SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Holcim Group
4 August 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Green Finance Instruments ▪ Sustainability-Linked Instruments
Relevant standard(s)	▪ Sustainability-Linked Bond Principles, as administered by the ICMA (as of June 2023) ▪ Sustainability-Linked Loan Principles, as administered by the LMA (as of February 2023) ▪ Green Bond Principles (as of June 2021 with June 2022 appendix 1) ▪ Green Loan Principles (as of February 2023) ▪ EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation ▪ EU Taxonomy Environmental Delegated Act (as of June 2023), Annex II, Transition to A Circular Economy ▪ EU Taxonomy Environmental Delegated Act (as of June 2023), Annex III, Pollution Prevention And Control
Scope of verification	▪ Holcim's Sustainable Finance Framework (as of July 27, 2023)
Lifecycle	▪ Pre-issuance verification
Validity	▪ As long as there is no material change to Holcim's Sustainable Finance Framework and benchmarks for the Sustainability Performance target(s) remain unchanged.

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SCOPE OF WORK

Holcim Group ("Holcim" or "the Issuer" or "the Company") commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments and Sustainability-Linked Instruments by assessing five core elements to determine the sustainability quality of the instruments:

1. Holcim's Sustainable Finance Framework (as of July 27, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Sustainability-Linked Bond Principles (SLBP), Loan Market Association's (LMA) Green Loan Principles (GLP) and Sustainability-Linked Loan Principles (SLLP).

2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).

3. The alignment of the project categories with the EU Taxonomy on a best-efforts basis[1] – whether the nominated project category on manufacture of cement (activity 3.7) is aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation[2] and the eligibility of the other project categories against the EU Taxonomy Climate Delegated Act (as of June 2021) Annex I, Climate Change Mitigation and the EU Taxonomy Environmental Delegated Act (June 2023)[3], Annex II, Transition To A Circular Economy and Annex III, Pollution Prevention And Control on a best-efforts basis[4] whether the nominated project categories satisfy the EU Taxonomy Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation[5]/Transition to a Circular Economy[6]/Pollution prevention and control[7] and the Minimum Safeguards requirements.

4. The sustainability credibility of the Key Performance Indicators (KPIs) selected and Sustainability Performance Targets (SPTs) calibrated – whether the KPIs selected are core,

[1] Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy have been evaluated on a "best efforts basis".

[2] EU Taxonomy Climate Delegated Act (as of June 2021) Annex I, Climate Change Mitigation, URL https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

[3] EU Taxonomy Environmental Delegated Act (as of June 2023), Annex II, Transition To A Circular Economy and Annex III, Pollution Prevention And Control, URL https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/taxonomy-regulation_en

[4] Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy have been evaluated on a "best efforts basis".

[5] Relevant EU Taxonomy activities assessed against the EU TSC for a Substantial Contribution to Climate Change Mitigation are the following: 3.5 ''Manufacture of energy efficiency equipment for buildings'', 4.1 ''Electricity generation using solar photovoltaic technology'', 4.2 ''Electricity generation using concentrated solar power (CSP) technology'', 4.25 ''Production of heat/cool using waste heat'', 4.3 ''Electricity generation from wind power'', 5.5 ''Collection and transport of non-hazardous waste in source segregated fractions'', 5.9 ''Material recovery from non-hazardous waste'', 6.5 ''Transport by motorbikes, passenger cars and light commercial vehicles'', 6.6 ''Freight transport services by road'', 6.15 ''Infrastructure enabling low-carbon road transport and public transport'', 7.6 ''Installation, maintenance, and repair of renewable energy technologies''.

[6] Relevant EU Taxonomy activities assessed against the EU TSC for a Substantial Contribution to Transition to a Circular Economy are the following: 2.3 ''Collection and transport of non-hazardous and hazardous waste'' and 2.7 ''Sorting and material recovery of non-hazardous waste''.

[7] Relevant EU Taxonomy activities assessed against the EU TSC for a Substantial Contribution to Pollution prevention and control are the following: 2.1 ''Collection and transport of hazardous waste'', 2.2 ''Treatment of hazardous waste'',

relevant and material to the Issuer's business model and industry, and whether the associated targets are ambitious.

5. Linking the transaction(s) to Holcim's overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

HOLCIM BUSINESS OVERVIEW

Holcim Ltd. is a holding company, which engages in the manufacture and sale of construction materials. It operates through the following segments: Cement, Aggregates, Ready-Mix Concrete, and Solutions and Products. The Cement segment offers ECOPlanet and low carbon cements to retailers, precasters, masons, contractors, and infrastructure specialists. The Aggregates segment includes primary natural aggregates as well as recycled concrete and secondary aggregates. The Ready-Mix Concrete segment covers self-filling and self-leveling, architectural, insulating, and pervious concrete. The Solutions and Products segment consists of precast construction systems such as Basalton. The company was founded in 1833 and is headquartered in Zug, Switzerland. It is classified in the Construction Materials industry, as per ISS ESG's sector classification.

SPO ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[8]
Part 1A: **Alignment with GBP/GLP**	The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles and the Green Loan Principles.	**Aligned**
Part 1B: Alignment with SLBP and SLLP	The framework is in line with ICMA's Sustainability-Linked Bond Principles (SLBP) and LMA's Sustainability-Linked Loan Principles (SLLP).	**Aligned**
Part 2: **Sustainability quality of the Eligibility Criteria**	The Green Finance Instruments will (re)finance eligible asset categories which include: Manufacture of cement, Manufacture of energy efficiency equipment for buildings, Renewable energy, Clean Transportation, and Circular economy Product and/or service-related Use of proceeds categories[9] individually contribute to one or more of the following SDGs:  Process-related use of proceeds categories[10] individually improve (i) the Issuer's/ Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:  The environmental and social risks associated with those use of proceeds categories are managed.	**Positive**

[8] The evaluation is based on the Holcim's Sustainable Finance Framework (July 27, 2023 version), on the analysed Project Categories as received on July 27, 2023, and on the ISS ESG Corporate Rating updated on April 26, 2023, and applicable at the SPO delivery date.
[9] Manufacture of cement, Manufacture of energy efficiency equipment for buildings, Circular Economy
[10] Renewable Energy, Clean Transportation, Circular Economy

Part 3A: Alignment with EU Taxonomy (only for activity 3.7 ''Manufacture of cement'')	Holcim's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation on a best-efforts basis[11]. The nominated project category on manufacture of cement is considered to be: ▪ Aligned with the Climate Change Mitigation Criteria ▪ Aligned with the Do No Significant Harm Criteria ▪ Aligned with the Minimum Safeguards requirements
Part 3B: Eligibility against the EU Taxonomy	Holcim's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy's Climate Delegated Act, (as of June 2021), Annex I, Climate Change Mitigation Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation and of the EU Taxonomy's Environmental Delegated Act, (as of June 2023), Annex II, Transition to A Circular Economy[12] and Annex III, Pollution Prevention And Control[13] Technical Screening Criteria for a Substantial Contribution to Transition to a Circular Economy on a best-efforts basis[14]. The Do No Significant Harm Criteria as included in the EU Taxonomy Environmental and Climate Delegated Acts have not been assessed.

Part 4: Issuance credibility of the KPIs and SPTs for Sustainability-Linked Loans

KPI Selection	**KPI 1.** Gross Scope 1 & 2 GHG emissions intensity (kg CO_2e/t of cementitious material)	**KPI 2.** Specific freshwater withdrawal intensity (l/t of cementitious material)
Relevant	Relevant	Relevant
Core	Core	Core
Material	Material	Material
Assessment	**Best Practice**	**Best Practice**

SPT Calibration	**SPT 1.** Gross Scope 1&2 GHG emissions intensity reduction	**SPT 2.** Specific freshwater withdrawal intensity reduction of 33% by 2030 from a 2018 base year

[11] Whilst the Final Delegated Act for Climate Change Mitigation and Adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".
[12] EU Taxonomy Environmental Delegated Act Annex II (June 2023), https://finance.ec.europa.eu/system/files/2023-06/taxonomy-regulation-delegated-act-2022-environmental-annex-2_en_0.pdf
[13] EU Taxonomy Environmental Delegated Act Annex III (June 2023), https://finance.ec.europa.eu/system/files/2023-06/taxonomy-regulation-delegated-act-2022-environmental-annex-3_en_0.pdf
[14] Whilst the Environmental Delegated Act for Transition to a Circular Economy and Pollution Prevention and Control was published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

	of 25% by 2030 from 2018 base year	
Against borrower's past performance	Ambitious	Ambitious
Against borrower's industry peer group	Ambitious	Ambitious
Against international targets	In line with the Paris Agreement	Limited information
	Likely to contribute to SDG 7.2 & 13.2	Likely to contribute to SDG 6.4
Level of ambition	**Robust**[15]	**Good**[16]

Part 5: **Linking the transaction(s) to Holcim's overall ESG profile**	The key sustainability objectives and the rationale for issuing Green Finance Instruments and Sustainability-Linked Instruments are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer.	**Consistent with Issuer's sustainability strategy**

[15] Three of the three SPT's benchmarking approaches has been assessed positively.
[16] Two of the three SPT's benchmarking approaches have been assessed positively.

SPO ASSESSMENT

PART 1A: ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES AND LMA GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Holcim's Sustainable Finance Framework (as of July 27, 2023) with the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Loan Market Association's (LMA) Green Loan Principles (GLP).

