includes investments to mitigate fugitive dust emissions and continuous monitoring of dust, SO2 and NOx emissions of 85% of its clinker production. The company has also implemented a robust waste management system, which enabled it to reduce the total amount of internal waste generated by 74% in the past five years. However, it appears to have relatively weak preparedness to manage hazardous waste and effluents, as it lacks disclosure on initiatives and targets to reduce effluents and hazardous waste generation. In addition, Holcim has been involved in air pollution and effluents contamination controversies in several countries in recent years. The company has above average preparedness measures to address Emissions, Effluents and Waste issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Environmental Management System	100	15.8%	15.8
Environmental Policy	100	6.8%	6.8
Non-GHG Air Emissions Programmes	100	18.0%	18.0
Solid Waste Management	100	15.8%	15.8
EMS Certification	75	6.8%	5.1
Effluent Management	33	15.8%	5.2
Hazardous Waste Management	25	11.3%	2.8
 Emissions, Effluents and Waste	<b>Category 2</b>	10%	0.0
<b>Weighted Sum</b>			<b>69.3</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition





# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 8.2 %



## E&S Impact of Products and Services

E&S Impact of Products and Services refers to the management of the inherent characteristics of input materials, and the impacts during use, disposal and recycling (excluding Carbon).

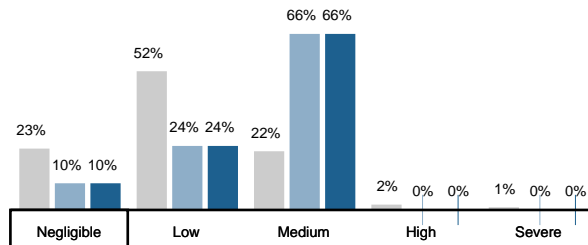
## ESG Risk Rating

# 1.7

## Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	195/1302	16th
Construction Materials INDUSTRY	3/41	6th
Construction Materials SUBINDUSTRY	3/41	6th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. Holcim Ltd.	6.6 Medium	92.0 Strong	1.7 Negligible
2. CRH PLC	6.3 Medium	74.0 Strong	2.6 Low
3. UltraTech Cement Ltd	6.0 Medium	44.0 Average	3.9 Low
4. Vulcan Materials Co.	6.0 Medium	22.0 Weak	4.9 Medium
5. Anhui Conch Cement Co., Ltd.	5.7 Medium	14.0 Weak	5.1 Medium

# Holcim Ltd.

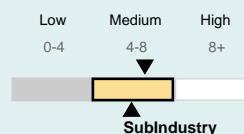
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**6.6**  
Medium



Cement's status as a sustainable product has sometimes been questioned, given the energy and water intensity of its production. However, cement has properties that make it a key component of sustainable buildings. For example, cement adds to the durability of buildings, and can reduce a building's energy needs by absorbing and retaining heat, allowing homeowners to lower their energy use. Cement companies can differentiate their products as more sustainable by increasing the proportion of non-clinker alternatives in their cement products, using volcanic ash, granulated blast furnace slag from iron production or fly ash from coal-fired power generation rather than clinker, which is produced by heating ground limestone and clay at temperatures of up to 1500° C. Additionally, innovative concrete products can embed carbon dioxide within concrete pavers, which could enable companies to reduce their operational emissions by trapping carbon within their products, though these technologies are not yet widely commercialized. Leading cement companies actively participate in green building associations, as well as the Cement Sustainability Initiative, and are developing products that can both help clients reduce their environmental impacts and reduce the negative environmental impacts of traditional cement. Such products may be favoured by construction customers, as helping them to more easily meet their own sustainability targets, and may also help the cement industry cope with rising regulatory requirements on energy use. Best practice includes a strong sustainable products product portfolio as well as eco-design considerations that increase building energy efficiency.

The company's exposure to E&S Impact of Products and Services issues is medium and moderately above the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x <b>1.10</b>
Company Issue Exposure	6.6

### Beta Indicators

### Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Headquarters Location	-0.03
Sales Location	0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.10</b>
Baseline	+1.00
<b>Overall Beta</b>	<b>1.10</b>

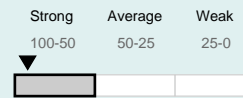
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN



Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**92.0**  
**Strong**



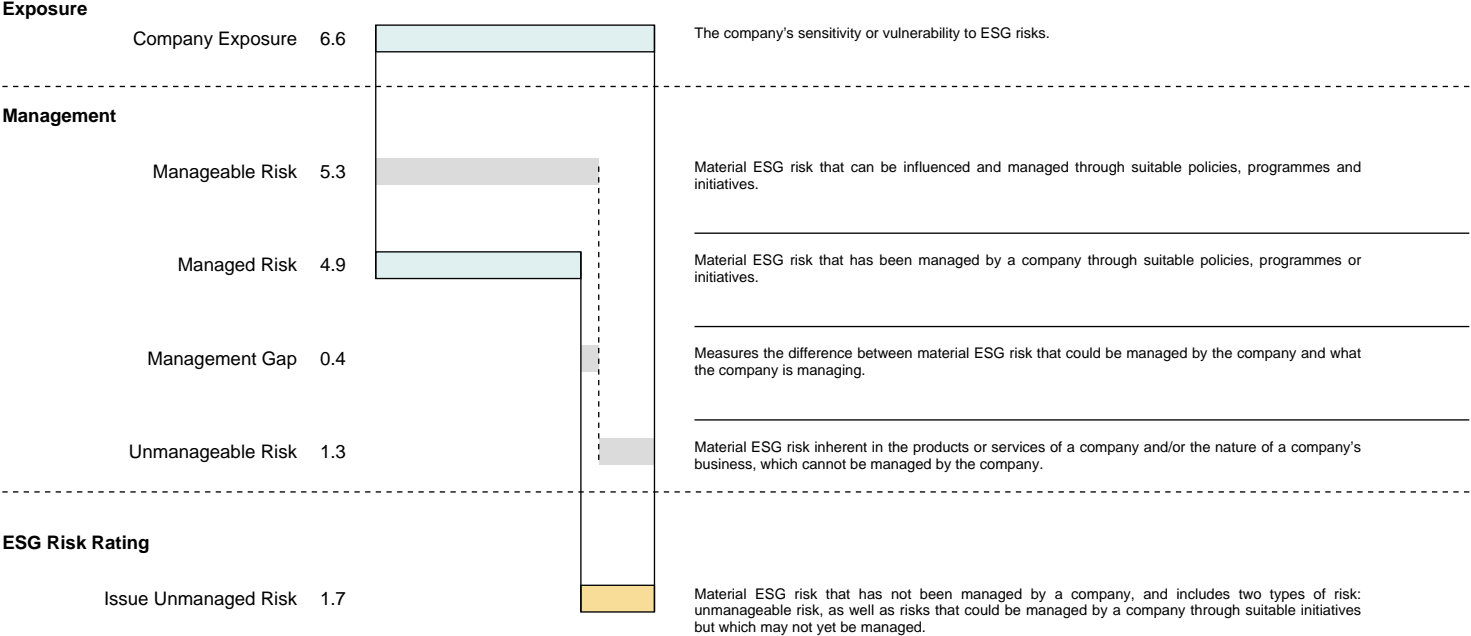
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Green Building Memberships	<b>100</b>	20.0%	20.0
Green Procurement Policy	<b>100</b>	20.0%	20.0
Sustainable Products & Services	<b>100</b>	40.0%	40.0
Recycled Material Use	<b>60</b>	20.0%	12.0
 Environmental Impact of Products	<b>Category 0</b>	0%	0.0
 Social Impact of Products	<b>Category 0</b>	0%	0.0
<b>Weighted Sum</b>			<b>92.0</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition



# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 8.1 %



## Occupational Health and Safety

Occupational Health and Safety focuses on the management of workplace hazards affecting a company's own employees and on-site contractors. Where relevant, it may also include HIV/AIDS programmes.

