

HOLCIM PUBLIC POLICY POSITIONS



JULY 2021



Building progress for people and the planet

We are committed to living up to the responsibilities that come with becoming the global leader in innovative and sustainable solutions. We are putting our expertise to work, to build a world that works for people and the planet. With our green building solutions, we are best positioned to make a sweeping change at scale to the building industry by making cities greener from foundation to rooftops with low carbon solutions, by empowering society with smart infrastructure, from green mobility to renewable energy and by improving living standards for all with affordable and sustainable solutions.

Leading the way in green construction, our company was the first global building materials company to sign the UNGC's "Business Ambition for 1.5°C" initiative, in September 2020, with a 2030 SBTi-verified action plan. This commitment builds on the company's leadership in green construction with long-standing actions to reduce its carbon footprint while offering cutting-edge building solutions such as ECOPact, our green concrete range, and Susteno, our leading circular cement.

Beyond 2030, our company is partnering with SBTi (Science-Based Target initiative) to support the development of the first climate targets for a 1.5°C future in the cement sector. We will use the coming decade to develop and deploy new and advanced technologies to lay the groundwork for our net zero journey. This includes novel binders, low clinker cements, an increased use of recycled materials in processes and products, and piloting over twenty Carbon Capture Utilization and Storage (CCUS) pilot projects across Europe and North America.

As a responsible company, we are committed to thrive for our people and communities wherever we operate. While we are a global business, we operate very locally in 70 markets. Thus, employing local people, compliance and respecting human rights, implementing sustainable procurement and establishing good and open relationships with our communities are at the core of our business.

Given the scale of today's sustainability challenges, no single organization can tackle it alone. Building progress for people and the planet will require unprecedented collaboration:

- **between industry and policy makers** in order to facilitate the development of the business case that is necessary to guarantee short and long-term investments as well as developing market demand for low-carbon and circular products
- **across the construction sector** to fully integrate sustainability performance across the construction value chain and alongside existing criteria (such as safety, cost and durability), in a way that respects the principles of material neutrality and lifecycle performance
- **with our people and communities** through a proactive stakeholder engagement that focuses on awareness, dialogue and collaboration and is designed to create shared value



Public policy enablers

EFFECTIVE CARBON PRICING MECHANISMS

The net zero transition will require large-scale and sustained investments across the entire construction value chain. Some of the needed technologies go beyond any single industrial sector and form societal endeavors that require public support and acceptance. Carbon pricing mechanisms will play a central role in the carbon neutral economy and must be designed in a way that embeds carbon costs across whole value chains to ensure low-carbon solutions are competitive. This requires:

- **A level playing field between domestic producers and importers:** where carbon prices are in place, a level playing field on carbon costs between domestic producers and importers is necessary to ensure that low-carbon solutions remain competitive (e.g. through carbon border adjustment mechanisms).
- **Reliable carbon prices:** carbon prices must be reliable to sustain the business case and investments in low-carbon technologies. Uncertain carbon price dynamics fueled by speculation must be avoided.
- **Encompassing consumption:** carbon costs must progressively be absorbed in products and solutions in order to render carbon-efficient solutions more competitive. This entails carbon pricing mechanisms that encompass both supply (carbon emissions) and demand (carbon consumption).

MARKET DEMAND FOR LOW-CARBON PRODUCTS AND SOLUTIONS

Holcim is committed to leading the transition towards low-carbon and circular construction by developing and introducing green products and solutions worldwide. From its ECOPact green concrete range all the way to ORIS, the industry's first digital platform for sustainable road construction, developed with IBM, Holcim will accelerate our world's green transformation with innovative and sustainable building solutions.

Accelerating this effort require regulatory environments and building standards that incentivize greater and faster market uptake of low-carbon products by:

- **Integrating sustainability performance** in building codes, public procurement, and product standards, alongside traditional criteria (safety, performance, durability and affordability)
- **Ensuring that construction policies and standards integrate harmonized lifecycle assessments for buildings** to reflect the desired CO₂ and circularity performance and to respect the principles of material and technology neutrality
- Involving actors across the construction value chain in **integrating lifecycle carbon performance and circularity principles** in business models and in all decision-making processes

CARBON CAPTURE TECHNOLOGIES

Carbon capture technologies Large-scale deployment of advanced technologies such as carbon capture, utilization and storage (CCUS) technologies is broader than the technical challenges faced by individual industrial sectors. It forms an economy-wide endeavor that requires large-scale investment in CO₂ transportation and storage networks, social acceptance of permanent storage technologies and the creation of a large-scale demand for captured CO₂ as an industrial feedstock.

No single solution will be perfectly scalable everywhere as different environments present different conditions (incl. technological, geological and legislative) that will be favorable for one or the other solution. This requires a flexible yet unequivocal regulatory framework that:

- **Recognizes all carbon capture technologies (CCU, CCS) in carbon accounting** and verification mechanisms as carbon mitigation avenues for hard-to-abate sectors.
- **Continued research and innovation support for the development of CCUS technologies** and CAPEX/OPEX support for the full industrial scaling-up of those technologies.

ENERGY

The low-carbon transition and the use of associated technologies (e.g. CCUS) will significantly increase the energy needs of industry. This requires:

- **Improved access to abundant and competitively priced low-carbon energy.**
- **The recognition, in the regulatory framework, of technologies such as co-processing** which allows substituting fossil fuels and primary raw materials with non-recyclable residual and biomass waste.
- **The enforcement of waste legislation and its management hierarchies** (incl. landfill bans for waste that can be recovered and/or recycled in industry).

MANDATORY HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

Holcim **supports the implementation of regulatory frameworks that require mandatory human rights and environmental due diligence.** A common legal requirement, such as proposed at the European Union level, contributes to bringing companies to the same standard. It also ensures that efforts made by companies to respect people and the planet are not undermined by the lack of uniform standards. Such regulatory frameworks increase legal certainty and ensure a competitive level-playing field, to the benefit of the environment and of local communities.

Learn more on www.holcim.com