GREEN BOND PRINCIPLES AND THE GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	The Use of Proceeds description provided by Holcim's Sustainable Finance Framework is **aligned** with the GBP and the GLP. The Issuer's green categories align with the project categories as proposed by the Green Bond Principles and the Green Loan Principles. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and environmental benefits are described. The Issuer defines a look-back period for operational expenditure of three years from the time of issuance, as well as the exclusion criteria for harmful projects categories, in line with best market practice.
2. Process for Project Evaluation and Selection	✓	The Process for Project Evaluation and Selection description provided by Holcim's Sustainable Finance Framework is **aligned** with the Green Bond Principles and the Green Loan Principles. The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer. The Issuer involves various stakeholders in this process and identifies alignment of their Sustainable Finance Framework and their green projects with the EU Taxonomy Climate Delegated Act (Annex I)[17] and EU

[17] EU Taxonomy Climate Delegate Act (Annex I), 2021, available at https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

		Taxonomy (Environmental Delegated Act of June 2023)[18], in line with best market practice.
3. Management of Proceeds	✓	The Management of Proceeds provided by Holcim's Sustainable Finance Framework is **aligned** with the Green Bond Principles and the Green Loan Principles. The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds will be managed either per bond (bond-by-bond approach) or on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds. The Issuer discloses the nature of temporary investments, in line with best market practice.
4. Reporting	✓	The allocation and impact reporting provided by Holcim's Sustainable Finance Framework is **aligned** with the Green Bond Principles and the Green Loan Principles. The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer's website. Holcim explains that the level of expected reporting will be at project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, or until the bond matures. The Issuer is transparent on the level and the information reported in the impact report, as well as its duration (until full allocation or until maturity on the environmental impact associated to the Eligible Green Projects), in line with best market practice.

[18] Environmental Delegated Act for Climate Change Mitigation (EU) 2021/2178 of June 2023, available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2023)3851

PART 1B: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES AND LMA SUSTAINABILITY-LINKED LOAN PRINCIPLES

This section describes our assessment of the alignment of Holcim's Sustainability-Linked Finance Framework (as of July 27, 2023) with the Sustainability-Linked Bond Principles (SLBP) and the Sustainability-Linked Loan Principles (SLLP).

SLB/SLL PRINCIPLES	ASSESSMENT	OPINION
1. Selection of KPIs	A detailed analysis of the sustainability credibility of the KPI selection is available in Part 2 of this report.	
2. Calibration of SPTs	A detailed analysis of the sustainability credibility of the SPT calibration is available in Part 2 of this report.	
3. Bond/Loan Characteristics	✓	The description of the Sustainability-Linked Bond / Loan Characteristics provided by the Issuer is **aligned** with the SLBP and SLLP. The Issuer gives a detailed description of the potential variation of the financial characteristics of the securities (increase/decrease of the coupon, donation). In the case of SLLs, annual targets will be set in the loan documentation.[19]
4. Reporting	✓	The Reporting description provided by the Issuer is **aligned** with the SLBP and SLLP. This will be made available annually to investors and include valuable information, such as the performance of the selected KPIs including recalculation statements, a verification assurance certificate confirming whether the performance on the KPIs meets the relevant SPTs, information enabling investors to monitor the level of ambition of the SPTs, and the environmental and climate related data.
5. External verification	✓	The Verification description provided by the Issuer is **aligned** with the SLBP and SLLP. This report constitutes the SPO. The performance of the SPTs against the KPIs will be externally verified annually until the target is reached.

[19] This SPO does not provide commentary on the eventual trajectory of the interim SPTs set in the case of SLLs.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA[20]

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs[21]

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services are based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):

Obstruction	No Net Impact	Contribution

Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Manufacture of cement *Investments, expenditures and or assets in cement manufacturing-related projects where the underlying activity is one of the following:* ▪ *Grey cement clinker where the specific GHG emissions are lower than 0,722 tCO_2e per tonne of grey cement clinker* ▪ *Cement from grey clinker or alternative hydraulic binder, where the specific GHG emissions from the clinker and cement or alternative binder production are lower than 0,469 tCO_2e per tonne of cement or alternative binder manufactured*	**Contribution**	

[20] We note that the Issuer has aligned its selection criteria with the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021) and Environmental Delegated Act (June 2023) as illustrated in part 3 of this SPO.

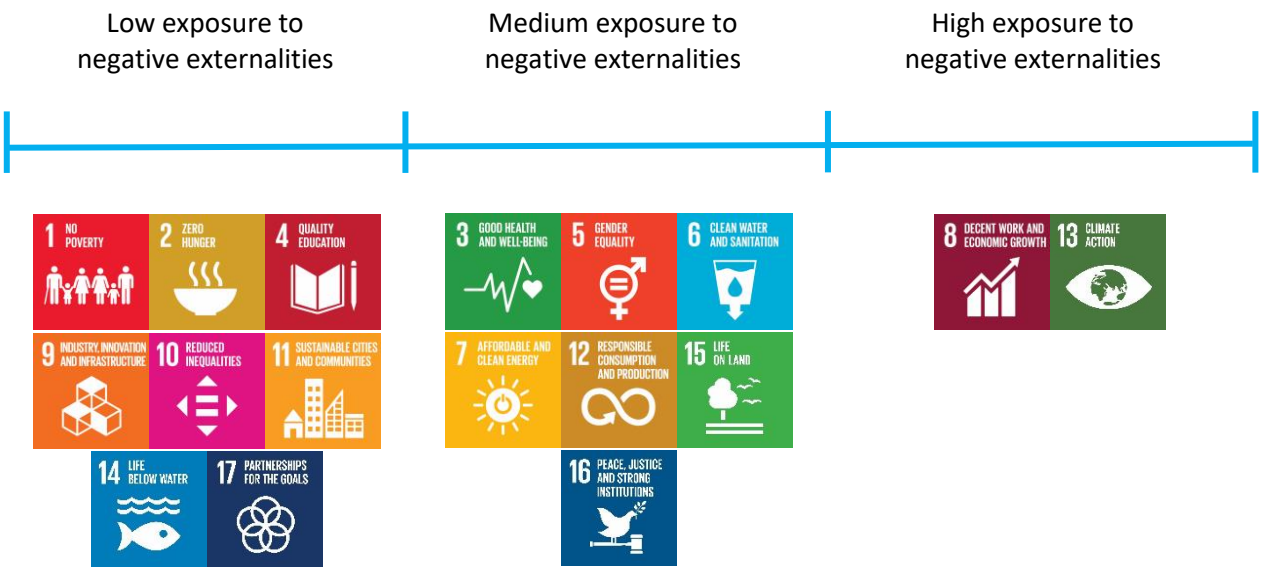
[21] The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

Manufacture of energy efficiency equipment for buildings *Investments, expenditures and/or assets in Manufacture of energy efficiency equipment for buildings as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 3.5*	**Contribution**	
Circular Economy *Investments, expenditures and/or assets for non-hazardous and hazardous waste:* ▪ *Collection and transport of non-hazardous waste in source segregated fractions as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.5.* ▪ *Material recovery from non-hazardous waste as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.9.* ▪ *Collection and transport of non-hazardous waste and hazardous waste as per the substantial contribution criteria to the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.3.* ▪ *Sorting and material recovery of non-hazardous waste as per the substantial contribution criteria to the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.7.* ▪ *Collection and transport of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.1.* ▪ *Treatment of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.2.*	**Contribution**	

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or "operational impact improvement") resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities[22] in the Construction Materials industry (to which Holcim belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[23]	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy *Investments, expenditures and/or assets in renewable energy production projects:* ▪ *Solar power: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities* ▪ *Wind power: Onshore and offshore wind energy generation facilities*	✓	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

[22] Please, note that the impact of the Issuer's products and services resulting from operations and processes is displayed in section 3 of the SPO.
[23] Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

Renewable Energy

Investments, expenditures and/or assets in renewable energy production projects:

- *Installation, maintenance, and repair of renewable energy technologies as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 7.6*
- *Waste heat: Waste heat recovery technologies [such as recuperators, regenerators (including furnace regenerators and rotary regenerators or heat wheels), passive air preheaters, regenerative and recuperative burners, plate heat exchangers and economizers and units such as waste heat boilers and run around coil (RAC)]*

✓

Clean Transportation

Investments, expenditures and/or assets in zero-emission vehicles and related infrastructure:

- *Zero-emission vehicles (ZEVs): Battery electric, hydrogen or otherwise zero-emissions passenger and/or light/heavy-duty vehicles*
- *Infrastructure to support zero-emission vehicles (ZEVs): EV charging points*

Exclusion criteria: Vehicles and infrastructure dedicated to the transport or storage of fossil fuels

✓

Circular Economy

Investments, expenditures and/or assets for non-hazardous and hazardous waste:

- *Collection and transport of non-hazardous waste in source segregated fractions as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.5.*
- *Material recovery from non-hazardous waste as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.9.*
- *Collection and transport of non-hazardous waste and hazardous waste as per the substantial contribution criteria to the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.3.*
- *Sorting and material recovery of non-hazardous waste as per the substantial contribution criteria to*

✓

the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.7.

- *Collection and transport of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.1.*
- *Treatment of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.2.*

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs, and covers the project categories that have not been assessed against the Do No Significant Harm Criteria and the Minimum Safeguards of the EU Taxonomy. The majority of the assets will be located in Europe.

ASSESSMENT AGAINST KPIs	
All categories	
Labour, Health, and Safety	
✓	Holcim has a sustainability human rights directive[24] and Human Rights and Social Policy[25] in place, along with an ISO 45001 policy on Occupational Health and Safety Standards[26] to systematically ensure assets financed under the framework provide high labour and health and safety standards for own employees and contractors. All the project categories comply with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the internationally recognized rights in the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Rights of the Child. Moreover, Holcim cooperates with international organizations, such as the UN Global Compact, to strengthen respect for human rights.
✓	Holcim has a code of business conduct for suppliers[27], which sets standards for ethical behaviour systematically ensuring that assets financed under the framework provide high labour and health and safety standards for the supply chain. These include worker's freedom of association and right to collective bargaining. In addition, freedom of association and collective bargaining in situations where they are restricted by local law shall be still guaranteed through other mechanisms as described by the ILO. Moreover, Holcim applies a risk-based screening methodology drawn from the UN Human Development Index and the Freedom House Index to identify and mitigate any ESG risks related to health and safety in its supply chain, based on typology of the risk, the level of risks exposure related to business relationship, and country risk level.
Manufacture of energy efficiency equipment for buildings, Renewable Energy, Circular Economy	
Environmental aspects of construction (or production) and operation	
✓	Holcim has a circular economy policy[28] in place systematically ensuring that assets financed under the framework can be recycled at the end of their lives. In addition, materials used in all sites will undergo a Waste Management Program, where

[24] Holcim's Human Rights Directive, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-directive.pdf
[25] Holcim's Human Rights and Social Policy, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-social-policy.pdf
[26] Holcim's Health, Safety and Environment (HSE) Management Standard, 2021 https://www.holcim.com/sites/holcim/files/documents/hse-management_standard.pdf
[27] Holcim's Code of Business Conduct for Suppliers, 2021, https://www.holcim.com/sites/holcim/files/documents/2021_coc_a5_english-final.pdf
[28] Holcim's Circular Economy Policy, 2022, available at https://www.holcim.com/sites/holcim/files/2022-04/holcim_circular_economy_policy.pdf

prevention, reuse, and recycling are favored, and landfilling must be avoided whenever possible. Waste products/materials are purchased for recycling in production, pick-up of waste products/materials from customers is offered and collection points are provided. Holcim also has a waste takeback program[29] with Geocycle[30], a subidiary of Holcim.