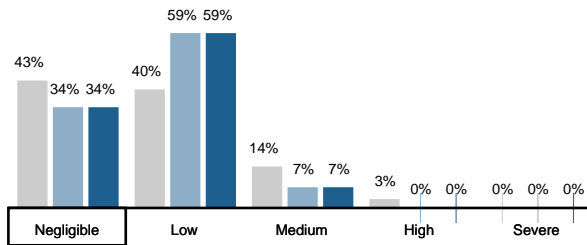
## ESG Risk Rating

# 1.7

# Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	670/2055	33rd
Construction Materials INDUSTRY	6/41	13th
Construction Materials SUBINDUSTRY	6/41	13th

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. CRH PLC	4.8 Medium	83.1 Strong	1.0 Negligible
2. Holcim Ltd.	5.0 Medium	69.2 Strong	1.7 Negligible
3. Anhui Conch Cement Co., Ltd.	4.5 Medium	35.0 Average	3.0 Low
4. UltraTech Cement Ltd	5.3 Medium	45.0 Average	3.0 Low
5. Vulcan Materials Co.	4.5 Medium	30.4 Average	3.2 Low

# Holcim Ltd.

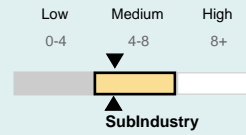
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**5.0**  
Medium



Employees in the construction materials subindustry are vulnerable to on-the-job safety hazards as well as less visible but more prevalent occupational health issues, such as musculoskeletal disorders, skin diseases (from direct contact with cement) and respiratory diseases (from air and dust emissions), particularly silicosis and asbestos-related mesothelioma. Ensuring healthy and safe working conditions for employees is a key industry challenge. In an industry with higher than average fatality rates, poor health and safety records can increase regulatory compliance costs from more stringent oversight. In addition, a poor health and safety record can affect a company's insurance premiums and operating costs, while exposing a company to lawsuits from affected workers or their families. Though safety fines may be inconsequential in some markets, long-term payouts to workers related to asbestos exposure and other respiratory diseases may in the aggregate cost the company up to billions of dollars in some markets. Additionally, poor safety practices can negatively impact employee morale and productivity, while causing operational disruptions as accidents are investigated. Best practice includes strong health and safety management programmes, and transparent reporting on injury rates and company responses to incidents.

The company's exposure to Occupational Health and Safety issues is medium and similar to the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x <b>1.00</b>
Company Issue Exposure	5.0

### Beta Indicators

### Beta Signal

Occupational Health and Safety	0.02
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Headquarters Location	-0.03
Assets Location	-0.05
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.00</b>
Baseline	+1.00
<b>Overall Beta</b>	<b>1.00</b>

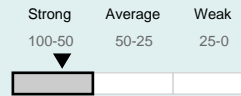
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN


Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**69.2**  
**Strong**



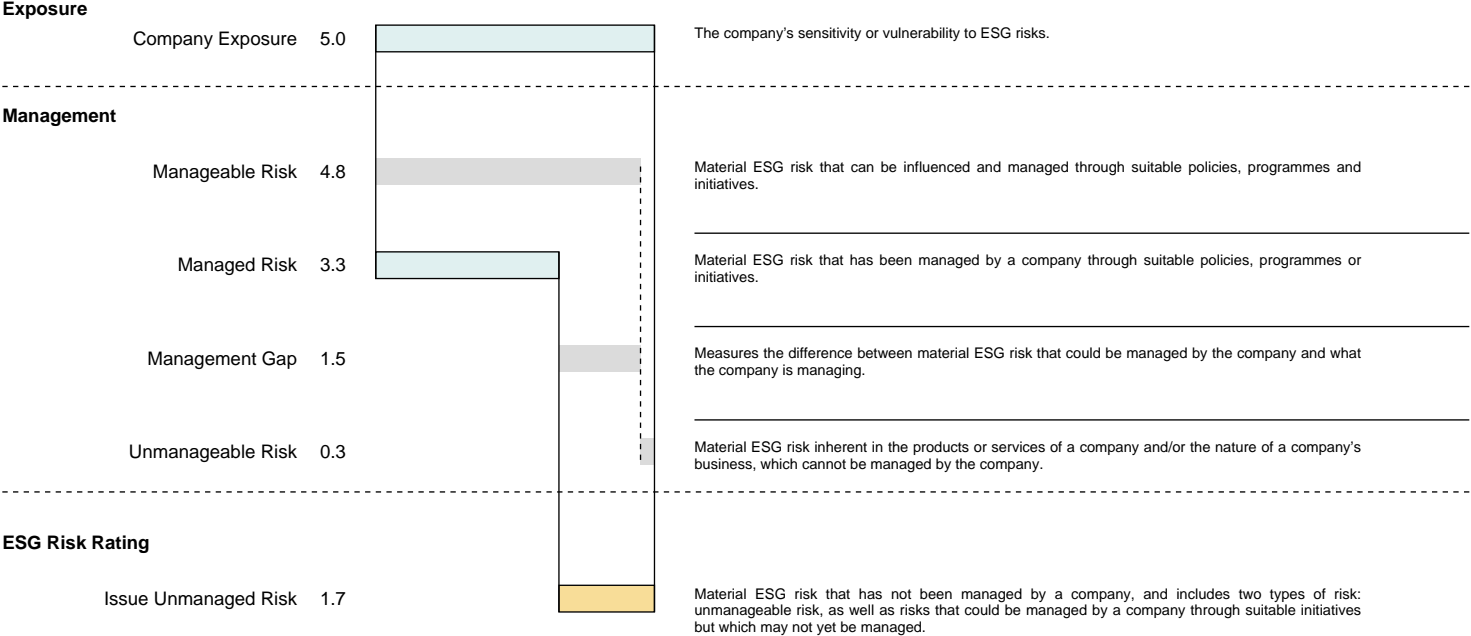
The company has above average preparedness measures to address Occupational Health and Safety issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Contractor Safety Programme	100	11.3%	11.3
Health and Safety Management	100	22.5%	22.5
LTIR Trend	100	22.5%	22.5
Employee Fatality Rate	50	11.3%	5.6
Health & Safety Certifications	40	11.3%	4.5
Contractor Fatalities	25	11.3%	2.8
 Occupational Health and Safety	<b>Category 2</b>	10%	0.0
<b>Weighted Sum</b>			<b>69.2</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition





# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Issue

Contribution 5.8 %



## Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

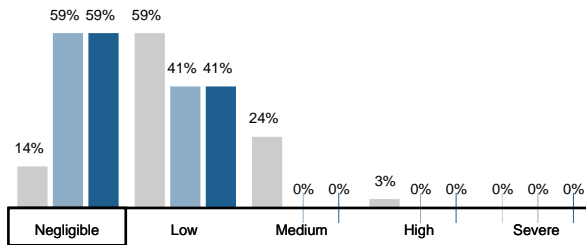
## ESG Risk Rating

# 1.2

## Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	120/4363	4th
Construction Materials INDUSTRY	2/41	3rd
Construction Materials SUBINDUSTRY	2/41	3rd

## Peers Table

Peers (Market cap \$23.9 - \$39.3bn)

	Exposure	Management	ESG Risk Rating
1. Holcim Ltd.	3.3 Low	65.8 Strong	1.2 Negligible
2. CRH PLC	3.2 Low	51.8 Strong	1.6 Negligible
3. Vulcan Materials Co.	2.9 Low	35.4 Average	1.9 Negligible
4. UltraTech Cement Ltd	3.0 Low	36.3 Average	2.0 Negligible
5. Anhui Conch Cement Co., Ltd.	2.7 Low	28.3 Average	2.0 Negligible

# Holcim Ltd.

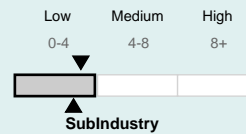
Construction Materials Switzerland SWX:HOLN

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**3.3**  
Low



The construction materials subindustry employs millions of employees and contractors worldwide; publicly traded companies alone directly employ more than two million people across the globe. As cement companies look for innovative products and processes to optimize energy and resource use, they must attract and retain skilled R&D staff to maintain competitive and cost advantages. Additionally, labour relations issues and employee strikes are also common within the subindustry. A large proportion of cement plant workers are unionized; however, some companies' violations of freedom of association and the right to form unions, as well as discriminatory practices, have led to work stoppages and have caused reputational damage. On the other hand, strong relationships with unions can help management minimize operational disruptions from strikes. Best practice includes strong Human Capital development and engagement programmes, as well as strong labour standards and anti-discrimination policies.

The company's exposure to Human Capital issues is low and moderately above the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x <b>1.10</b>
Company Issue Exposure	3.3

### Beta Indicators

### Beta Signal

Labour Relations	0.02
Operating Performance	0.03
Solvency	0.02
Financial Flexibility	0.00
Asset Performance	0.03
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.10
Baseline	+1.00
Overall Beta	<b>1.10</b>

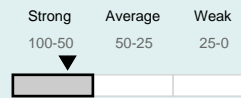
# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN


Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**65.8**  
Strong



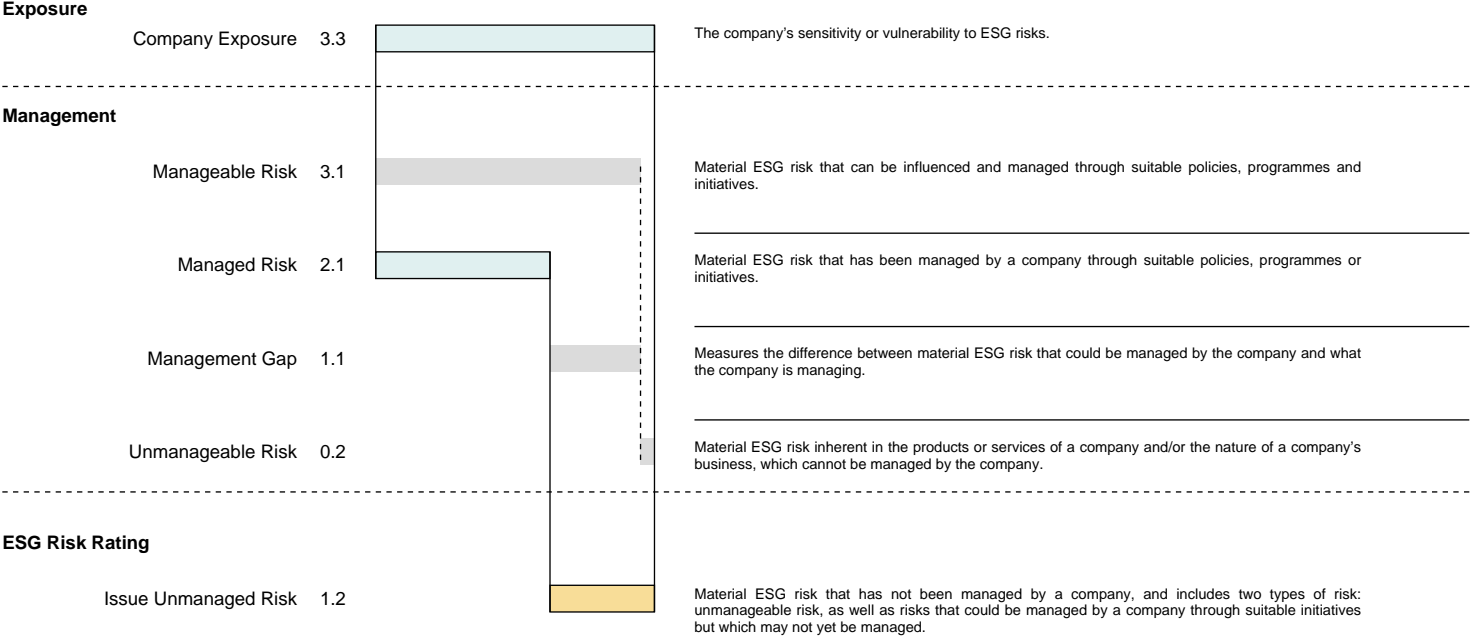
The company has above average preparedness measures to address Human Capital issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Collective Bargaining Agreements	100	13.5%	13.5
Discrimination Policy	100	6.8%	6.8
Freedom of Association Policy	100	4.5%	4.5
Human Capital Development	100	27.0%	27.0
Working Hours Policy	75	11.3%	8.4
Diversity Programmes	50	11.3%	5.6
Employee Turnover Rate	0	15.8%	0.0
 Labour Relations	Category 2	10%	0.0
<b>Weighted Sum</b>			<b>65.8</b>

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## Risk Decomposition



# Appendix



## Management Details



### Corporate Governance

#### Board/Management Quality & Integrity

**46** Average Performer

Raw Score



Our analysis of the quality and integrity of the company's board and management indicates the following key areas of focus for Holcim Ltd.:

- The company provides minimal or no disclosure of the process by which RPTs are approved and the company discloses material related party transactions in the most recent annual reporting.
  - There are moderate controversies related to the company's business practices.
  - One or more directors are linked to governance controversies at other companies and no directors are linked to performance failures at other companies.
- Overall, Holcim Ltd. positions itself as an Average Performer with regard to its Board/Management Quality & Integrity compared to peers.

Indicators	Score
Board Experience	80
Governance Controversies	50
Shareholder Engagement and Responsiveness	100
Director Track Record	30
Board Capture	50
Related Party Transactions	0
Director Stock Ownership	60
Executive/Board Misconduct	50
Business Practices Controversies	20

#### Board Structure

**78** Leader

Raw Score



In reviewing the company's structural board features, we note the following for Holcim Ltd.:

- There is a separate board committee in charge of oversight of industry-specific risks and the company identifies and assesses the main risks faced by the business.
  - The company has a majority standard for election of directors and the company has a resignation policy for directors failing to receive a majority of votes.
  - The educational and professional background of directors is disclosed and the executive and board experience of directors is disclosed.
- Overall, Holcim Ltd. positions itself as a Leader with regard to its Board Structure compared to peers.

Indicators	Score
Board Leadership	70
Board Tenure	30
Board Independence	80
Nominating Committee Effectiveness	70
Director Disclosure	100
Voting Structures	100
Directors not Elected by Shareholders	60
Risk Oversight	100
Board Diversity	60

#### Ownership & Shareholder Rights

**65** Leader

Raw Score



Holcim Ltd.'s Ownership & Shareholder rights regime includes the following key areas of focus:

- There is no shareholder rights or "poison pill" plan in effect and the market for control is subject to regulation that minimizes the likelihood of abusive takeover offers.
  - The board of directors is elected annually.
  - Substantially all common stockholders have identical voting rights.
- Overall, Holcim Ltd. positions itself as a Leader with regard to its Ownership & Shareholder Rights compared to peers.

Indicators	Score
Director Appointment & Removal	70
Proportionality - One Share/One Vote	60
Ownership Structure	50
Capital Issuance Risks	60
Shareholder Action	60
Poison Pill & Takeover Defences	80
Supermajority Provisions	60

# Appendix



## Management Details

### Remuneration

76 Leader

Raw Score



Our analysis of executive compensation practices at Holcim Ltd. points to the following:

- Specific quantifiable performance metrics with pre-set targets are disclosed and the formula used to calculate STI payout is disclosed.

- Remuneration amounts are disclosed for the CEO and remuneration amounts are disclosed as an aggregate for executives of the company.

- Half or more of the LTI is subject to pre-set goals for performance over a period of two or three years and specific quantifiable performance metrics with pre-set targets are disclosed for performance-based components of the LTI.

Overall, Holcim Ltd. positions itself as a Leader with regard to its Remuneration compared to peers.

#### Indicators

#### Score

Remuneration Disclosure	90
CEO Termination Scenarios	70
Internal Pay Equity	50
Clawback Policy	70
Remuneration Committee Effectiveness	50
Say on Pay	80
Pay Controversies	50
STI Performance Metrics	100
LTI Performance Metrics	80
Pay Magnitude	30
Pay for Performance	80
Pay for Failure	60

### Audit & Financial Reporting

74 Leader

Raw Score



In reviewing the company's Audit & Financial reporting features, we note the following for Holcim Ltd.:

- Non-audit fees paid to the auditor are de minimis relative to audit and audit-related fees.

- The audit committee met fewer than 6 times during the year and there is at least one independent member of the audit committee with financial expertise.

- The company has a policy to rotate or re-tender the audit mandate and there is no market requirement to periodically re-tender or rotate the audit mandate.

Overall, Holcim Ltd. positions itself as a Leader with regard to its Audit & Financial Reporting compared to peers.

#### Indicators

#### Score

Audit Committee Structure	70
Audit Committee Effectiveness	80
Auditor Fees	100
Audit Rotation Policy	80
Auditor Change	50
Reporting Irregularities	50

### Stakeholder Governance

90 Leader

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Holcim Ltd. are: ESG Governance, Bribery & Corruption Policy and Whistleblower Programmes.

- ESG Governance: A board member or a board committee is responsible for overseeing ESG issues

- Bribery & Corruption Policy: The company has a very strong policy

- Whistleblower Programmes: The company has a very strong programme

#### Indicators

#### Score

ESG Governance	100
Environmental Policy	100
Whistleblower Programmes	100
Tax Disclosure	50
Discrimination Policy	100
Scope of Social Supplier Standards	100
GHG Reduction Programme	100
Green Procurement Policy	100
ESG Reporting Standards	100
Verification of ESG Reporting	50
Global Compact Signatory	100
ESG Performance Targets	100
Political Involvement Policy	75
Lobbying and Political Expenses	0
Bribery & Corruption Policy	100

# Appendix

## Exposure Details



### Carbon - Own Operations

#### EA.E.15 - Energy Use and GHG Emissions

0.01

Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03

Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
 Subindustry Median (Trailing 3 Years): 8.34%  
 Source: Morningstar, December 2020. All Rights Reserved.,  
 FactSet, December 2020. All Rights Reserved.

#### EA.F.2 - Solvency

0.02

Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
 Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
 Source: Morningstar, December 2020. All Rights Reserved.,  
 FactSet, December 2020. All Rights Reserved.

#### EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
 Subindustry Median (Trailing 3 Years): 6.83%  
 Source: Morningstar, December 2020. All Rights Reserved.,  
 FactSet, December 2020. All Rights Reserved.

#### EA.F.4 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
 Subindustry Median (Trailing 3 Years): 4.87%  
 Source: Morningstar, December 2020. All Rights Reserved.,  
 FactSet, December 2020. All Rights Reserved.

#### EA.P.1 - Carbon Emissions

0.15

Beta Signal

The company's carbon emissions intensity indicates higher exposure to this issue

# Appendix

## Exposure Details

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### EA.P.23 - Clinker Efficiency

---

0.10  
Beta Signal

---

The clinker ratio of the company's cement indicates moderately higher exposure to this issue.

