Sustainable Procurement @Holcim
Protecting the environment. Respecting Human rights. Driving market competitiveness
2023

EXTERNAL PRESENTATION
## CONTENT

1. INTRODUCTION TO HOLCIM  
2. INTRODUCTION TO PROCUREMENT  
3. SUPPLIER DUE DILIGENCE  
4. GHG EMISSIONS  
5. EXTERNAL COMMITMENTS & RECOGNITIONS  
6. ONLINE RESOURCES  
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HOLCIM IS COMMITTED TO ACCELERATE OUR WORLD’S TRANSITION TO A NET ZERO AND MORE INCLUSIVE FUTURE

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

**We seek to partner with our strategic suppliers in collaboration, development and innovation activities to build a competitive supply chain greener, smarter and for all.**
WE COUNT ON OUR SUPPLIERS
TO SCALE UP POSITIVE IMPACT FOR PEOPLE AND THE PLANET

SUSTAINABILITY  COST

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

Building progress for People and the Planet
INTRODUCTION
TO HOLCIM

Circular Explorer
the recycling catamaran, powered by 100% renewable energy
by Holcim in partnership with One Earth One Ocean
ABOUT HOLCIM
GLOBAL LEADER IN INNOVATIVE AND SUSTAINABLE BUILDING SOLUTIONS

~60K Employees
50 markets

300 Patents in green construction

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

100+ Start ups in our open innovation ecosystem

40+ University collaborations

29B CHF Net Sales

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

#1 R&D organization in our industry

5 worldwide R&D hubs

More information: https://www.holcim.com/who-we-are
BUILDING FOR A NET ZERO FUTURE
FROM OUR OPERATIONS TO OUR PRODUCTS ALL THE WAY TO BUILDING USE

GREEN OPERATIONS
DECARBONIZING HOLCIM

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

CIRCULAR CONSTRUCTION
BUILDING NEW FROM OLD

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

BUILDING BETTER WITH LESS
DECARBONIZING CONSTRUCTION

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

MAKING BUILDINGS SUSTAINABLE
DECARBONIZING CITIES

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

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

CEMENT

AGGREGATES

READY – MIX CONCRETE

SOLUTIONS & PRODUCTS
DRIVEN BY OUR PURPOSE
BUILDING PROGRESS FOR PEOPLE AND THE PLANET

MAKING CITIES GREENER
from foundation to rooftop with low carbon solutions

EMPOWERING SOCIETY WITH SMARTER INFRASTRUCTURE
from green mobility and renewable energy to essential sanitation

IMPROVING LIVING STANDARDS FOR ALL
with affordable and sustainable solutions
INTRODUCTION TO PROCUREMENT

SUSTAINABLE COMPETITIVENESS
## PROCUREMENT AT A GLANCE

<table>
<thead>
<tr>
<th>Procurement Highlights</th>
<th>Collective Sourcing Intelligence</th>
</tr>
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<tbody>
<tr>
<td>&gt;20 billion CHF Third Party Spend</td>
<td>50 Country Procurement teams</td>
</tr>
<tr>
<td>~85% with domestic suppliers</td>
<td>5 Regional Procurement teams</td>
</tr>
<tr>
<td>~75% Total Spend with 3 categories</td>
<td>BCC sourcing Teams: China, India, Turkey</td>
</tr>
<tr>
<td>19% Energy</td>
<td></td>
</tr>
<tr>
<td>28% Logistics</td>
<td></td>
</tr>
<tr>
<td>Sustainable Competitiveness</td>
<td></td>
</tr>
<tr>
<td>~93% domestic suppliers</td>
<td>6 Major Categories</td>
</tr>
<tr>
<td>28% Raw Materials</td>
<td>- Energy &amp; Fuels</td>
</tr>
<tr>
<td>Procurement professionals across the world</td>
<td>- Logistics</td>
</tr>
<tr>
<td>&gt;600</td>
<td>- Raw Materials</td>
</tr>
<tr>
<td>&gt;85k Suppliers</td>
<td>- Manufacturing</td>
</tr>
<tr>
<td>~ 93% Domestic suppliers</td>
<td>- Packaging</td>
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<tr>
<td></td>
<td>- IT &amp; Corporate Services</td>
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</tbody>
</table>
**“SUSTAINABLE COMPETITIVENESS”**
THE PROCUREMENT STRATEGY TO ACCELERATE GREEN GROWTH