Manufacture of energy efficiency equipment for buildings, Clean Transportation

Environmental aspects of construction (or production) and operation

✓ Holcim has a sustainable procurement directive[31] in place ensuring that assets financed under the framework meet high environmental standards and requirements in the supply chain. The supplier needs to have a high environmental impact and demonstrate improvement to achieve Environmental Management System standard.

Renewable Energy, Clean Transportation, Circular Economy

Environmental aspects of construction (or production) and operation

✓ Holcim has an Environmental Policy[32] in place to ensure future assets will use an environmental management system to manage environmental responsibilities and performance.

✓ Holcim uses a Life Cycle Assessment methodology to assess the environmental impacts of products and processes to ensure that all assets financed operate with optimised energy efficiency during production. Holcim has developed a four-category model for embodied carbon optimization measures which tackle production of material, material replacement, construction method, and building design. By following this approach, Holcim aims to increase efficiency in production processes, use building material and material replacement with lower CO_2 emissions, and embed design decisions that reduce CO_2 footprint of entire building. Moreover, Holcim has stated that environmental product declarations (EPDs) are verified by a third party on products offering to clients in certain countries, and there are EPD roadmap in place for customers in all countries.

Manufacture of energy efficiency equipment for buildings

Environmental aspects of construction (or production) and operation

✓ Holcim states that all financed building will be located in European countries, therefore subject to the European legislation for construction and production. Holcim employs a three steps approach to mitigate health and safety impact in the supply chain. Suppliers

[29] Holcim's Waste Management and Co-Processing, https://www.holcim.com/what-we-do/applications/waste-management
[30] Geocycle, https://www.geocycle.com/
[31] Holcim's Sustainable Procurement Directive, 2022, https://www.holcim.com/sites/holcim/files/2022-03/holcim_sustainable_procurement_directive.pdf
[32] Holcim's Environmental Policy, 2018, available at https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_environmental_policy_-_2018.pdf

identified to have moderate to high health and safety risk will be required to show continuous improvement towards a recognized health and safety management system.

Renewable Energy, Circular Economy

Biodiversity

✓ Holcim's environmental policy[33] systematically ensures that assets financed under the framework underwent environmental and social impact assessments (ESIA) at the planning stage. Biodiversity impact analysis is conducted in all active and non-active cement and aggregate quarries, the sites are also evaluated against Holcim's Biodiversity Index (BIRS) baseline roadmap according to its Minimum Control Standards 2023 (MCS)[34]. The MCS guarantees regular checks, annual risks assessment and management as well as action plans for high risks and mitigation of business risks according to Holcim's Business Resilience System. Moreover, Holcim's Nature Policy[35] ensures that assets financed under the framework provide measures to protect habitat and wildlife during operation of the infrastructure through multi-stakeholder collaboration with all relevant parties from industrial sites, suppliers, and local communities.

Community Dialogue

✓ Holcim has measures in place to systematically ensure that assets financed under the framework feature community dialogue as an integral part of the planning process. Holcim has established Community Advisory Panels (CAPs) which consist of company representatives, representatives from local communities such as residents, businesses, government officials, and NGOs. CAPs provide opportunity for dialogue about potential impacts and/or environmental, health and safety aspects of projects and feedback mechanisms for public consultation. In addition, Holcim has developed an "IntegrityLine"[36], an anonymous platform to raise any issue or concern regarding Holcim's business practices with respect to HSE performance and management[37]. This grievance system enables employees worldwide to exercise their whistleblowing rights by reporting any breach of the rules laid out in Holcim's Code of Business Conduct and is applicable to any project, including at the planning process.

Environmental aspects of construction (or production) and operation

✓ Holcim's environmental policy guarantees that environmental impacts[38] are assessed and measured systematically to ensure assets financed under the framework meet high environmental standards and requirements, therefore fugitive dust, noise,

[33] Holcim's Environmental Policy, 2018, https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_environmental_policy_-_2018.pdf
[34] Holcim's Minimum Control Standards, 2023, https://www.holcim.com/sites/holcim/files/2023-03/holcim_minimum_control_standards_2023.pdf
[35] Holcim's Nature Policy, 2022, https://www.holcim.com/sites/holcim/files/2022-06/holcim_nature_policy.pdf
[36] IntegrityLine available at https://integrityline.holcim.com/
[37] Holcim's Health, Safety and Environment (HSE) Management Standard, 2021 https://www.holcim.com/sites/holcim/files/documents/hse-management_standard.pdf
[38] Holcim's Environmental Policy, 2018, https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_environmental_policy_-_2018.pdf

	vibrations, and traffic are assessed and appropriately mitigated during the construction.
○	Holcim currently does not have any policies in place to ensure renewable energy assets financed offer monitoring technologies to adhere to high operational standards.
Clean Transportation	
Safety of users	
✓	Holcim has a minimum vehicle requirements within its Health, safety and environmental policy which outlines the procured vehicles' safety requirements.
Circular Economy	
Environmental aspects of construction (or production) and operation	
✓	Holcim has ISO 14001 standard in place to ensure assets financed under the framework provide high standards regarding environmentally safe operation of plants under the framework.

PART III.A: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Holcim's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project category has been assessed against the relevant Climate Change Mitigation and Do Not Significant Harm Criteria (DNSH) Technical Screening Criteria, and against the Minimum Safeguards requirements of the EU Taxonomy Climate Delegated Act[39] (as of June 2021), Annex I, Climate Change Mitigation based on information provided by Holcim. Where Holcim's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

Holcim's project selection criteria overlap with the following economic activity in the EU Taxonomy:

- 3.7 Manufacture of Cement

Projects financed under the Sustainable Finance Framework for this category are and will be located worldwide.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following link.

[39] Commission Delegated Regulation (EU) 2020/852, URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

3.7 - Manufacture of cement

PROJECT CHARACTERISTICS AND SELECTION PROCESSES[40]	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
Issuer confirmed that, under their Sustainable Finance Framework, they will finance only activities that manufacture: (i) grey cement clinker where the specific GHG emissions are lower than 0,722 tCO_2e per tonne of grey cement clinker and (ii) cement from grey clinker or alternative hydraulic binder, where the specific GHG emissions from the clinker and cement or alternative binder production are lower than 0,469 tCO_2e per tonne of cement or alternative binder manufactured. Activity-specific assessments are being conducted on the entire value chain of the cement production (from quarrying to distribution) in all Holcim's sites involved in cement production to ensure that gross CO_2 emissions comply with the above criteria.	✓
2. CLIMATE CHANGE ADAPTATION – *DO NO SIGNIFICANT HARM CRITERIA*	
As part of Holcim's natural catastrophe risk management program (NatCat), periodic monitoring, physical climate risk and vulnerability assessments will be carried out for all assets that Holcim finances under the framework. Holcim's sites are invited to conduct self-preparedness assessment for both current and future risks which includes physical protection, prevention/mitigation and response plans, resilience teams' capability and staff awareness, validation exercises/drills and (in the context of future risk) adaptation planning. Future financed assets will also be subjected to the same preparedness assessment. The assessment will be applied using trajectories defined by the Intergovernmental Panel on Climate Change (IPCC)[41], covering assets with an expected lifespan less than ten years, and current and future threats with a timescale up to 2050. Holcim uses the updated insurance data provided by SwissRE and the RCP 8.5 pathway projection and considers 10 to 30-year climate projections scenario with the milestone year of 2050. The following ten current risks are considered: flood, storm, lightning, wildfire, drought, extreme temperature, landslide, earthquake, volcano, tsunami and seven future risks such as flood, storm, lightning, wildfire, drought, extreme temperature, and landslide. Furthermore, Holcim has a Security and Resilience Management System in place to plan and respond for specific climate events. To adapt to flooding events, Holcim's logistics departments changed the product sourcing and added storage options for inventory and utilizes different forms of transportation as procurement options. For	✓

[40] This column is based on input provided by the issuer.
[41] "The economics of climate change: no action not an option", 2021, https://www.swissre.com/dam/jcr:e73ee7c3-7f83-4c17-a2b8-8ef23a8d3312/swiss-re-institute-expertise-publication-economics-of-climate-change.pdf

water scarcity issue, Holcim launched a Water Stewardship Program aiming to reduce specific freshwater withdrawal and return the water used. Holcim commits to carrying out physical climate risk and vulnerability assessments systematically to all relevant current and future assets and the response plan will be designed by experts based on the climate and physical risk identified. Holcim states that future assets will all subjected to the NatCat assessment and appropriate resilience engineered-in at design phase. Holcim confirms that adaptation activities will do no significant harm to any other criteria, and adaptation measures for future risks will increase present day resilience.	
3. WATER AND MARINE RESOURCES – *DO NO SIGNIFICANT HARM CRITERIA*	
Holcim's majority of assets will be located in Europe. Therefore, they comply with the EU Water Framework Directive and EIA in accordance with Directive 2011/92/EU. Moreover, Holcim performs annual water risk assessment at each site. Holcim focuses on three area in the water risk assessment: freshwater use reduction, high water quality standards, and freshwater replenishment. According to Holcim's Water Directive[42], to achieve sustainable water management and reduce water consumption across Holcim operations, each site in scope must establish a Water Management Plan (WMP). The WMP implies compliance with the Holcim's Code of Business Conduct, measurement of the operational water footprint, identifying and mapping major points of water withdrawal, water harvesting, water consumption, water losses, water discharge, and water recycling/reuse; conduction of the site level assessment, and establishment of action plans that address regulatory, physical, reputational, and financial risks; engagement with relevant stakeholders; good water management practices. Review of the Water Management Plan (WMP) are required by local regulations (in absence of that every 5 years) or if there is a significant change to the site's water footprints. Moreover, Holcim developed an Environmental Management System (EMS) and Water Positive Impact Methodology (WPIM) to monitor and evaluate water management activities, and clearly defined the stakeholders and their responsibilities in the Water Steering Committee.	✓
4. CIRCULAR ECONOMY – *DO NO SIGNIFICANT HARM CRITERIA*	
N/A: there are no EU Taxonomy criteria for the category	
5. POLLUTION – *DO NO SIGNIFICANT HARM CRITERIA*	
Holcim's current portfolio of products do not contain substances as listed in article 57 and 59 of REACH regulation (2006). In addition, the activity does not lead to the manufacturing, placing on the market or use of requirements listed out in: ▪ Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council.	✓

[42] Holcim's Water Directive, 2020, https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_additional_esg_resources_-_water_directive_.pdf

- Holcim also confirmed mercury level is evaluated before inert aggregates' extraction and production, and mercury is not present in the final material greater than accidental traces.
- Holcim's final product also does not contain mixture or in articles listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council.
- The substances level within the mixture is/is not higher than the maximum level allowed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council.
- Holcim's product is also not within Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council[43].