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### EA.S.1 - Qualitative Overlay

---

0.00  
Beta Signal

---

The analyst did not apply a qualitative overlay.

---

### EA.S.2 - Subindustry Correction Factor

---

0.00  
Beta Signal

---

### EA.S.3 - Exceptional Event Adjustment

---

0.00  
Beta Signal

---



# Appendix



## Management Details

### E.1.1 - Environmental Policy

100	4.75%	4.8
Raw Score	Weight	Weighted Score

The company has a very strong policy

#### Criteria

- Commitment to environmental protection
- Commitment to report regularly on environmental issues
- Approved by senior management or the board of directors
- Commitment to use natural resources or energy more efficiently
- Commitment to consult with stakeholders on environmental issues
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance

#### Sources

- Holcim Code of Business Conduct, accessed 1 July 2021
- Holcim Environmental Policy, released April 2018
- Holcim Sustainability Operating Principles, released May 2019
- LafargeHolcim Corporate Citizenship Policy, released November 2015

### E.1.2 - Environmental Management System

100	9.50%	9.5
Raw Score	Weight	Weighted Score

The company has a very strong EMS

#### Criteria

- Managerial or board level responsibility for environmental issues
- Internal and external communications on environmental management issues
- Corrective actions to stimulate continual improvement
- Environmental performance records
- Environmental programmes
- Compliance with environmental regulation
- Monitoring and measurement
- Assigned roles and responsibilities
- Identification of products, activities and services that have significant impacts on the environment
- External environmental audits
- Objectives, targets and deadlines
- Training and awareness programmes for employees
- Internal environmental audits

#### Sources

- Holcim Sustainability Performance Report 2020 (FY2020)

### E.1.3 - EMS Certification

75	2.38%	1.8
Raw Score	Weight	Weighted Score

Between 75% and 90% of the company's activities have received external certification

In 2020, the company reported that 89% of its cement plants have an environmental management system certified with ISO 14001 or its equivalent.

#### Sources

- Holcim Sustainability Performance Report 2020 (FY2020)

### E.1.6 - Scope of GHG Reporting

100	4.75%	4.8
Raw Score	Weight	Weighted Score

The company reports on scope 1 & 2 and discloses relevant information on Scope 3 GHG emissions

LafargeHolcim Ltd Sustainability Report 2020

# Appendix



## Management Details

### E.1.6.1 - GHG Risk Management

100	4.75%	4.8
Raw Score	Weight	Weighted Score

The company has a very strong risk management programme

**Criteria**

- Recognition of the transition risks related to climate change
- Detailed reporting on transition risks
- Managerial or board level responsibility for addressing transition risks
- Commitment to manage the regulatory, reputational and/or market risks related to climate change
- Integration of transition risks into regular risk assessments and strategy

**Sources**

Holcim Environmental Policy, released April 2018  
Indicator informed by Holcim Climate Change Response 2020 (FY2019)

### E.1.7.0 - GHG Reduction Programme

100	19.00%	19.0
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Policy commitment to reduce GHG emissions
- GHG emissions monitoring and measurement
- Initiatives to reduce GHG emissions
- Regular GHG audits or verification
- Managerial responsibility for GHG emissions
- GHG reduction targets and deadlines

**Sources**

Holcim Environmental Policy, released April 2018  
Holcim Integrated Annual Report 2020 (FY2020)  
Holcim Sustainability Performance Report 2020 (FY2020)

### E.1.7.1 - Green Logistics Programmes

100	7.13%	7.1
Raw Score	Weight	Weighted Score

The company has a strong and detailed programme to improve the environmental performance of its logistics and its fleet management

When transporting its products, the company aims to use low-fuel intensity options, such as rail, wherever possible. The company's in-vehicle monitoring system is complemented with a load optimization initiative that aims to minimize and, when possible, avoid empty trips. These measures not only have a significant impact on reducing fuel consumption, but also improve road safety performance and customer service.

**Sources**

The company provided feedback on 30 April 2020

### E.1.8 - Renewable Energy Programmes

50	4.75%	2.4
Raw Score	Weight	Weighted Score

The company has set quantitative targets at group level but has not set a clear deadline for reaching these targets

Holcim reports on installing wind turbines and solar power farms.

**Sources**

Holcim Integrated Annual Report 2020 (FY2020)  
Holcim Renewable Energy Programmes, accessed 27 July 2021  
The company provided feedback on 23 July 2021

### E.1.9 - Carbon Intensity

0	14.25%	0.0
Raw Score	Weight	Weighted Score

The company's carbon emissions intensity is well above the industry median

LafargeHolcim Ltd Sustainability Report 2020

	2019
Industry Median	4796.9
Carbon Intensity (t/million USD)	1999.6

### E.1.10 - Carbon Intensity Trend

50	14.25%	7.1
Raw Score	Weight	Weighted Score

The company's carbon intensity trend has remained relatively stable (+/- 10% inclusive) over the last 3 years

LafargeHolcim Ltd Sustainability Report 2020

	2019
Carbon Intensity Trend (%)	1.0

# Appendix



## Management Details

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### E.1.11 - Renewable Energy Use

Raw Score	Weight	Weighted Score
20	9.50%	1.9

Some portion of the company's primary energy use comes from renewable energy sources, but less than 5%

The company reports that 11 million GJ of the total 607 million GJ of energy consumed were from renewable electricity in 2020.

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)

Prior to research start, the company sent documents on 26 March 2020

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# Appendix



## Management Details

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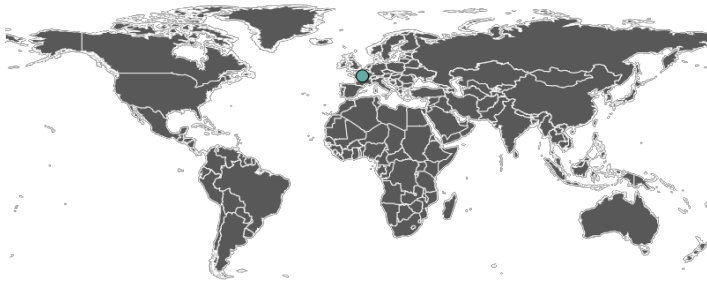
### Energy Use and GHG Emissions Events



Category 1 Event - Low

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### Incident History



**Protesters halt operations at cement plant in Paris over carbon emissions**  
Haaretz - 30 June 2021

**Update: French NGOs protest over environmental harm**  
Yahoo! News UK and Ireland - 17 June 2020

**Locations:** Paris, France, France

**Tags:** Energy Use and Greenhouse Gas Emissions

# Appendix

## Exposure Details



### Business Ethics

#### EA.E.2 - Accounting and Taxation

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.4 - Anti-Competitive Practices

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.6 - Bribery and Corruption

0.01  
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.7 - Business Ethics

0.01  
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

#### EA.E.21 - Intellectual Property

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.23 - Lobbying and Public Policy

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.30 - Sanctions

0.01  
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

# Appendix



## Exposure Details

### EA.F.2 - Solvency

0.02

Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
 Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

### EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
 Subindustry Median (Trailing 3 Years): 6.83%  
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

### EA.F.4 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
 Subindustry Median (Trailing 3 Years): 4.87%  
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

# Appendix



## Management Details

### G.1.1 - Bribery & Corruption Policy

100	4.88%	4.9
Raw Score	Weight	Weighted Score

The company has a very strong policy

**Criteria**

- Prohibition of bribery
- Guidelines of what is considered acceptable behaviour
- There is no evidence of a formal policy but the company has a general statement addressing the issue
- Definition of conflicts of interest and commitment to minimize these
- Definition of bribery or corruption
- Definition and prohibition of facilitation payments

**Sources**

Holcim Code of Business Conduct, accessed 1 July 2021  
 On Friday, April 10, 2020 Sustainalytics sent LafargeHolcim Ltd the Sustainalytics ESG Feedback Report  
 On Friday, July 9, 2021 Sustainalytics sent Holcim Ltd the Sustainalytics ESG Feedback Report  
 Prior to research start, the company sent documents on 26 June 2021  
 The company provided additional feedback on 2 August 2021  
 The company provided feedback on 18 April 2020  
 The company provided feedback on 23 July 2021  
 The company provided feedback on 29 July 2021  
 The company provided feedback on 9 April 2020

### G.1.1.1 - Bribery & Corruption Programmes

100	16.25%	16.3
Raw Score	Weight	Weighted Score

The company has a very strong programme

**Criteria**

- Managerial responsibility for bribery and corruption
- Regular training on bribery and corruption
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Internal monitoring system to detect corruption
- Regular bribery and corruption risk assessments
- Annual signoff of the policy on bribery and corruption by employees
- Mechanisms for employees to consult on ethical issues

**Sources**

Holcim Code of Business Conduct, accessed 1 July 2021  
 Prior to research start, the company sent documents on 26 March 2020