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

**Security of supply**
- Supporting Growth
  - Secure strategic sources
  - Manage shortages - network optimization
  - Leverage footprint and access sources

**Competitive sourcing**
- Profitability & Cash Flow
  - Facilitation of volume bundling and creation of economies of scale
  - Efficient benchmarking & rollout of success proven practices
  - Proactive key supplier management

**Sustainable supply chain**
- Future proven
  - Due diligence in the supply chain
  - “Sourcing decision framework” to integrate CO2, Circular Economy and Nature in buying decision
  - Supply Chain Resilience plan
OPERATIONALIZING SUSTAINABLE COMPETITIVENESS
Common mindset and toolbox across procurement teams (global, region, countries)

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

- Guidelines and tools to:
  - Integrate CO2 in TCO models
  - Foster recycling content and alternative materials
  - Decouple business growth from need of natural resources
  - Reduce waste
  - Increase energy efficiency
- Supplier engagement strategies to foster co-innovation
- Specific roadmaps across countries and regions to achieve SBTi Targets
- Dashboards and Tools to execute and monitor decarbonization levers
SHIFTING TO RENEWABLE ENERGY
Our goal is to reduce Scope 2 emissions by 65% by 2030

Our actions:
Increasing alternative and renewable energy across all our operations by:

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

Our actions

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

- Holcim is a world leader in recycling with more than 34 million tons of materials recycled across our business in 2022. We aim to increase our thermal substitution rate to 50% by 2030 and reach over 70% by 2050. [LINK](#)

- We apply the proven technology of ‘co-processing’ and utilize existing facilities in the cement industry to resolve waste challenges sustainably.
  - Some plants in Europe already running at an almost 100% substitution rate.
TRANSPORTATION
Optimizing Logistics and accelerating demand of low emission Heavy Duty Vehicles

TRUCKS
~1% of Total 3rd Party Spend

Logistics services
~29% of Total 3rd Party Spend
(Scope 3 emissions)

Our actions

- Network Optimization
  - Moving volumes from road to waterways or rail
  - Apply modelling tools to optimize material flows and assets

- Dispatch optimization
  - Reduce KMs driven (road) by optimizing routes
  - Increase Payload and avg load per shipment
  - Reduce empty returns (backhauls)

- Fleet optimization
  - Gradually replace fleet from Diesel to Eco Friendly fuels (CNG, H2, eFuels)

- Eco-Driving
  - Increase Safe KMs (road) by implementing HSE key enablers (IVMS, Drivers training, Drivers feedback)

Examples - Fleet optimization:

- ~15 LNG RMX (EU & Latam)
- ~3 Electric RMX in Switzerland. 2 other technologies on trial (Latam and EU)
- ~91 LNG Trucks (EMEA)
- ~60 Aluminium silo truck (Latam)

Hydrogen RMX trials (NAM)
SUPPLIER DUE DILIGENCE:

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

RESPONSIBLE SOURCING IN OUR SUPPLY CHAIN

Environment

Social

Governance

Integrated in the Group Procurement Policy
IMPLEMENTED THROUGH SOLID GOVERNANCE AND SYSTEMS
Details publicly available in our website

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

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PRINCIPLES OF HOLCIM SUSTAINABLE PROCUREMENT
From compliance to impact

Doing the things right

SUSTAINABLE PROCUREMENT

Doing the right things

SUPPLIERS DUE DILIGENCE

CO2 EMISSIONS

ENVIRONMENTAL IMPACTS
OUR SUPPLIER DUE DILIGENCE
FOCUSED IN MOST MATERIAL RISK EXPOSURE

SUPPLIERS DUE DILIGENCE
SUPPLIER QUALIFICATION (TIER 1) + TPDD

OECD Guidelines for Multinational Enterprises

<table>
<thead>
<tr>
<th>BASIC COMPLIANCE</th>
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<tbody>
<tr>
<td>CONTRACTORS</td>
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<tr>
<td>H&amp;S / WORKING CONDITIONS</td>
</tr>
<tr>
<td>EX extrACTIVE MATERIALS</td>
</tr>
<tr>
<td>environment / human RIGHTS</td>
</tr>
<tr>
<td>SECURITY SERVICES</td>
</tr>
<tr>
<td>SUPPLY CHAIN RESILIENCE</td>
</tr>
</tbody>
</table>