None of Holcim products require authorization as per Article 57 and 59 of REACH Regulation (2006).

6. BIODIVERSITY AND ECOSYSTEMS – *DO NO SIGNIFICANT HARM CRITERIA*

Holcim confirms that all financed assets in new sites will complete Environmental Impact Assessment according to their Health, Safety and Environment Management Standard.

According to Holcim's Quarry Rehabilitation and Biodiversity Directive[44], investigations are conducted at each site level to identify potential threats and opportunities on ecosystems, water, and communities resulting from the planned extraction activities.

For existing sites, direct and indirect impacts of raw material extraction is identified by the means of an Environmental Management System (EMS); for new sites, by an Environmental and Social Impact Assessment (ESIA). ✓

To identify potential biodiversity risk, Holcim applies the necessary mitigation measures in areas of high biodiversity value as identified by the Biodiversity Management Plans (BMPs). Furthermore, as part of its biodiversity commitments[45], Holcim intends to invest in forest protection and reforestation projects, increase circularity by decoupling activities from the use of virgin materials and reduce the extraction of new materials, work with the suppliers to reduce environmental impacts, and adopt a Rehabilitation Plan at all mineral extraction sites. Rehabilitation practices are performed to increase the biodiversity value of rehabilitated areas by capitalizing on natural processes, endemic species, and local adaptation.

[43] Holcim states presence of Abestos is evaluated prior to inert aggregates' extraction and production. Fulfilled as asbestos is not added intentionally for final product in the market.
[44] Holcim's Quarry Rehabilitation and Biodiversity Directive, 2020, https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_additional_esg_resources_-_quarry_rehabilitation_and_biodiversity_directive.pdf
[45] Holcim's Nature Policy, 2022, https://www.holcim.com/sites/holcim/files/2022-06/holcim_nature_policy.pdf

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards as described in Article 18 of the Taxonomy Regulation[46] have been assessed. The results of this assessment are applicable for every Project Category financed under the framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES[47]	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
Holcim has a Human Rights Directive[48] and Human Rights and Social Policy[49] in place to ensure all project categories are and will be in compliance with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the internationally recognized rights in the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Rights of the Child. Holcim identifies human rights risks through Human Rights Assessments and grievance mechanisms. The Human Rights assessments outlined by Holcim within the Human Rights Directive consists of site level assessments, validity of assessment every three years, consultation with local internal and external stakeholders to identify risks and impacts, and identify gaps in existing mitigation measures. The responsibility of assessment lies on the country CEO, a designated lead assigned by the Country CEO and depends on relevant cross-functional stakeholders such as Human Resources, Legal & Compliance, and Procurement departments. Holcim has designed a Stakeholders engagement plan using AccountAbility's AA1000 Stakeholder Engagement Standard[50] (AA1000SES) as an external reference to communicate with Stakeholders and the public. For Stakeholder Engagement at internal site level, Community Advisory Panel (CAP) is in place for all cement plants and grinding sites. In addition, regular dialogue with stakeholders and impact assessments at country or site level are conducted at least every three years. Minimum Control Standard (MCS) and Code of Business Conduct (CoBC) training are also integral part of the Issuer's Human Rights Approach. To prevent and mitigate adverse impacts, Holcim has a Stakeholder Engagement Action Plan that is developed and implemented at site level that consists of Stakeholder mapping, risk categorization and an action plan. The roles and responsibilities lie on the country CEO. High Risk Findings and closure of Actions are monitored more frequently (daily, weekly or monthly as appropriate), as well as Salient Risks, are reported as per Holcim's reporting requirements[51]. Results of the Human Rights Assessments, an up-to-date version of the Action Plan and its implementation are reported in the Human	✓

[46] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852
[47] This column is based on input provided by the issuer.
[48] Holcim's Human Rights Directive, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-directive.pdf
[49] Holcim's Human Rights and Social Policy, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-social-policy.pdf
[50] AccountAbility's AA 1000 Series of Standards, url, https://www.accountability.org/standards/
[51] Holcim's Human Rights Directive, Chapter 3.5, https://www.holcim.com/sites/holcim/files/2023-07/holcim_human-rights-directive.docx.pdf

Rights and Stakeholder Questionnaire, the annual reporting tool sent to the countries by Group Sustainability. In the case that a human right risk, grievance or even impact / issue is identified, a regular follow-up by the Country CEO or a member of the local Executive Committee is required until the risk or impact has been successfully addressed and remediated.

Monitoring is an integral part of the risks and impacts management process and is conducted on each company action. The person in charge of overseeing the Action Plan implementation, designated by the Country CEO, ensures regular updates (at least annually) on the project status, and on-time closures by the functions in charge of implementation, as well as reporting of overdue actions to the Country CEO. The results of Human Rights Assessment, Action Plan, and implementation is reported in the Human Rights and Stakeholders Questionnaire, with the reported action plan sign off by the Country CEO.

Communication about progress and performance on human rights are regularly shared by the Issuer and the internal and external Stakeholders through communications on social media, the Group's public website, ESG ratings and investor requests, as well as through the Integrated Annual Report and Sustainability Performance Report, which are publicly available. Human rights issues and allegation are also included in site-level communication, and Stakeholder Engagement Plan is also recorded through written updates in local language. Within the company, relevant information and updates are shared through regular meetings between the Board of Directors and the Health, Safety and Sustainability Committee (HSSC), the Chief Sustainability and Innovation Officer and the Group Executive Committee, as well as via Holcim Global Sustainability Network between the HSSC and employees.

According to Holcim's Human Rights Directive, all countries should have a clear site-level mechanism for internal and external Stakeholders to raise issues related to all operations. Community Advisory Panels must be set up at all cement plants and grinding units to ensure regular exchanges with community representatives. On remediation, Holcim takes appropriate steps to prevent adverse impacts occurred in the community, improve future practices, and consider remediation measures as outlined in the UN Guiding Principles on Business and Human Rights. Holcim is also committed to collaborating actively in initiatives that provide access to remedy, such as OECD National Contact Points and similar mechanisms, and not obstructing access to other remedies or mechanisms. Holcim has a grievance mechanism in place for all cement plants and grinding units as well as a hotline service enabling families, contractors, suppliers, business partners, customers, community members and other Stakeholders to raise their issues related to the Issuer's operations. Every report is reviewed by members of the Ethics, Integrity & Risk Committee, and is followed up with an investigation if appropriate and remedy if the report is substantiated. All integrity reports must be treated without retaliation.

PART III.B: ASSESSMENT OF ELIGIBILITY CRITERIA OF ELIGIBLE GREEN ASSET CATEGORIES WITH THE EU TAXONOMY TECHNICAL SCREENING CRITERIA

We assessed the alignment of Holcim's project selection criteria and processes, as well as company policies, for the nominated Use of Proceeds project categories against the relevant Climate Change Mitigation, Pollution Prevention and Control, and Transition to a Circular Economy requirements of the EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation[52], EU Taxonomy Environmental Delegated Act (as of June 2023), Annex II, Transition to A Circular Economy[53], and EU Taxonomy Environmental Delegated Act (as of June 2023), Annex III, Pollution prevention and control[54] on a best-efforts basis, based on information provided by Holcim.

The table below shows the alignment of the selection criteria with the relevant EU Taxonomy activities, based on the Technical Screening Criteria of the EU Taxonomy Substantial Contribution to Climate Change Mitigation, Pollution Prevention and Control, and Transition to a Circular Economy.

- Where the project selection criteria fully meet the EU Taxonomy Technical Screening Criteria requirements, a 'tick' is shown in the table below.
- Where the project selection criteria have no overlap with the relevant Technical Screening Criteria, or there is no relevant EU Taxonomy activity, a 'circle' is shown in the table below.