### G.1.2 - Whistleblower Programmes

100	14.63%	14.6
Raw Score	Weight	Weighted Score

The company has a very strong programme

**Criteria**

- Proactively communicated to employees
- Available in local languages
- Non-retaliation policy
- An independent, reporting hotline available 24/7
- Structures in place to process whistleblower reports
- Available to suppliers, customers and other third parties
- Possibility for anonymous reporting and reports are treated confidentially
- Disclosure on the number of reports received, the types of misconduct and measures taken

**Sources**

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Prior to research start, the company sent documents on 26 March 2020

### G.1.2.1 - Business Ethics Programme

100	16.25%	16.3
Raw Score	Weight	Weighted Score

The company has a very strong programme

**Criteria**

- Commitment to address major business ethics risks
- Incident investigation and corrective actions
- Operating guidelines
- Managerial responsibility for business ethics
- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Ethical risk assessments
- Measures to deter non-compliance and reduce exposure to unethical opportunities

**Sources**

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Prior to research start, the company sent documents on 26 March 2020  
 The company provided feedback on 18 April 2020

# Appendix



## Management Details

### G.3.1 - Political Involvement Policy

75	6.50%	4.9
Raw Score	Weight	Weighted Score

The company has an adequate policy

The company's Code of Business Conduct states that "Contributions to political parties, politicians or candidates for office are private matters for our employees. Holcim premises and assets may never be used to raise funds or to campaign for particular political party or candidate for office. Political donations may not be made in the name of Holcim unless expressly permitted under written local law and applicable Holcim policies and guidelines, which must require transparent and accurate documentation of such contributions and prohibit such donations to be given in exchange for an improper benefit." The company allows lobbying.

#### Criteria

- Prohibits political involvement of any kind on the company's behalf
- Approved by senior management
- Partially prohibits political involvement
- Commits the company to disclose political donations and/or lobbying expenditures

#### Sources

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Responsible Lobbying and Advocacy Directive, released April 2020

### G.3.2 - Lobbying and Political Expenses

0	6.50%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company made more than USD 0.5 million in political contributions or political spending in the last three years

In the previous three years, the company's political spending through lobbying activities amounted to approximately USD 2.23 million, according to the Center for Responsive Politics:

2020: USD 730,000  
 2019: USD 710,000  
 2018: USD 790,000

Furthermore, the company spent between EUR 100,000 and EUR 199,999 (USD 118,259 -USD 236,516) annually between FY2018-FY2020, according to LobbyFacts, which might include lobbying expenses.

#### Sources

LobbyFacts, [www.lobbyfacts.eu](http://www.lobbyfacts.eu); accessed 1 July 2021  
 OpenSecrets, [www.opensecrets.org](http://www.opensecrets.org); accessed 1 July 2021



# Appendix



## Management Details

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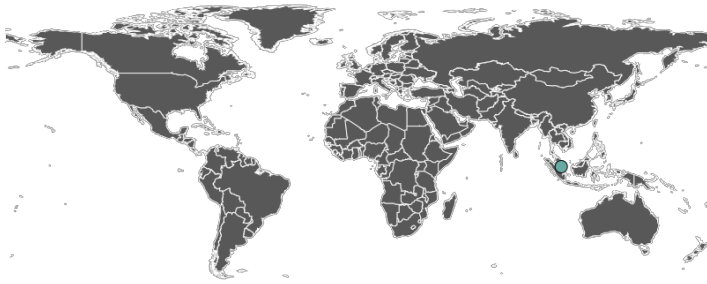
### Accounting and Taxation Events



Category 2 Event - Moderate

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### Incident History



**Settlement with Singapore regulator over tax refunds' return**  
Edge Markets - 15 May 2019

**Locations:** Singapore

**Tags:** Taxes avoidance/evasion

# Appendix



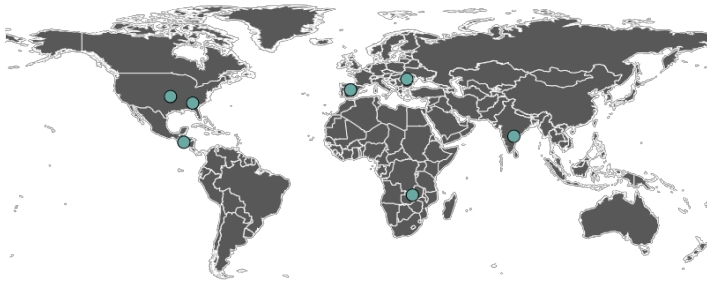
## Management Details

### Anti-Competitive Practices Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** Spain, Chennai, Tamil Nadu, India, Atlanta, GA, USA, Zambia, India, Romania, United States, El Salvador

**Tags:** Anti-competitive Practices

**Spanish court overturns 2016 CNMC fine for cartel involvement**  
CE Noticias Financieras English - 06 May 2021

**Madras High Court requests inquiry into alleged cement price fixing in India**  
Hindu Business Line - 28 April 2021

**Update: Antitrust body in India raids company offices**  
Reuters India - 10 December 2020

**Company accused of price collusion in US**  
Global Cement - 08 October 2019

**Update: US court dismisses anti-trust case over statute of limitations**  
Bloomberg Law - 01 April 2021

**Zambian authorities impose fine over anti-competitive conduct**  
Bowmanslaw.com - 31 March 2021

**Update: Investigation into anti-competitive conduct in Zambia**  
Zambian Business Times - 18 August 2020

**Romania's Competition Council report on cement companies**  
Romania Insider - 12 March 2020

**Update: Competition regulator opens probe into collusion allegations in**  
Global Cement - 21 November 2018

**Company fined after failing to provide information in an investigation**  
Global Cement - 05 March 2019

# Appendix



## Management Details

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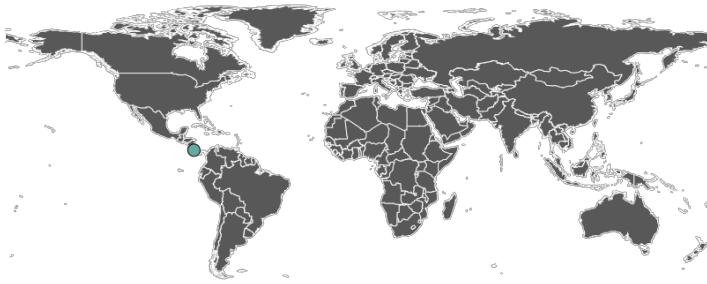
### Bribery and Corruption Events



Category 1 Event - Low

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### Incident History



Costa Rican authorities raid company headquarters amid bribery probe  
ameliarueda.com - 20 May 2019

**Locations:** Costa Rica

**Tags:** Bribery and Corruption

# Appendix



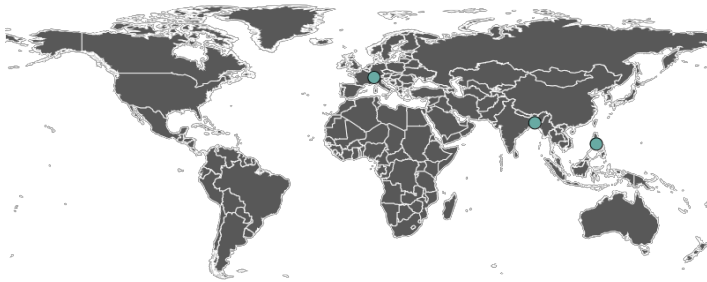
## Management Details

### Business Ethics Events



Category 1 Event - Low

### Incident History



**Bangladesh traders protest against alleged illegal limestone**  
Global Cement News - 12 March 2021

**Philippines tribunal orders compensation for port operator**  
Business World - 16 September 2020

**Unions criticize proposal of high dividends while neglecting workers' needs**  
LabourStart - 13 May 2020

**Philippines customs bureau intercepts garbage shipment to be used as fuel**  
GMA News Online - 22 May 2019

**Locations:** Bangladesh, Philippines, Switzerland

**Tags:** Business Ethics -Other

# Appendix



## Management Details

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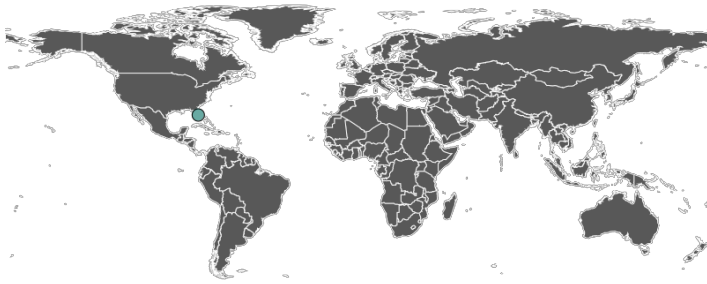
### Sanctions Events



Category 1 Event - Low

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### Incident History



**US settlement over property in Cuba**  
Legal Week - 25 May 2021

**Update: Florida court allows damages claims over violations of Cuba**  
Global Cement News - 12 October 2020

**Locations:** Florida, USA

**Tags:** Sanctions

# Appendix



## Exposure Details



## Resource Use

### EA.E.33 - Water Use

0.00

Beta Signal

The company is not involved in any controversies of this type.