ESG MONITORING
TIER 1, 2.. = BCC + Extractive materials in high risk countries

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OUR SUPPLIER DUE DILIGENCE
FOCUSED IN MOST MATERIAL RISK EXPOSURE

SUPPLIERS DUE DILIGENCE

SUPPLIER PRIORITIZATION

CONTRACTORS
H&S / WORKING CONDITIONS

EXtractive MATERIALS
ENVIRONMENT / HUMAN RIGHTS

OECD Guidelines
for Multinational Enterprises
WE WORK WITH “APPROVED” SUPPLIERS
Addressing risks from non-compliance

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

1. KNOW WHO IS THE SUPPLIER
   (RISKS / OPPORTUNITIES)

2. VERIFY COMPLIANCE
   (SUPPLIER CODE OF CONDUCT)

3. ADDRESS NON-COMPLIANCE
   (RISK MITIGATION)

Supplier screening / prioritization
1. Products/services
2. Business relationship
3. Country risk

Verification levels
1. Self-assessment questionnaire
2. Fact-Finding (evidences)
3. Site Audits (breaches, extractive materials, high risk contractors)

Risk Mitigation
1. Improvement Plans
2. Additional Controls
3. Supplier replacement

Ongoing Performance evaluation
SUPPLIER DUE DILIGENCE AS PER OECD GUIDELINES, LAWS & REGULATIONS
Big coverage and many actions to verify ESG / H&S standards across our supply chain

~85K
Active Suppliers
>90% from domestic markets

~35%
Suppliers with high ESG / H&S impact

~60%
Third Party Spend

30k
Suppliers Qualified
ESG / H&S Due Diligence

20B CHF
Third Party Spend

~85%
with domestic suppliers

~95%
Third Party Spend with high ESG/H&S impact suppliers

1 High risk suppliers = suppliers identified as having high ESG impact
Deep verification on contractors conducted in low regulated markets
The Holcim Human Rights methodology (Due diligence)

HOLCIM HUMAN RIGHTS APPROACH

Core elements
- Ongoing due diligence
- Salient risks
- Stakeholder engagement
- Impact Assessments
- Training

Policy Commitment
- Human Rights and Social Policy
- Embed in related policies and processes

Grievance and Remedy
- Global, country, site and community level grievance mechanisms
- Provide remedy where appropriate

Identify Risks and Impacts
- Conduct impact/self assessments
- Regular dialogue with communities

Monitor and Communicate
- Track effectiveness of response
- Communicate on performance

Address Adverse Impacts
- Integrate findings in functions, processes
- Prioritize salient issues, develop action plans

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

“Focus Groups”

“On-the-spot interviews”
GHG EMISSIONS

IN THE SUPPLY CHAIN
OVERVIEW OF GREENHOUSE GASES EMISSIONS

The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations and across value chains. It is organized in 3 "scopes" to measure direct and indirect emissions related to a reporting entity.
COMPREHENSIVE AND ROBUST DISCLOSURE WITH ACTIONABLE TARGETS ACROSS SCOPE 1, 2 AND 3

OUR CO2 EMISSION FOOTPRINT 2022
~131 MIO TONS

SCOPE 1   
39% RAW MATERIALS DECARBONATION CEMENT PRODUCTION
20% FUELS COMBUSTION CEMENT PRODUCTION
1% POWER GENERATION, AGGREGATES, RMX AND SOLUTIONS & PRODUCTS OPERATIONS

SCOPE 2   
4% PURCHASED ELECTRICITY
19% UPSTREAM AND DOWNSTREAM EMISSIONS
17% INVESTMENTS

SCOPE 3 REPRESENTS 36% OF TOTAL EMISSIONS

OUR TARGETS ACROSS THE FULL VALUE CHAIN

<table>
<thead>
<tr>
<th>SCIENCE-BASED TARGETS</th>
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</thead>
<tbody>
<tr>
<td>SCOPE 1</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>NO CO2 / T cementitious</td>
</tr>
<tr>
<td>46 net</td>
</tr>
</tbody>
</table>

2020
PURCHASED CLINKER AND CEMENT NO CO2 / T purchased
710 | 709
PURCHASED FUELS NO CO2 / T purchased
286 | 285
DOWNSTREAM TRANSPORTATION NO CO2 / T material transport
11 | 10

-90%²

¹ The target boundary includes land-related emissions and removals from bioenergy feedstocks.
² This net-zero validation was evaluated within the parameters of the Business Ambition for 1.5°C campaign, and covers categories 1, 3, 4, 6, 7 and 9 of Holcim's Scope 3 emissions.
³ Targets aligned with well-below 2°C