Holcim's credit approval process includes a Taxonomy Check to assess whether projects fulfil the EU Taxonomy's technical screening criteria for substantial contribution to climate change mitigation, Pollution Prevention and Control, and Transition to a Circular Economy and can therefore be characterized as Taxonomy-eligible or Taxonomy-aligned under the framework. Holcim will confirm the actual alignment of its green asset portfolio with the EU Taxonomy Technical Screening Criteria requirements as part of its allocation reporting.
The results for the activities with Substantial Contribution to Climate Change Mitigation, Pollution Prevention and Control, and Transition to a Circular Economy are as follows:

FRAMEWORK PROJECT CATEGORY	FRAMEWORK SELECTION AND ELIGIBILITY CRITERIA	EU TAXONOMY ACTIVITY	ELIGIBLE FOR TECHNICAL SCREENING CRITERIA
Manufacture of energy efficiency equipment for buildings	Manufacture of energy efficiency equipment for buildings	3.5 Manufacture of energy efficiency equipment for buildings (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
Renewable energy	Solar power: Photovoltaics (PV)	4.1. Electricity generation using solar photovoltaic technology (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓

[52] EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation
[53] EU Taxonomy Environmental Delegated Act (as of June 2023), Annex II: Transition to a circular economy
[54] EU Taxonomy Environmental Delegated Act (as of June 2023), Annex III: Pollution prevention and control

	Solar power: concentrated solar power (CSP) and solar thermal facilities	4.2 Electricity generation using concentrated solar power (CSP) technology (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Wind power: Onshore and offshore wind energy generation facilities	4.3. Electricity generation from wind power (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Waste heat: Waste heat recovery technologies [such as recuperators, regenerators (including furnace regenerators and rotary regenerators or heat wheels), passive air preheaters, regenerative and recuperative burners, plate heat exchangers and economizers and units such as waste heat boilers and run around coil (RAC)]	4.25 Production of heat/cool using waste heat (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Installation, maintenance, and repair of renewable energy technologies	7.6 Installation, maintenance, and repair of renewable energy technologies (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
Circular Economy	Collection and transport of non-hazardous waste in source segregated fractions	5.5 Collection and transport of non-hazardous waste in source segregated fractions (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Material recovery from non-hazardous waste	5.9 Material recovery from non-hazardous waste (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Collection and transport of hazardous waste	2.1 Collection and transport of hazardous waste (from Environmental Delegated Act Annex III: Pollution Prevention and Control)	✓

	Treatment of hazardous waste	2.2 Treatment of hazardous waste (from Environmental Delegated Act Annex III: Pollution Prevention and Control)	✓
	Collection and transport of non-hazardous waste and hazardous waste	2.3. Collection and transport of non-hazardous and hazardous waste (from Environmental Delegated Act Annex II:Transition to a Circular Economy)	✓
	Sorting and material recovery of non-hazardous waste	2.7. Sorting and material recovery of non-hazardous waste (from Environmental Delegated Act Annex II:Transition to a Circular Economy)	✓
Clean Transportation	Zero-emission vehicles (ZEVs): Battery electric, hydrogen or otherwise zero-emissions passenger and/or light/heavy-duty vehicles	6.5 Transport by motorbikes, passenger cars and light commercial vehicles (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
		6.6 Freight transport services by road (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓
	Infrastructure to support zero-emission vehicles (ZEVs): EV charging points	6.15 – Infrastructure enabling low-carbon road transport and public transport (from Climate Delegated Act, Annex I: Climate Change Mitigation)	✓

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards as described in Article 18 of the Taxonomy Regulation[55] have been assessed. The results of this assessment are applicable for every Project Category financed under the framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES[56]	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
Holcim has a Human Rights Directive[57] and Human Rights and Social Policy[58] in place to ensure all project categories are and will be in compliance with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the internationally recognized rights in the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Rights of the Child. Holcim identifies human rights risks through Human Rights Assessments and grievance mechanisms. The Human Rights assessments outlined by Holcim within the Human Rights Directive consists of site level assessments, validity of assessment every three years, consultation with local internal and external stakeholders to identify risks and impacts, and identify gaps in existing mitigation measures. The responsibility of assessment lies on the country CEO, a designated lead assigned by the Country CEO and depends on relevant cross-functional stakeholders such as Human Resources, Legal & Compliance, and Procurement departments. Holcim has designed a Stakeholders engagement plan using AccountAbility's AA1000 Stakeholder Engagement Standard[59] (AA1000SES) as an external reference to communicate with Stakeholders and the public. For Stakeholder Engagement at internal site level, Community Advisory Panel (CAP) is in place for all cement plants and grinding sites. In addition, regular dialogue with stakeholders and impact assessments at country or site level are conducted at least every three years. Minimum Control Standard (MCS) and Code of Business Conduct (CoBC) training are also integral part of the Issuer's Human Rights Approach. To prevent and mitigate adverse impacts, Holcim has a Stakeholder Engagement Action Plan that is developed and implemented at site level that consists of Stakeholder mapping, risk categorization and an action plan. The roles and responsibilities lie on the country CEO. High Risk Findings and closure of Actions are monitored more frequently (daily, weekly or monthly as appropriate), as well as Salient Risks, are reported as per Holcim's reporting requirements[60]. Results of the Human Rights Assessments, an up-to-date version of the Action Plan and its implementation are reported in the Human Rights and Stakeholder Questionnaire, the annual reporting tool sent to the countries by Group Sustainability. In the case that a human right risk, grievance or even impact /	✓

[55] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852
[56] This column is based on input provided by the issuer.
[57] Holcim's Human Rights Directive, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-directive.pdf
[58] Holcim's Human Rights and Social Policy, 2021, https://www.holcim.com/sites/holcim/files/documents/21062021_holcim_sustainability-human-rights-social-policy.pdf
[59] AccountAbility's AA 1000 Series of Standards, url, https://www.accountability.org/standards/
[60] Holcim's Human Rights Directive, Chapter 3.5, https://www.holcim.com/sites/holcim/files/2023-07/holcim_human-rights-directive.docx.pdf

issue is identified, a regular follow-up by the Country CEO or a member of the local Executive Committee is required until the risk or impact has been successfully addressed and remediated.

Monitoring is an integral part of the risks and impacts management process and is conducted on each company action. The person in charge of overseeing the Action Plan implementation, designated by the Country CEO, ensures regular updates (at least annually) on the project status, and on-time closures by the functions in charge of implementation, as well as reporting of overdue actions to the Country CEO. The results of Human Rights Assessment, Action Plan, and implementation is reported in the Human Rights and Stakeholders Questionnaire, with the reported action plan sign off by the Country CEO.

Communication about progress and performance on human rights are regularly shared by the Issuer and the internal and external Stakeholders through communications on social media, the Group's public website, ESG ratings and investor requests, as well as through the Integrated Annual Report and Sustainability Performance Report, which are publicly available. Human rights issues and allegation are also included in site-level communication, and Stakeholder Engagement Plan is also recorded through written updates in local language. Within the company, relevant information and updates are shared through regular meetings between the Board of Directors and the Health, Safety and Sustainability Committee (HSSC), the Chief Sustainability and Innovation Officer and the Group Executive Committee, as well as via Holcim Global Sustainability Network between the HSSC and employees.

According to Holcim's Human Rights Directive, all countries should have a clear site-level mechanism for internal and external Stakeholders to raise issues related to all operations. Community Advisory Panels must be set up at all cement plants and grinding units to ensure regular exchanges with community representatives. On remediation, Holcim takes appropriate steps to prevent adverse impacts occurred in the community, improve future practices, and consider remediation measures as outlined in the UN Guiding Principles on Business and Human Rights. Holcim is also committed to collaborating actively in initiatives that provide access to remedy, such as OECD National Contact Points and similar mechanisms, and not obstructing access to other remedies or mechanisms. Holcim has a grievance mechanism in place for all cement plants and grinding units as well as a hotline service enabling families, contractors, suppliers, business partners, customers, community members and other Stakeholders to raise their issues related to the Issuer's operations. Every report is reviewed by members of the Ethics, Integrity & Risk Committee, and is followed up with an investigation if appropriate and remedy if the report is substantiated. All integrity reports must be treated without retaliation.

PART IV: KPI SELECTION & SPT CALIBRATION

1. Selection of KPI 1

KPI 1 is defined as 'Gross Scope 1 & 2 GHG Emissions Intensity (kg CO_2e/t of cementitious material)'		
Opinion	*The KPI is relevant, core and material to the Issuer's overall business. It is appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. It covers Scope 1 and 2 GHG emissions, which represent 64% of the company's total GHG emissions.*	
Assessment[61]	Not Aligned	Aligned / **Best Practice**
KPI 1	**KPI definition:**	Gross Scope 1 & 2 Scope 2 GHG emissions Intensity (kg CO_2e/t of cementitious material).
Characteristics and Features	**Scope and perimeter:**	The KPI scope and perimeter are transparently defined as it covers 100% of Scope 1 and 2 GHG emissions. Scope 2 emissions are calculated using the market-based approach. Gross Scope 1 GHG emissions are defined as the total direct CO_2 emissions resulting from the chemical decarbonation of limestone and the emissions resulting from the burning of fossil-based fuels and pre-treated waste-derived fuels. Gross kg CO_2 emitted takes into account the biogenic share of Alternative Fuels as carbon neutral, while the fossil component is accounted as actual CO_2 emission. Net kg CO_2 emitted per tonne of cementitious material takes into account all Alternative Fuels as carbon neutral.[62]
	Quantifiable/Externally verifiable:	The KPI is quantifiable since it is calculated as "kg CO_2e/t of cementitious material". It is externally verifiable, because the GHG Emission Intensity KPI is widely disclosed and standardized in the market. Moreover, Holcim uses the Global Cement and Concrete Association's (GCCA) Sustainability Guidelines for the monitoring and reporting of CO_2 emissions from cement manufacturing (previously the Cement Sustainability Initiative´s Cement CO_2 and Energy Protocol version 3.1 by the WBCSD) to calculate CO_2 emissions. The GCCA Sustainability Guidelines for the monitoring and reporting of CO_2 emissions from cement manufacturing are part of a package of guidelines developed to support compliance with the GCCA Sustainability Charter. This document, in conjunction with the GCCA Sustainability Framework Guidelines, provides guidance to GCCA members to

[61] The KPI selection assessment is classified on a 3-level scale: 'Not Aligned', 'Aligned' or 'Best Practice'. For further information on the ISS methodology related to the KPI assessment please refer to Annex 3 at page 20.
[62] It should be noted that since its latest SPO in 2022, Holcim has modified this KPI to reference gross emissions (vs. net emissions in the past) and now also includes Scope 2. This was done in order to be aligned with the substantial contribution criteria for cement manufacturing of the EU Taxonomy Climate Delegated Act (Annex I) and the Science-Based Targets Initiative methodology, which are expressed in terms of gross emissions.

		fulfil the requirements of the GCCA Sustainability Charter relating to Climate Change and Energy, and Environment and Nature.
	Externally verified:	The historical and baseline data for the KPI selected have been verified by a qualified third-party. The Issuer commits to having the future data verified by an external reviewer as well.
	Benchmarkable:	By referring to commonly acknowledged GHG accounting standards and protocol, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation to this KPI has been analyzed below.

KPI 1 **Analysis**	The KPI is considered:

Relevant to Holcim's business as its industry is highly CO_2 emitting and exposed to climate change risks. In fact, eco- and energy-efficiency of production processes are considered as key issues faced by the Construction Materials industry according to key ESG standards[63] for reporting and ISS ESG assessment.