### EA.F.1 - Operating Performance

0.03

Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

### EA.F.2 - Solvency

0.02

Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

### EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
Subindustry Median (Trailing 3 Years): 6.83%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

### EA.F.4 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
Subindustry Median (Trailing 3 Years): 4.87%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

### EA.G.5 - Regional Water Stress

- 0.15

Beta Signal

The location of the company's operations indicates lower exposure to this issue.

Country | Percentage of Assets | Water stress level  
Rest of World: 34% (Undefined)  
United States of America: 17% (High Stress)  
Canada: 10% (Low to Med. Stress)  
India: 10% (High Stress)  
France: 9% (Med. to High Stress) Other: 19%  
Source: World Resources Institute, October 2019, <https://www.wri.org>  
Morningstar, October 2019. All Rights Reserved.

# Appendix



## Exposure Details

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### EA.S.1 - Qualitative Overlay

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0.00  
Beta Signal

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The analyst did not apply a qualitative overlay.

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### EA.S.2 - Subindustry Correction Factor

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0.00  
Beta Signal

---

### EA.S.3 - Exceptional Event Adjustment

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0.00  
Beta Signal

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# Appendix



## Management Details

### E.1.2.7 - Water Intensity

25	15.00%	3.8
Raw Score	Weight	Weighted Score

The company's water intensity is above the industry median

LafargeHolcim Ltd Sustainability Report 2020

	2019
Water Intensity (cubic meters/million)	5354.6
Industry Median	5354.6

### E.1.2.7.1 - Water Risk Management

100	10.00%	10.0
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Criteria

- Recognition of the risks posed by water scarcity or the absence of such risks
- Reporting on contextualized water metrics
- Integration of water scarcity into regular risk assessments and business strategy
- Participation in relevant multistakeholder or industry initiatives
- Managerial or board level responsibility for addressing risks posed by water scarcity
- Detailed reporting on risks posed by water scarcity or their absence

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)  
 Prior to research start, the company sent documents on 26 March 2020  
 The company provided feedback on 9 April 2020  
 World Business Council for Sustainable Development, [www.wbcsd.org](http://www.wbcsd.org); accessed 1 July 2021

### E.1.2.7.2 - Water Intensity Trend

75	15.00%	11.3
Raw Score	Weight	Weighted Score

The water intensity of the company has decreased significantly, compared to the previous three-year average

LafargeHolcim Ltd Sustainability Report 2020

	2019
Water Intensity Trend	-4.9

### E.1.3.4 - Water Management Programmes

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Criteria

- Policy commitment to reduce water use
- Water use monitoring and measurement
- Initiatives to reduce fresh water use
- Water use reporting
- Managerial responsibility for water use
- Water reduction targets and deadlines

#### Sources

Holcim Environmental Policy, released April 2018  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Holcim Sustainability Performance Report 2020 (FY2020)  
 Holcim Sustainability Report 2018 (FY2018)  
 Holcim Sustainability Strategy, accessed 1 July 2021  
 Prior to research start, the company sent documents on 26 March 2020



# Appendix



## Management Details

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### E.2.1.7 - Recycled Material Use

Raw Score	Weight	Weighted Score
60	35.00%	21.0

Between 10% and 50% of the raw material used by the company is made of recycled or re-used material

In 2020, the average for the alternative raw material contained in cement, asphalt and concrete amounted to 13%. Alternative raw materials include wastes and by-products from other industries that have the role to substitute natural raw material.

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)

# Appendix



## Exposure Details



### Emissions, Effluents and Waste

#### EA.E.14 - Emissions, Effluents and Waste

0.02

Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03

Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.2 - Solvency

0.02

Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
Subindustry Median (Trailing 3 Years): 6.83%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.4 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
Subindustry Median (Trailing 3 Years): 4.87%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.G.1 - Headquarters Location

- 0.03

Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Switzerland: Lower exposure  
Source: Sustainalytics Country Risk Rating, May 2019.

# Appendix



## Exposure Details

### EA.G.2 - Assets Location

- 0.05

Beta Signal

The location of the company's assets indicates slightly lower exposure to this issue.

Rest of World: 34% (Slightly lower exposure)  
 United States of America: 17% (Slightly lower exposure)  
 Canada: 10% (Lower exposure)  
 India: 10% (Slightly higher exposure)  
 Other: 29%  
 Source: Sustainalytics Country Risk Rating, May 2019.  
 Morningstar, October 2019. All Rights Reserved.

### EA.P.18 - NOx Emissions

0.00

Beta Signal

The company's NOx intensity indicates average exposure to this issue.

### EA.P.19 - SOx Emissions

0.05

Beta Signal

The company's SOx intensity indicates slightly higher exposure to this issue.

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

# Appendix



## Management Details

### E.1.1 - Environmental Policy

100	6.75%	6.8
Raw Score	Weight	Weighted Score

The company has a very strong policy

**Criteria**

- Commitment to environmental protection
- Commitment to report regularly on environmental issues
- Approved by senior management or the board of directors
- Commitment to use natural resources or energy more efficiently
- Commitment to consult with stakeholders on environmental issues
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance

**Sources**

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Environmental Policy, released April 2018  
 Holcim Sustainability Operating Principles, released May 2019  
 LafargeHolcim Corporate Citizenship Policy, released November 2015

### E.1.2 - Environmental Management System

100	15.75%	15.8
Raw Score	Weight	Weighted Score

The company has a very strong EMS

**Criteria**

- Managerial or board level responsibility for environmental issues
- Internal and external communications on environmental management issues
- Corrective actions to stimulate continual improvement
- Environmental performance records
- Environmental programmes
- Compliance with environmental regulation
- Monitoring and measurement
- Assigned roles and responsibilities
- Identification of products, activities and services that have significant impacts on the environment
- External environmental audits
- Objectives, targets and deadlines
- Training and awareness programmes for employees
- Internal environmental audits

**Sources**

Holcim Sustainability Performance Report 2020 (FY2020)

### E.1.2.6.1 - Solid Waste Management

100	15.75%	15.8
Raw Score	Weight	Weighted Score

The company has a very strong programme

**Criteria**

- Policy commitment to manage waste responsibly or reduce solid waste
- Reporting on solid waste issues
- Initiatives to reuse solid waste
- Objectives or targets related to solid waste management
- Initiatives to recycle solid waste
- Solid waste monitoring and measurement
- Initiatives to reduce solid waste
- Initiatives to ensure proper disposal of hazardous waste

**Sources**

Holcim Environmental Policy, released April 2018  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Holcim Sustainability Performance Report 2020 (FY2020)  
 The company provided feedback on 29 July 2021

### E.1.2.6.3 - Effluent Management

33	15.75%	5.2
Raw Score	Weight	Weighted Score

The company has a weak programme

**Criteria**

- Policy commitment to manage or reduce effluents
- Incident investigation and corrective action
- Monitoring and measurement of effluent and effluent management
- Reporting on effluent issues
- Initiatives to reduce, reuse or recycle effluents
- Objectives or targets related to effluent management

**Sources**

Holcim Sustainability Performance Report 2020 (FY2020)  
 Prior to research start, the company sent documents on 26 March 2020

# Appendix



## Management Details

### E.1.3 - EMS Certification

75	6.75%	5.1
Raw Score	Weight	Weighted Score

Between 75% and 90% of the company's activities have received external certification

In 2020, the company reported that 89% of its cement plants have an environmental management system certified with ISO 14001 or its equivalent.

**Sources**

Holcim Sustainability Performance Report 2020 (FY2020)

### E.1.3.2 - Hazardous Waste Management

25	11.25%	2.8
Raw Score	Weight	Weighted Score

The company has a weak programme

**Criteria**

- Commitment to reduce hazardous waste
- Targets and deadlines
- Initiatives to reduce hazardous waste
- Monitoring and measurement

**Sources**

Holcim Sustainability Performance Report 2020 (FY2020)  
LafargeHolcim Corporate Citizenship Policy, released November 2015

### E.1.3.3 - Non-GHG Air Emissions Programmes

100	18.00%	18.0
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Commitment to reduce non-GHG air emissions
- Deadlines to reduce non-GHG air emissions
- Initiatives to reduce non-GHG air emissions
- Non-GHG air emission monitoring
- Identification of relevant non-GHG air emissions
- Targets to reduce non-GHG air emissions

**Sources**

Holcim Sustainability Operating Principles, released May 2019  
Holcim Sustainability Performance Report 2020 (FY2020)  
Holcim Sustainability Report 2017 (FY2017)  
The company provided feedback on 18 April 2020