More information: https://www.holcim.com/sustainability/climate-action
ENGAGE AND MOBILIZE COMPANIES, TO BUILD A NET ZERO FUTURE FOR ALL

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

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

Despite not having direct control of those emissions, companies are expected to work with other companies to reduce them.
OUR CLIMATE ACTIONS IN THE SUPPLY CHAIN
FOCUSED ON CATEGORIES REPRESENTING +70% CO2 EMISSIONS

SCOPE 3
CO2 EMISSIONS IN THE SUPPLY CHAIN

FUELS

CLINKER & CEMENT

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

24.6 mio CO2e

<table>
<thead>
<tr>
<th>UPSTREAM ACTIVITIES</th>
<th>mt CO2e</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuels &amp; Energy</td>
<td>5.3</td>
<td>11%</td>
</tr>
<tr>
<td>Clinker and Cement</td>
<td>4.1</td>
<td>9%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>1.7</td>
<td>4%</td>
</tr>
<tr>
<td>Inbound Transportation</td>
<td>1.3</td>
<td>3%</td>
</tr>
<tr>
<td>Raw Materials</td>
<td>1.0</td>
<td>2%</td>
</tr>
<tr>
<td>Equipment</td>
<td>0.1</td>
<td>0%</td>
</tr>
<tr>
<td>Others</td>
<td>2.4</td>
<td>5%</td>
</tr>
</tbody>
</table>

OWN OPERATIONS

<table>
<thead>
<tr>
<th>OWN OPERATIONS</th>
<th>mt CO2e</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downstream Transportation</td>
<td>5.9</td>
<td>13%</td>
</tr>
<tr>
<td>Processing of sold products</td>
<td>1.5</td>
<td>3%</td>
</tr>
<tr>
<td>End of life treatment of sold products</td>
<td>1.0</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>0.0</td>
<td>0%</td>
</tr>
</tbody>
</table>

22.5 mio CO2e

EMISSIONS FROM JVs AND NON-CONSOLIDATED COMPANIES (INVESTMENTS)

<table>
<thead>
<tr>
<th></th>
<th>mt CO2e</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Huaxin</td>
<td>19.1</td>
<td>41%</td>
</tr>
<tr>
<td>Others</td>
<td>3.4</td>
<td>7%</td>
</tr>
</tbody>
</table>
EXTERNAL COMMITMENTS AND RECOGNITIONS
Value chain

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

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

<table>
<thead>
<tr>
<th>Salient Human Rights Risks</th>
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<tbody>
<tr>
<td>Health &amp; Safety</td>
<td></td>
</tr>
<tr>
<td>Working Conditions in Our Operations and Supply Chain</td>
<td></td>
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<tr>
<td>Discrimination and Harassment</td>
<td></td>
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<tr>
<td>Security-Related Abuses and Violations</td>
<td></td>
</tr>
<tr>
<td>Child Labour in High-Risk Supply Chains</td>
<td></td>
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<tr>
<td>Dust and Other Emissions</td>
<td></td>
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<tr>
<td>Climate Change and its Impacts</td>
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</tbody>
</table>
PEOPLE: PLEDGE TO ERRADICATE CHILD LABOUR IN SUPPLY CHAINS

[website]

UN Pledge to eradicate Child Labour in the extended supply chain
Our External Commitments in the Supply Chain

Climate

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

Our Net-Zero Journey

An Industry-Leading Net-Zero Pledge Across Scope 1, 2 and 3 Targets

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

Scope 1 emissions

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

Scope 2 emissions

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

Scope 3 emissions

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

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

Own Fleet

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

Transportation services

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

Note: Voluntary commitments made by joining the FMC are subjects to the availability of technology supply that enables companies to meet their 2030 purchase pledges and acknowledge that these technologies may come at a premium cost.
HOLCIM SUSTAINABLE PROCUREMENT
A solid approach externally recognized and well positioned

Scope 3 targets validated by SBTi
For medium term (2030) and long term (2050) in line with Net Zero roadmap toward 1.5° scenario

Holcim recognized as a Supplier Engagement Leader
Three consecutive years with A score, raising the level of climate ambition across our value chain

Top rated
By Ecovadis

Founding member
First Movers Coalition
To scale up green demand for a net-zero future

Signature of “Call for Action”
To accelerate zero emission technology for heavy duty vehicles

Signature

Transparent reporting of shipping emissions
A framework for assessing and disclosing the climate alignment of ship chartering activities around the globe
DO YOU WANT TO LEARN MORE? ...
Q&A