Core to the Issuer's business as Scope 1 and 2 CO_2 emission reduction measures affect key processes and operations that are core to the business model of the Issuer. In fact, the business management plan devised by Holcim plans on employing levers across all business units, but its production processes are the main to be affected. This includes the substitution of clinker (whose usage is directly proportional to the CO_2 emissions generated in cement manufacturing) with mineral components such as limestone, pozzolan, slag or fly ash. On average currently, the products marketed by Holcim to 29% use such constituents to replace clinker. To be used as replacement for fossil fuels that provide the energy needed to operate a cement kiln, the company expects to increase its reliance on waste-derived fuels and biomass. Currently, it is able to source 21% of its energy needs from low-carbon fuels and biomass. This will be combined with energy-efficiency measures, such as the optimization of low-carbon power-producing assets across production plants, and investing in or purchasing renewable power when it is economically advantageous. Likewise, Holcim plans to investigate opportunities to generate renewable energy by using its land for windmills or solar panel farms, using quarries as water reservoirs for hydropower, or carbon capture technology.

Material[64] to Holcim's business model and sustainability profile from an ESG perspective:

- The KPI focuses on the emission intensity of Holcim's cement production, measured in kg CO_2e/t of cementitious material. As such, this covers more than 63% of the company's Scope 1 and 2 emissions. By concentrating on its operational emissions, the issuer aims to focus its attention where the most material impact can be achieved in the context of this framework.

[63] Key ESG Standards include SASB and TCFD, among others.
[64] This is based on an analysis of the Issuer's own emissions reporting and makes no comment on the quality or consistency of the Issuer's Scope 1, 2 or 3 emissions reporting, either in relation to GHG Protocol, or to established norms for the Issuer's sector. It should be noted that Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer's reporting.

- It should be noted that the KPI does not cover Scope 3 emissions, which represent 36% of the company's overall emissions, but that Holcim's SBTi validated targets also cover its Scope 3 emissions.

2. Calibration of SPT 1

SPT 1 is defined as 'Gross Scope 1 & Scope 2 GHG emissions intensity reduction of 25% by 2030 from a 2018 base year'

Opinion	*The SPT is (i) ambitious against the company's past performance, (ii) ambitious against industry peers, and (iii) it is in line with the Paris Agreement. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.*

Level of Ambition[65]	No Evidence	Limited	Good	**Robust**

SPT 1	**SPT definition:**	Gross Scope 1 & Scope 2 GHG emissions intensity reduction of 25% by 2030 from a 2018 base year
Characteristics and Features	**Baseline performance and year:**	669 kg CO_2e/t of cementitious in 2018[66]
	Target performance and observation date:	500 kg CO_2e/t of cementitious in 2030
	Trigger event:	The trigger events are to be specified in the instruments' documentation.
	Long-term target:	Net Zero by 2050
	Strategy and action plan to reach the target:	To reduce its Scope 1 and 2 GHG emissions, Holcim is focusing its efforts on seven key levers for action: ▪ Reducing the clinker factor – it is during the production of clinker, the main component of cement, that the most CO_2 emissions are produced. ▪ Increasing the use of recycled fuels – preparing, recovering, and recycling fuels in its processes allows Holcim to divest waste from incineration or landfill and improve the waste management hierarchy at the local level. ▪ Increasing the use of alternative raw materials – waste materials and byproducts from other industries can be used to replace some of the limestone in the production process. ▪ Increasing the use of green building solutions – Holcim launched a new green product, ECOPlanet, which is a global range of green cement delivering at least 30% lower carbon footprint compared to local industry standard. ▪ Exploring a range of technologies – next generation technologies will drive an increasing share of the group decarbonization efforts.

[65] The SPT selection assessment is classified on a 4-level scale: 'No Evidence', 'Limited', 'Good' or 'Robust'. For further information on the ISS methodology related to the SPT assessment please refer to Annex 3 at page 21.
[66] It should be noted that the baseline has been restated based on the current consolidation scope following the material divestments made by the group the previous years

		▪ Investing in carbon capture technology. ▪ Energy efficiencies – through the launch in 2022 of its Global Power Programme. ▪ Electrical energy – expansion of its renewable energy portfolio by collaborating with power producers for on-site and off-site solutions & investing in renewable energy projects.
	Key factors/risks beyond the Issuer's direct control that may affect the achievement of the SPTs:	▪ Availability of alternative fuels to substitute fossil fuels and alternative raw materials to further reduce the incorporation rate of clinker. ▪ Increasing logistics costs and reduced availability of raw materials such as slag or fly ash. ▪ Innovative new technologies such as calcination of clay need to be proven and broadly disseminated.
	Recalculations or pro-forma adjustments of baselines	The bond documentation/loan agreement will include a recalculation policy.
SPT 1 **Analysis**	The level of ambition of the SPT is assessed as follows:	

(i) Against past performance:

The Issuer provided 4 years of relevant historical data, including for the baseline year of 2018. The data are shown in Table 1. Calculating the compound annual growth rate (CAGR) of the past performance shows that the Issuer has achieved an average annual reduction of 1.14% between 2018 and 2022 for KPI 1.

TABLE 1.	2018 – BASELINE	2019	2020	2021	2022	2030 – SPT 1
Kg CO_2e/t of cementitious material	669	n/a	655	648	639	500
CAGR 2018 – 2022					-1.14%	
CAGR 2022 – 2030						-2.40%

Source: Holcim Framework

Holcim sets SPT 1 to achieve a reduction of Scope 1 and 2 emissions by 25% in 2030 compared to a 2018 baseline. Calculating the compound annual growth rate (CAGR) amounts to an average annual reduction of 2.40% between 2022 and 2030.

Since the projected average annual reduction rate required to achieve SPT 1 is quantitatively larger than the historical rate, we conclude that the SPT is quantitatively ambitious against past performance.

(ii) Against peers:

We conducted a benchmarking of the SPTs set by Holcim against a peer group of 41 cement manufacturers (NACE code: 23.51) derived from the ISS ESG Universe.

From the peer group, Holcim is one of the 15 companies to have set a Scope 1 and 2 GHG emissions reduction target and thus belongs to the top 37% tier of its sector in terms of existence of such targets. Among companies that have defined a target, a majority (13) has had their targets verified by the SBTi. However only 3 companies, including Holcim, have targets aligned with a 1.5°C trajectory – i.e., the most ambitious level of targets assessed by the SBTi. This places Holcim in the top 7% of the peer group.

Therefore, SPT 1 can be viewed as ambitious against peers in terms of defining an SBTi-verified Scope 1 and 2 GHG emissions reduction target compatible with a 1.5°C trajectory.

(iii) Against international targets:

Paris Agreement

The SBTi validated Holcim's Near-Term Targets, i.e., reduction of Scope 1 and 2 GHG emissions by 25% per ton of cementitious materials by 2030 from a 2018 base year, as consistent with reductions required to keep warming below 1.5°C. Furthermore, it should be noted that these targets align with the longer-term target of Holcim to become a net-zero company by 2050 and are consistent with the long-term trajectory required to keep warming below 1.5°C.

Based on the SBTi validation of the 2030 target, we find that the SPT is in line with the Paris Agreement and therefore ambitious against international standards.

Contribution to SDGs[67]

The United Nations Sustainable Development Goal 7 "Affordable and clean energy" defines the following sub-target: "7.2: By 2030, increase substantially the share of renewable energy in the global energy mix" and the Sustainable Development Goal 13 "Climate action" defines the following sub-target: "13.2: Integrate climate change measures into national policies, strategies, and planning".

SPT 1, by getting SBTi approval of near-term GHG emission reduction targets by 2024, is likely to contribute to SDG 7.2 & 13.2[68].

[67] The Sustainable Development Goals (SDGs) mapping in this SPO considers the Key Performance Indicators and the associated Sustainable Performance Targets, ISS ESG SDGA proprietary methodology and resources and guidelines from public institutions, such as the ICMA KPI registry, the ICMA High-Level Mapping to the Sustainable Development Goals and the UN SDG targets and indicators.

[68] It is not possible (i) to assess the SPT's level of contribution and (ii) to quantitatively compare the SPT ambition against the SDGs mentioned.

3. Selection of KPI 2

KPI 2 is defined as 'Specific freshwater withdrawal intensity (l/t of cementitious material)'			
Opinion	*The KPI is relevant, core and material to the Issuer's overall business. It is appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. It covers the company's specific freshwater withdrawal intensity.*		
Assessment[69]	Not Aligned	Aligned	**Best Practice**
KPI 2	**KPI definition:**	Specific freshwater withdrawal intensity (l/t of cementitious material).	
Characteristics and Features	**Scope and perimeter:**	The KPI scope and perimeter are transparently defined as it covers specific freshwater withdrawal intensity. Specific freshwater withdrawn for cement sites is defined as the volume of freshwater withdrawn from defined sources used to produce clinker and cement. These include surface water: water from rivers, lakes, natural ponds; groundwater: water from wells, boreholes, etc.; quarry water: water collected in the quarry and used on-site; and municipal/potable and third-party water.	
	Quantifiable/Externally verifiable:	The KPI is quantifiable since it is calculated as "l/t of cementitious material". Moreover, Holcim uses the Global Cement and Concrete Association's (GCCA) Sustainability Guidelines for the measurement of water withdrawal. The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing are part of a package of guidelines developed to support compliance with the GCCA Sustainability Charter. This document, in conjunction with the GCCA Sustainability Framework Guidelines, provides guidance to GCCA members to fulfill the requirements of the GCCA Sustainability Charter relating to Climate Change and Energy, and Environment and Nature.	
	Externally verified:	The historical and baseline data for the KPI selected have been verified by a qualified third-party. The Issuer commits to having the future data verified by an external reviewer as well.	
	Benchmarkable:	By referring to commonly acknowledged water intensity accounting standards and protocol, the KPI is easily comparable with the data reported by other companies and with acknowledge methodologies such as the Water Resilience Coalition 28's Net Positive Water Impact. Benchmarking of the SPT in relation to this KPI has been analyzed below.	
KPI 2	The KPI is considered:		

[69] The KPI selection assessment is classified on a 3-level scale: 'Not Aligned', 'Aligned' or 'Best Practice'. For further information on the ISS methodology related to the KPI assessment please refer to Annex 3 at page 20.