# Appendix



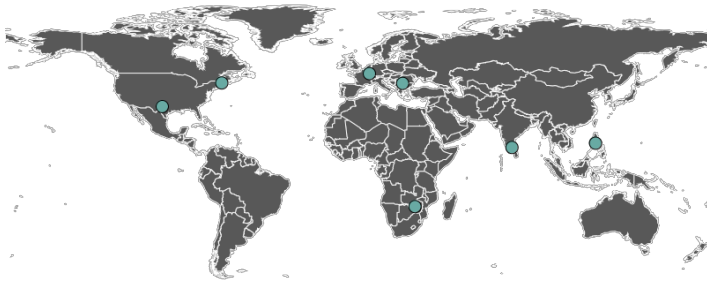
## Management Details

### Emissions, Effluents and Waste Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** Beoin, Serbia, Nova Scotia, Canada, Ravena, NY, USA, Philippines, Tamil Nadu, India, Paris, France, Zimbabwe, Aliaa, Samurlu, Aliaa/zmir, Turkey, Texas, USA, Baden-Württemberg, Germany, Bath, ON, Canada, Romania, Mabini, Batangas, Philippines

**Tags:** Emissions to Air, Degradation & Contamination (Land), Discharges and Releases (Water)

**Allegations of harmful emissions at Beoin cement plant in Serbia**  
PublicEye.ch - 02 July 2021

**Allegations of NDMA contaminant in cement kiln dust used as fertilizer in**  
Halifax Examiner - 15 June 2021

**US EPA settlement agreement for water pollution at Ravena cement plant**  
Cement Americas - 03 May 2021

**Philippines authorities impose fine after oil spill at La Union operations**  
Business World - 03 March 2021

**Cement plant fined for emissions in Tamil Nadu, India**  
Global Cement - 07 December 2020

**French prosecutors probe toxic wastewater spill into Seine river**  
UrduPoint.com - 01 September 2020

**Zimbabwe environmental agency requests cease of operations after dust**  
Bulawayo24 News - 17 August 2020

**NGO Shipbreaking Platform issues 2019 report regarding dismantled ships**  
NGO Shipbreaking Platform - 04 February 2020

**Local opposition at the Midlothian cement plant in Texas**  
The Midlothian Mirror (TX) - 27 January 2020

**Baden-Württemberg resident claims increased heavy metals level**  
Global Cement - 21 January 2020

**Accidental dust release affects residents in Canada**  
Cement Americas - 01 November 2019

**Investigation report reveals air pollution near Romanian cement plants**  
MSN ActualitĂ© FR - Switzerland - 28 April 2019

**Philippines regulator cease and desist order over environmental violations**  
Manila Bulletin - 15 February 2019

# Appendix

## Exposure Details



### E&S Impact of Products and Services

#### EA.E.17 - Environmental Impact of Products

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.32 - Social Impact of Products

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.2 - Solvency

0.02  
Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.3 - Financial Flexibility

0.00  
Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
Subindustry Median (Trailing 3 Years): 6.83%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.4 - Asset Performance

0.03  
Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
Subindustry Median (Trailing 3 Years): 4.87%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

# Appendix



## Exposure Details

### EA.G.1 - Headquarters Location

- 0.03

Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Switzerland: Lower exposure

Source: Sustainalytics Country Risk Rating, May 2019.

### EA.G.3 - Sales Location

0.05

Beta Signal

The location of the company's sales indicates slightly higher exposure to this issue.

Rest of World: 38% (Slightly higher exposure)

United States of America: 14% (Slightly higher exposure)

India: 14% (Slightly lower exposure)

Other: 35%

Source: Sustainalytics Country Risk Rating, May 2019.

Morningstar, October 2019. All Rights Reserved.

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal



# Appendix



## Management Details

### E.2.1 - Green Procurement Policy

100	20.00%	20.0
Raw Score	Weight	Weighted Score

The company's green procurement initiatives are strong

**Criteria**

- Policy addressing process related requirements
- Policy or initiatives addressing office products
- Policy addressing product related requirements
- Engagement with suppliers to improve environmental performance

**Sources**

Holcim Sustainable Procurement, released April 2021  
 Prior to research start, the company sent documents on 26 March 2020

### E.2.1.7 - Recycled Material Use

60	20.00%	12.0
Raw Score	Weight	Weighted Score

Between 10% and 50% of the raw material used by the company is made of recycled or re-used material

In 2020, the average for the alternative raw material contained in cement, asphalt and concrete amounted to 13%. Alternative raw materials include wastes and by-products from other industries that have the role to substitute natural raw material.

**Sources**

Holcim Sustainability Performance Report 2020 (FY2020)

### E.3.1.1 - Sustainable Products & Services

100	40.00%	40.0
Raw Score	Weight	Weighted Score

Between 25% and 49.99% of the company's annual revenue is derived from sustainability-related products or services

Holcim focuses on low-carbon solutions, (e.g. low-carbon clinker, cement, concrete, and binders as well as researching carbon sequestration). The company reported that in 2020, 26% of its net sales were derived from solutions with enhanced sustainability performance.

**Sources**

Holcim Integrated Annual Report 2020 (FY2020)  
 Holcim Sustainability Performance Report 2020 (FY2020)

### G.1.3.4 - Green Building Memberships

100	20.00%	20.0
Raw Score	Weight	Weighted Score

The company is a member of key industry initiatives

Holcim is a member of a number of regional Green Building Councils, as well as the World Business Council for Sustainable Development (WBCSD). Under the umbrella of the latter, Holcim is a founding member of the Concrete Sustainability Council (CSC).

**Sources**

Alliance HQE GBC, [www.hqegbc.org](http://www.hqegbc.org); accessed 1 July 2021  
 Global Cement and Concrete Association, [www.gccassociation.org](http://www.gccassociation.org); accessed 1 July 2021

# Appendix



## Exposure Details



### Occupational Health and Safety

#### EA.E.20 - Occupational Health and Safety

0.02

Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03

Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.2 - Solvency

0.02

Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
Subindustry Median (Trailing 3 Years): 6.83%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.F.4 - Asset Performance

0.03

Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
Subindustry Median (Trailing 3 Years): 4.87%  
Source: Morningstar, December 2020. All Rights Reserved.,  
FactSet, December 2020. All Rights Reserved.

#### EA.G.1 - Headquarters Location

- 0.03

Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Switzerland: Lower exposure  
Source: Sustainalytics Country Risk Rating, May 2019.

# Appendix

## Exposure Details

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### EA.G.2 - Assets Location

- 0.05  
Beta Signal

The location of the company's assets indicates slightly lower exposure to this issue.

Rest of World: 34% (Slightly lower exposure)  
 United States of America: 17% (Slightly lower exposure)  
 Canada: 10% (Lower exposure)  
 India: 10% (Slightly higher exposure)  
 Other: 29%  
 Source: Sustainalytics Country Risk Rating, May 2019.  
 Morningstar, October 2019. All Rights Reserved.

### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00  
Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00  
Beta Signal

# Appendix



## Management Details

### S.1.6.2.1 - Health and Safety Management System

100	22.50%	22.5
Raw Score	Weight	Weighted Score

The company has a very strong management system

#### Criteria

- Managerial responsibility for health and safety issues
- Emergency preparedness procedures
- Procedures for hazard identification and risk assessment
- Operating guidelines or procedures that are relevant for the industry
- Regular health and safety training programmes for employees
- Reporting on health and safety programmes and performance
- Performance monitoring and measurement
- Targets to reduce health and safety incidents
- Internal or external health and safety audits conducted at least every three years
- Formal health and safety policy commitment

#### Sources

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Holcim Sustainability Performance Report 2020 (FY2020)  
 Holcim Sustainability Strategy, accessed 1 July 2021  
 Prior to research start, the company sent documents on 26 March 2020  
 The company provided feedback on 9 April 2020

### S.1.6.4 - Health & Safety Certifications

40	11.25%	4.5
Raw Score	Weight	Weighted Score

25-49% of the company's facilities have received external certification

The company reports that 40% of the countries where it operates have a country or site-level certification (ISO 45001 or OHSAS 18001).

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)  
 The company provided feedback on 18 April 2020

### S.1.6.5 - LTIR Trend

100	22.50%	22.5
Raw Score	Weight	Weighted Score

The company's lost-time incident rate has declined

The company's Lost Time Injury Frequency Rate (LTIFR) in 2020 declined by 33% compared to the average of the previous 3 years (0.86):

FY 2020: 0.58  
 FY 2019: 0.76  
 FY 2018: 0.90  
 FY 2017: 0.94

LTIFR is calculated as number of LTIs per million hours.

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)  
 Holcim Sustainability Report 2018 (FY2018)

### S.1.6.6 - Employee Fatality Rate

50	11.25%	5.6
Raw Score	Weight	Weighted Score

The company's fatality rate is average

In the past three years, Holcim reported 6 fatalities among company employees:

FY 2020: 1  
 FY 2019: 4  
 FY 2018: 1

The company had approximately 71,620 employees on average in the past three years and a fatality rate of 2.79.