Analysis	

Relevant to Holcim's business as eco-efficiency of production, especially water efficiency, is a key issue in the Construction Materials industry and specifically for cement production according to key ESG standards[70] for reporting and ISS ESG assessment.

Core to the Issuer's business as 42% of its cement sites are located in medium to high water-risk areas and Holcim commits to equipping all its sites in water-risk areas with recycling systems. Moreover, when possible the issuer will shift freshwater to non-freshwater use, which will entail e.g., harvesting rainwater. As such, the KPI addresses key processes in the issuer's production chain.

Material to Holcim's business model and sustainability profile from an ESG perspective:

- The KPI is material to the company's direct operations because the KPI focuses on freshwater withdrawal and the production of cement is highly dependent on water, as water is a key ingredient in the final product as well as a necessary tool in cement's production process (e.g., for cooling). Freshwater is the most commonly used water source by Holcim. Hence, reducing freshwater withdrawal is a relevant ESG challenge faced by the issuer, as well as the Construction Materials industry at large.

[70] Key ESG Standards include SASB and TCFD, among others.

4. Calibration of SPT 2

SPT 2 is defined as 'Specific freshwater withdrawal intensity reduction of 33% by 2030 from a 2018 base year'

Opinion	*The SPT is (i) ambitious against the company's past performance, (ii) ambitious against industry peers, and (iii) there is limited information to assess the level of ambition against international targets. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.*

Level of Ambition[71]	No Evidence	Limited	**Good**	Robust

SPT 2 **Characteristics and Features**	**SPT definition:**	Specific freshwater withdrawal intensity reduction of 33% by 2030 from a 2018 base year
	Baseline performance and year:	377 l/t of cementitious material in 2018[72]
	Target performance and observation date:	253 l/t of cementitious material in 2030
	Trigger event:	The trigger events are to be specified in the instruments' documentation.
	Long-term target:	253 l/t of cementitious material in 2030
	Strategy and action plan to reach the target:	To reduce specific freshwater withdrawal intensity, Holcim is focusing its efforts on four key levers for action: ▪ Improve water use efficiency – optimize water use processes at sites. ▪ Shift to non-freshwater withdrawal – replace freshwater with sea or treated wastewater. ▪ Maximize rainwater harvesting – use harvested rainwater to meet site water requirements. ▪ Specific freshwater withdrawal reduction – Holcim will improve its water usage efficiency by reducing leakages and optimizing its processes.
	Key factors/risks beyond the Issuer's direct control that may affect the achievement of the SPTs:	▪ The physical impacts of climate change (such as flooding, changes in precipitation patterns or extreme variability in weather patterns) have the potential to disrupt operations – both on-site operations and transportation activities – leading to higher logistics and transportation costs as well as reduced production capacities (e.g., delayed planning approval, supply chain interruptions). The business is particularly exposed to significant variations in river water levels affecting river-based supply chains and product delivery, including when very low (Rhine in 2018) or very high (Mississippi in 2019). The change in the climate may imply more regular and intense climate events that can have a

[71] The SPT selection assessment is classified on a 4-level scale: 'No Evidence', 'Limited', 'Good' or 'Robust'. For further information on the ISS methodology related to the SPT assessment please refer to Annex 3 at page 21.
[72] It should be noted that the baseline has been restated based on the current consolidation scope following the material divestments made by the group the previous years

		significant impact on its production with business interruption, accident, or damages. This may increase its insurance costs due to the higher amounts at stake or more frequent insured cases. ▪ Holcim operates in areas exposed to water scarcity, which could lead to potential disruptions in its operations.
	Recalculations or pro-forma adjustments of baselines	The bond documentation/loan agreement will include a recalculation policy.
SPT 2 **Analysis**	The level of ambition of the SPT is assessed as follows:	

(i) Against past performance:

The Issuer provided 4 years of relevant historical data, including for the baseline year of 2018. The data are shown in Table 2. Calculating the compound annual growth rate (CAGR) of the past performance shows that the Issuer has achieved an average annual reduction of 5.24% between 2018 and 2022.

TABLE 2.	2018 – BASELINE	2019	2020	2021	2022	2030 – SPT 2
l/t of cementitious material	377	367	326	315	304	253
CAGR 2018 – 2022					-5.24%	
CAGR 2022 – 2030						-2.27%

Source: Holcim Framework

Holcim sets SPT 2 to achieve a reduction of specific freshwater withdrawal intensity by 33% in 2030 compared to a 2018 baseline. Calculating the compound annual growth rate (CAGR) amounts to an average annual reduction of -2.27% between 2022 and 2030.

While the performance required to reach SPT 2 is quantitatively less significant than the reduction rate observed in the past, it is important to place this finding in the appropriate context. In 2020, Holcim withdrew 326 liters of freshwater per ton of cementitious material. The issuer outperforms its competitors on this metric, because, following the benchmarking exercise that Holcim conducted, data shows that in 2020 three of Holcim's direct competitors withdrew an estimated 325 to 492 liters of freshwater per ton of cementitious material. As such, it is important to note that Holcim has already taken steps in the past to reduce its freshwater withdrawal intensity steeply and that, compared to peers, the issuer already has a more efficient production in terms of freshwater withdrawal.

Going forward, measures to reduce freshwater withdrawal intensity even further will require more effort of the issuer than in the past, as the optimization of water efficiency in various processes eventually becomes marginally less significant and thus more costly.

Therefore, we conclude that the SPT set by the issuer is qualitatively ambitious against past performance.

(ii) Against peers:

We conducted a benchmarking of the SPTs set by Holcim against a peer group of 41 cement manufacturers (NACE code: 23.51) derived from the ISS ESG Universe.

From the peer group, Holcim is one of the 19 companies to have set a generic (i.e., non-quantitative) goal to reduce its water consumption, thus placing it in the top 47% in terms of doing so. Meanwhile, only 7 companies (including the Issuer) define specific reduction targets, thus placing Holcim in the top 18% in terms of defining a quantitative target. Meanwhile, within the comparable group of 5 peers (including the Issuer) with intensity targets, Holcim's target is the most ambitious. It should be noted though that comparing the issuer's SPT with those of peers is of limited relevance due to the different methodologies used for target setting (e.g., water withdrawal versus water consumption).

Meanwhile, Holcim has conducted its own benchmarking exercise to compare the current performance on freshwater efficiency with a set of 3 competitors. In 2020, in line with its previous statement of a baseline for this KPI (2020 consolidation), Holcim withdrew 273 liters of freshwater per ton of cementitious material. In comparison in 2020, competitors withdrew an estimated 325 to 492 liters of freshwater per ton. While this benchmarking exercise assesses current performance rather than target setting, it is important to note that the level of freshwater withdrawal of Holcim has been more efficient than these 3 direct competitors in the past. In 2021, according to the Carbon Disclosure Project's Water Security report, the specific water withdrawal figure per tonne of cement remained about the same compared to 2020 (520 l/t cement as in comparison to 533 l/t in 2020).[73]

Therefore, SPT 2 can be viewed as ambitious against peers.

(iii) Against international targets:

Global Cement and Concrete Association

The Global Cement and Concrete Association (GCCA) published their sustainability guidelines for the monitoring and reporting of water in cement manufacturing[74] in October 2019. As the cement industry relies heavily on water for their production process, the impacts of water use are an important sustainability issue for the sector. The GCCA is the global organization for the cement and concrete sector, established in 2018 and headquartered in London. Holcim has followed GCCA's guidance in crafting the KPI and SPT in order to adhere to industry standards and recommendations. However, GCCA has not conducted a target setting exercise for the industry.

CDP

The Carbon Disclosure Project (CDP) is a non-profit organization that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Their global environmental disclosure system is based on the annual scoring exercise of companies, done by taking the information supplied in annual reporting processes of companies to score them based on their level of disclosure and pathway towards environmental leadership. The questionnaires that the CDP uses for their benchmarking are aligned with the TCFD recommendations.

[73] CDP, 2022, Water Security report, https://www.cdp.net/en/research/global-reports/global-water-report-2022
[74] GCCA, 'Sustainability guidelines for the monitoring and reporting of water in cement manufacturing', October 2019, https://gccassociation.org/wp-content/uploads/2019/10/GCCA_Guidelines_Water_v04_AMEND.pdf

CDP ranks companies on different sustainability topics, including water. In 2020, Holcim scored an A- for on the Water Security scoreboard of the CDP. This score was based on CDP's methodology[75], which summarizes the responder's progress towards water stewardship evidenced by the company's response and disclosure. The A and A- scores are considered the highest, "leadership" level[76]. Of the 34 Cement companies that received a CDP score in 2020, Holcim ranks in the top 3 in the Water Security category.

While a CDP score does not equate to an international target, in the absence of quantified freshwater withdrawal targets on an international or sectorial scale, the fact that Holcim obtained an A- score is noteworthy, particularly in the absence of quantified freshwater withdrawal targets on an international or sectorial scale. It does not show the ambition of the SPT, but it reaffirms Holcim's current performance on water issues.

SBTN

Holcim is one of the 17 companies worldwide and the only one in the construction sector selected by the Science Based Targets Network (SBTN) to pilot the world's first science-based targets methodology for nature. The pilot will be conducted during 2023 and 2024. At the end of it, the Science Based Targets Network will assess the water targets from Holcim and validate them if they can be considered science-based.

Nonetheless, in the absence of an international target for the SPT calibrated by the issuer for now, we cannot conclude regarding the level of ambition of the SPT against international targets.

Contribution to SDGs[77]

The United Nations Sustainable Development Goal 6 "Clean Water & Sanitation" defines the following sub-target: "6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity".

SPT 2, by setting a freshwater withdrawal reduction target, is likely to contribute to SDG 6.4[78].

[75] More information: CDP Water Security 2021 Scoring Methodology

[76] The CDP scoring scale goes from A to F, where A is leadership level, B is management level, C is awareness level, D is disclosure level and F is failure to provide sufficient information to be evaluated.

[77] The Sustainable Development Goals (SDGs) mapping in this SPO considers the Key Performance Indicators and the associated Sustainable Performance Targets, ISS ESG SDGA proprietary methodology and resources and guidelines from public institutions, such as the ICMA KPI registry, the ICMA High-Level Mapping to the Sustainable Development Goals and the UN SDG targets and indicators.

[78] It is not possible (i) to assess the SPT's level of contribution and (ii) to quantitatively compare the SPT ambition against the SDGs mentioned.

PART V: LINKING THE TRANSACTION(S) TO HOLCIM'S ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS AND SUSTAINABILITY-LINKED INSTRUMENTS WITH HOLCIM'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Holcim is committed to achieve net-zero emissions[79] by 2050, validated by the Science Based Targets initiative (SBTi). This goal is the core of Holcim's "Strategy 2025 – Accelerating Green Growth" and executed through four key pillars: climate & energy, nature, people, and circular economy. Holcim's climate action plan includes the following targets:

- reduce Scope 1 and Scope 2 GHG emissions by 95% per ton of cementitious materials by 2050 from a 2018 base year.
- reduce Scope 3 GHG emissions by 90% by 2050 from a 2020 base year.

Holcim has also committed to deliver shorter term targets for construction materials, as cementitious materials being the most carbon intensive product of the investment portfolio:

- reduce gross Scope 1 and Scope 2 GHG emissions by 25% per ton of cementitious materials by 2030 from a 2018 base year (Scope 1 GHG emissions by 22.4% and Scope 2 GHG emissions by 65%);
- reduce gross Scope 3 GHG emissions by 25.1% per ton of purchased clinker and cement by 2030 from a 2020 base year. Holcim also commits to reduce scope 3 GHG emissions from fuel and energy related activities 20% per ton of purchased fuels by 2030 from a 2020 base year. Furthermore, Holcim commits to reduce Scope 3 GHG emissions from upstream and downstream transport and distribution 24.3% per ton of materials transported within the same timeframe.

Holcim is a member of the Global Reporting Initiative (GRI) and has joined the Task Force on Climate-Related Disclosure (TCFD) in July 2017 as well as the Task Force on Nature-Related Disclosure (TNFD). Moreover, Holcim became a signatory to the UN Global Compact in 2003 and is also a member of the World Business Council for Sustainable Development (WBCSD).

To achieve its goals in the remaining strategic areas, Holcim is building up the capacity to recycle 100% of concrete-based construction and demolition materials (CDM) with technologies. These innovations include advanced crushing technologies to extract the highest quality materials and ensure a clean separation of resources; smart recycling hubs to collect, sort and deploy materials, as well as digital technologies to map and manage material flows efficiently. As part of its Biodiversity Management Plan, Holcim targets to replenish freshwater in water-risk areas while lowering water intensity across all its product lines. Holcim will also accelerate the deployment of solutions such as Hydromedia and green roofing systems for more livable urban environments. Moreover, Holcim also promotes diversity and inclusion in the workplace and aims to reach 25% of women in senior management roles, while monitoring and reaching pay equity between women and men, but also irrespective of ethnic origin, religion, ideology, sexual orientation or factors such as physical disability. Finally, in the health

[79] Issuer opts to use the Net Zero definition by Science Based Targets (SBTi), https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf

and safety program Holcim works to achieve a zero Lost Time Injury Frequency Rate (LTIFR), which in 2022 was 0.53.

As part of its process for its Carbon Capture Use and Storage (CCUS), Holcim committed to invest CHF 2 billion in post-combustion capture (PCC), oxyfuel, calcium looping, direct separation, microalgal photosynthesis technologies, and Cryocap[80] solutions by 2030. The expected benefit is to capture more than 5 million tons of CO_2 per year. In 2022 the green growth impact, expressed in green capital expenditure, was CHF 403 million. By 2023, Holcim committed to reaching at least CHF 500m of green Capital Expenditures per annum.

Holcim's internal policies and guidelines on the Enterprise Risk Management (ERM) process provide enterprise-wide protocols for managing environmental risks, including climate change. Business and functional units, such as the Audit Committee (AC) and the Health, Safety and Sustainability Committee (HSSC), are responsible for observing protocols and exercising due diligence to identify and manage environmental risks in accordance with these policies. To guide the Company's net zero transition, Holcim has a Chief Sustainability and Innovation Officer who, along with the CEO, are responsible for setting climate and nature policies, as well as for the Human Rights and Social Policy and the Human Rights Directive. Oversight and performance reviews are carried out by the Health, Safety and Sustainability Committee (HSSC) of the Board of Directors, while the Chief Executive Committees in countries are responsible for assessing and addressing local climate performance. In addition, Holcim has a Water Steering Committee for the implementation of the Water Directive and good practices.

Rationale for issuance

As part of Holcim's sustainable business model and based on the 2025 and 2030 climate and water goals, Holcim established an equivalent funding strategy in 2022. In this year, Holcim completed sustainability-linked financing transactions which include (i) 4.75-year CHF 325 million and 10-year CHF 100 million sustainability linked bonds (ii) a new 4-year EUR 150 million sustainability-linked private placement, based on 2025 CO_2 Scope 1 as well as 2025 Freshwater Withdrawal reduction targets and (iii) EUR 514.5 million and USD 147.5 million sustainability-linked Schuldschein with maturities between 3 and 10 years. Holcim committed to reaching at least 40% of sustainable financing by 2025.

The update of Holcim's Sustainability-Linked Financing Framework (2022) into a Sustainable Finance Framework will enable the issuance of green finance instruments and sustainability-linked instruments. The new framework will further support transparency and accountability with regards to Holcim's environmental impacts and sustainability strategy vis-à-vis investors, banks and other stakeholders in the market and society.

This Sustainable Finance Framework is in line with Holcim's decarbonization strategy and contributes to climate change mitigation.

Opinion: *The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. All of the project categories financed are in line with the sustainability objectives of the Issuer.*

[80] Air Liquide, Cryocap, https://engineering.airliquide.com/technologies/carbon-capture

B. HOLCIM'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Construction Materials, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Products and services with environmental benefits
Eco-efficiency of production
Labour standards and working conditions
Environmental impacts of raw material extraction

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: https://www.issgovernance.com/esg/iss-esg-gateway/.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE[81]	DIRECTION OF IMPACT	UN SDGS
Key products and/or services to the oil industry	3%	OBSTRUCTION	

[81] Percentages presented in this table are not cumulative.

Construction of and/or related services for renewable energy projects	1%	CONTRIBUTION	
Recycling services	1%	CONTRIBUTION	
Building insulation materials	1%	CONTRIBUTION	

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Construction Materials industry are as follows: Failure to mitigate climate change impacts, Terrorist financing, and Unspecified environmental impacts.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): As long as there is no material change to Holcim's Sustainable Finance Framework and benchmarks for the Sustainability Performance target(s) remain unchanged.
2. ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells/distributes Second Party Opinions which are prepared and issued by ISS ESG, the responsible investment arm of ISS, on the basis of ISS ESG's proprietary methodology. In doing so, ISS adheres to standardized procedures to ensure consistent quality of responsibility research worldwide. Information on ISS's methodology is available upon request.
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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Sustainable Finance Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (as of June 2021), Annex I, Climate Change Mitigation and EU Taxonomy Environmental Delegated Act (as of June 2023), Annex II, Transition To A Circular Economy and Annex III, Pollution Prevention And Control.

The evaluation shows if Holcim's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Holcim (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Holcim's Green Financing Instruments.
It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.
The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Holcim's Green Finance Instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.
For more information, please visit:
https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf

ANNEX 3: Sustainability-Linked Loan Methodology

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA and Sustainability-Linked Loan Principles, as administered by LMA

The Sustainability-Linked Finance Framework of Holcim, as well as the concept and processes for issuance have been reviewed against the Sustainability-Linked Bond Principles administered by the ICMA and the Sustainability-Linked Loan Principles by the LMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond / Loan market by clarifying the approach for issuance.

The alignment of the concept of the Holcim 's issuance has been reviewed against the mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and against the encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles / Sustainability-Linked Loan Principles, an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT has been conducted.

The analysis has determined whether the KPI selected is core, relevant and material to the Issuer's business model and consistent with its sustainability strategy thanks to long-standing expertise in evaluating corporate sustainability performance and strategy. The analysis also reviewed whether the KPI is appropriately measurable by referring to key reporting standards and against acknowledged benchmarks. Based on the factors derived from the SLBP and using a proprietary methodology, the KPI selection assessment is classified on a 3-level scale:

Not Aligned	Aligned	Best Practice
The KPI is not aligned if one of the core requirement from the SLBP selection of KPIs section is not satisfied.	The KPI is aligned if all the core requirements from the SLBP selection of KPIs section are satisfied.	The KPI follows best practice if all the core requirements from the SLLP selection of KPIs section are satisfied and if the KPI is fully material and follows best-market practices in terms of benchmarkability.

The ambition of the SPT has been analyzed against the Issuer's own past performance (according to Issuer's reported data), against the Issuer's industry peers (for example per ISS ESG Peer Universe data), and against international benchmarks such as the Paris agreement (based on data from the Transition Pathway Initiative or Science-Based Targets initiative). Finally, the measurability and comparability of the SPT, and the supporting strategy and action plan of the Issuer have been evaluated.

Based on the factors derived from the SLBP and using a proprietary methodology, the SPT selection assessment is classified on a 4-level scale:

No Evidence	Limited	Good	Robust
If none of the three dimensions (past performance, industry peers and international benchmarks) are positively assessed.	If the SPT is ambitious against only one of the three dimensions.	If the SPT is ambitious against two of the three dimensions.	If the SPT is ambitious against all the dimensions.

ANNEX 4: Quality management processes

SCOPE

Holcim commissioned ICS to compile a Sustainability-Linked Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainable Finance Framework aligns with the ICMA Sustainability-Linked Bond Principles and the LMA Sustainability-Linked Loan Principles and to assess the sustainability credentials of its Sustainability-Linked Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ICMA Green Loan Principles
- EU Taxonomy
- ICMA Sustainability-Linked Bond Principles
- LMA Sustainability-Linked Loan Principles

ISSUER'S RESPONSIBILITY

Holcim 's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Sustainability-Linked Instruments to be issued by Holcim has been conducted based on a proprietary methodology and in line with the ICMA Sustainability-Linked Bond Principles and the LMA Sustainability Loan Principles.

The engagement with Holcim took place in from June to August 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About the SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

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