#### Sources

Holcim Integrated Annual Report 2020 (FY2020)  
 Holcim Sustainability Performance Report 2020 (FY2020)  
 Holcim Sustainability Report 2017 (FY2017)  
 Holcim Sustainability Report 2018 (FY2018)

# Appendix



## Management Details

### S.2.2.5 - Contractor Safety Programme

100	11.25%	11.3
Raw Score	Weight	Weighted Score

The company has a very strong programme

#### Criteria

- Prescreening of contractors for safety performance and risks
- Monitoring of contractor safety performance
- Operating guidelines on contractor safety management
- Compliance with safety guidelines included in contractual agreements.
- Safety training for contractors
- Reporting on contractor safety management
- Objectives or targets regarding contractor safety
- Policy commitment to protect the safety of contractors

#### Sources

Holcim Code of Business Conduct, accessed 1 July 2021  
 Holcim Integrated Annual Report 2020 (FY2020)  
 Prior to research start, the company sent documents on 26 March 2020

### S.2.2.6 - Contractor Fatalities

25	11.25%	2.8
Raw Score	Weight	Weighted Score

Between 11 and 18 fatalities have occurred among contractors in the last three years

Holcim reports that there were 16 contractor fatalities in the past three years:

2020: 4  
 2019: 6  
 2018: 6

#### Sources

Feedback was received from the Sustainability department on 31 July 2019  
 Holcim Sustainability Performance Report 2020 (FY2020)  
 The company provided feedback on 23 July 2021

# Appendix



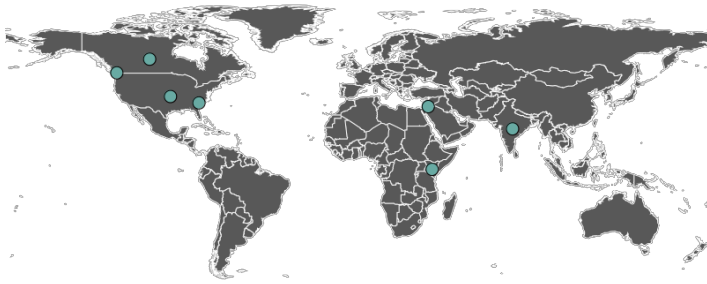
## Management Details

### Occupational Health and Safety Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** United States, Richmond, BC, Canada, Amman, Jordan, South Carolina, USA, Canada, Kenya, India

**Tags:** Health and Safety

**Fatal accident at West Mifflin plant in Pennsylvania**  
Pittsburgh Tribune Review - 07 April 2021

**Fatal accident at Richmond cement plant in Canada**  
Global Cement - 23 November 2020

**Allegations of workers' health impacts at Jordan operations**  
Global Unions - 06 June 2020

**Contractor dies in accident at Holly Hill factory**  
Orangeburg Times and Democrat - 04 December 2019

**Canadian court fines company over 2017 fatal accident at Beachville quarry**  
Global Cement - 25 September 2019

**Kenyan court orders company to pay compensation to former worker**  
Business & Human Rights - 18 June 2018

**Worker dies at the Maratha Cement Works plant in India**  
IndustriAll - 29 January 2018

# Appendix

## Exposure Details

### Human Capital

#### EA.E.22 - Labour Relations

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

#### EA.F.1 - Operating Performance

0.03  
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): 2.54%  
Subindustry Median (Trailing 3 Years): 8.34%  
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

#### EA.F.2 - Solvency

0.02  
Beta Signal

The company has a weak debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): 0.55  
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45  
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

#### EA.F.3 - Financial Flexibility

0.00  
Beta Signal

The company has an average cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): 7.96%  
Subindustry Median (Trailing 3 Years): 6.83%  
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

#### EA.F.4 - Asset Performance

0.03  
Beta Signal

The company has a very weak return on assets.

Average Return on Assets (Trailing 3 Years): 1.23%  
Subindustry Median (Trailing 3 Years): 4.87%  
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

#### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

# Appendix



## Exposure Details

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### EA.S.2 - Subindustry Correction Factor

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0.00  
Beta Signal

### EA.S.3 - Exceptional Event Adjustment

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0.00  
Beta Signal

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# Appendix



## Management Details

### S.1.1 - Freedom of Association Policy

100	4.50%	4.5
Raw Score	Weight	Weighted Score

The company has a strong policy on freedom of association

Holcim states in its Code of Business Conduct that it strives to create an environment in which freedom of association is part of the everyday work experience. The company's Corporate Citizenship Policy states that the company applies the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, which contains a commitment to freedom of association.

#### Sources

- Holcim Code of Business Conduct, accessed 1 July 2021
- LafargeHolcim Corporate Citizenship Policy, released November 2015

### S.1.1.1 - Working Hours Policy

75	11.25%	8.4
Raw Score	Weight	Weighted Score

The company has an adequate policy on working hours

#### Sources

- Holcim Code of Business Conduct, accessed 1 July 2021
- Holcim Group Human Resources Policy, released July 2021

### S.1.2 - Discrimination Policy

100	6.75%	6.8
Raw Score	Weight	Weighted Score

The company has a strong policy

#### Criteria

- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions
- Commitment to ensure equal opportunity

#### Sources

- Holcim Code of Business Conduct, accessed 1 July 2021
- LafargeHolcim Corporate Citizenship Policy, released November 2015

### S.1.3 - Diversity Programmes

50	11.25%	5.6
Raw Score	Weight	Weighted Score

The company has an adequate programme

#### Criteria

- Managerial or board level responsibility for diversity initiatives
- Diversity monitoring or audits
- Employee affinity groups, diversity councils, or networking groups
- Training and guidance regarding diversity
- Mentorship programmes
- Targeted recruitment
- Diversity initiatives that go beyond legal compliance
- Initiatives supporting a diverse workforce

#### Sources

- Holcim Sustainability Performance Report 2020 (FY2020)
- Holcim Sustainability Strategy, accessed 1 July 2021
- The company provided feedback on 18 April 2020
- The company provided feedback on 29 July 2021

# Appendix



## Management Details

### S.1.4 - Collective Bargaining Agreements

100	13.50%	13.5
Raw Score	Weight	Weighted Score

75% or more of the company's employees are covered by collective bargaining agreements

In communication with Sustainalytics, Holcim reports that 91% of employees were covered by collective agreements in 2020.

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)  
The company provided feedback on 23 July 2021

### S.1.5 - Employee Turnover Rate

0	15.75%	0.0
Raw Score	Weight	Weighted Score

The company's employee turnover rate is high

The company reported an overall employee turnover rate of 13% for 2020.

#### Sources

Holcim Sustainability Performance Report 2020 (FY2020)

### S.1.5.2 - Human Capital Development

100	27.00%	27.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

#### Criteria

- Initiatives for talent development
- Formal mechanisms to promote an open feedback culture
- Initiatives for talent retention
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Quantitative targets related to human capital development
- Reporting on human capital risk assessment
- Initiatives for talent recruitment

#### Sources

Holcim Integrated Annual Report 2020 (FY2020)  
Holcim Sustainability Performance Report 2020 (FY2020)  
The company provided additional feedback on 2 August 2021  
The company provided feedback on 18 April 2020

# Appendix



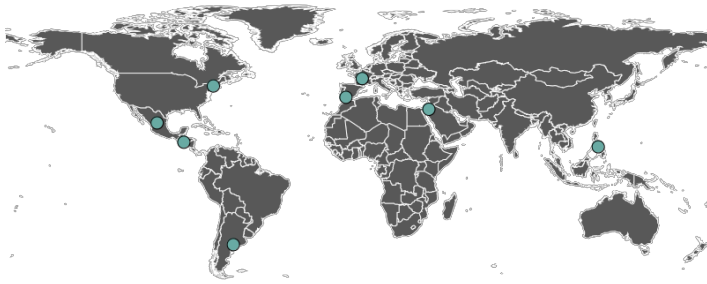
## Management Details

### Labour Relations Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** Philippines, Davao City, Davao del Sur, Philippines, Jerez de la Frontera, Cádiz, Spain, Jordan, Ravenna, NY, USA, Argentina, El Salvador, Mexico, France

**Tags:** Labour Relations, Discrimination & Harassment, Other Labour Standards, Freedom of Association

#### Swiss NCP report on Philippine workers claims

Company feedback - 11 May 2021

**Update: Former unionized employee claims intimidation following protest in**  
Rappler - 04 May 2021

**Update: Unions file complaint with Swiss NCP over Philippines working**  
LabourStart - 12 December 2019

#### Spanish employees protest against company's employment regulation plan

Diario de Jerez - 28 January 2021

#### Employees protest over workers right violations

Business Human Rights - 28 January 2021

#### Workers protest against unfair dismissals in the Philippines

Global Unions - 01 July 2020

#### Lawsuit over racial discrimination during Ravenna plant work in 2016

Hudson Valley 360 - 04 June 2020

#### Argentinian union condemns waiver of COVID-19 emergency decree

Global Unions - 02 April 2020

#### Union claims company engaged in anti-union behavior in El Salvador

Global Unions - 17 April 2019

#### Workers allegedly dismissed after joining new union at Apasco plant in

Industrial Union - 02 April 2019

#### Strike over bonuses in France

Zonebourse - 18 February 2019

#### Workers enter strike after failed salary negotiations at Matres-Tolosane plant

Global Cement News - 27 February 2018

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

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