

Policy Compliance

March 4 2020

1. Framework

The Holcim Compliance Policy (“Compliance Policy”) is an integral part of the Holcim Policy Landscape.

This Compliance Policy sets out:

- Scope of the Compliance Function
- Policy Principles governing the Compliance Program
- Annex 1: Roles and Responsibilities
- Annex 2: Holcim Directives related to the Compliance Function
- Annex 3: Definitions and Abbreviations

2. Scope

2.1 Applicability of this Compliance Policy

This Compliance Policy applies to all officers, directors and employees of all grade and levels of Holcim Ltd and its consolidated affiliated group companies (“Holcim” or the “Group”). Compliance risk in non-consolidated entities is addressed through the requirements of the Holcim third party management directive in respect of joint ventures and other associate entities.

2.2 Scope of the Compliance Function’s Mandate

2.2.1 Promotion of a Principles-based Culture of Integrity

Holcim promotes a principles-based culture of integrity that respects not only the letter of the law but also the spirit of the underlying principles. The Compliance Function assists Holcim management to develop compliance-minded leaders and promote and foster a foundation of integrity in its business practices.

2.2.2 Compliance Risk Management and Delivering Solution

The Compliance Function provides reasonable assurance to management that compliance risks within its scope of responsibility are appropriately identified and managed using a risk-based and structured approach. The key responsibilities of the Compliance Function lie in the prevention, detection and correction of compliance infringements through the implementation of a system of adequate procedures

through which risks are identified and assessed, controls to mitigate those risks are defined and implemented, controls are communicated and employees trained, and these are followed up, monitored and reported to management and the applicable governing bodies. This system of adequate procedures is structured through the compliance program which is as follows:

- Risk Assessment. The compliance program is based on a review of the risks present in the business. The compliance risk assessment enables the development of controls that target and mitigate the identified and assessed risks.
- Controls. Controls include the policies, directives, entity level and transactional internal controls, guidance and advice to the business through which mitigation measures are structured and implemented.
- Training and Communication. The implementation of controls and the recognition of risks require that the compliance function communicate and train employees. Such communication and training shall be developed and delivered on a risk –basis across the group.
- Monitoring and Reporting. The conduct of risk assessments, the implementation of controls, and the delivery of training and communication shall be monitored and reported to the first line management, executive management and the governing bodies of the group. There shall be provision for an alert system, warning of possible breaches in the code of business conduct, laws and regulations, an investigation capability, ongoing functional review of the performance of the compliance program in specific geographies, internal audit and continuous improvement.
- Organization and Governance. The group shall assign roles and responsibilities sufficient to support the requirements of the compliance program, and provide oversight of such resources through the governance of the compliance functional council and the Ethics, Integrity and Risk Committee (EIRC).

The Compliance Function also supports other stakeholders, such as Legal, Finance, Human Resources, Health & Safety and Sustainable Development in the prevention of compliance violations, compliance risk detection and mitigation activities. In this respect the Compliance Function complements other Group assurance providers, such as Internal Control, Internal Audit and Group Security. Accordingly, the Compliance Function serves to strengthen the risk management capabilities of Holcim.

2.2.3 Compliance within the "Three Lines of Defense"

With respect to its role as a compliance assurance provider, the Compliance Function (together with the Legal and Internal Control Function) forms the second line of defense under the "Three Lines of Defense" model:

1st Line: Holcim business and management owns, implements and operates business controls to ensure compliance with laws, regulations and policies (including supervisory controls).

2nd Line: Within its scope of responsibility, the Compliance Function (i) works with first line management to identify risk exposures and applicable mitigation activities; (ii) performs monitoring to gain assurance that compliance controls operate effectively; and (iii) reports upon its activities as well as significant findings to the first line management, executive management and governing bodies (EIRC, Audit Committee and Board of Directors of Holcim) . The Compliance Function aligns its activities with the other 2nd Line assurance providers, in particular with Legal, Risk Management, Internal Control and Group Security.

3rd Line: Independent assurance providers, e.g., Group Internal Audit or external auditors opine on the effectiveness and efficiency of Holcim's systematic risk management, internal control system and governance processes. With respect to the Compliance Program this ensures that compliance-related processes, directives and controls achieve their objectives, are regularly tested and effectively enforced.

2.2.4 Areas of Responsibility

The Compliance Function is responsible for the management of Holcim's compliance risks in the below areas. The Compliance Function executes its responsibilities in conjunction with first line management and other functions that may have content ownership or control responsibility in those risk areas.

- Active and/or passive bribery or corruption in business transactions;
- Embezzlement/fraudulent breach of trust;
- Fraud, including accounting fraud and violations of financial reporting principles;
- Theft and misappropriation of corporate funds and property;
- Conflict of interest rules;
- Insider dealing/insider trading;
- Applicable competition and anti-trust laws;
- Data privacy laws and regulations;
- Gifts and hospitality rules;
- Donations and sponsorship guidelines, including contributions to charitable and/or political institutions;
- Workplace retaliation vis-à-vis reporters of violations or concerns;
- Anti-money laundering;
- Embargoes and trade control regulations; and
- Any other relevant areas determined by the EIRC from time to time.

3. Policy Principles

3.1 General Compliance-related Principles

3.1.1 Top management commitment

A compliance culture begins with leadership from the top of the organization. The commitment of the Board of Directors (“BOD”) and the executive committee, and each leadership level below sets the tone for the standards of behavior that are tolerated, and the standards that are not. At the Holcim Group, the BOD is directly engaged in setting the framework for compliance and supervising its execution.

3.1.2 Acting with integrity equals sustainable business

Acting with integrity, including compliance with laws, regulations and ethical standards is key to the sustainable success of Holcim. Holcim strives to do business with the best possible results but only if such results are consistent with a culture of integrity. The Holcim Policy Landscape serves to embody Holcim's

aspirations in this regard, and therefore consequently preserves the interests of Holcim's many stakeholders as the organization's cornerstone of good corporate governance.

3.1.3 Personal accountability

Each Holcim employee is responsible for ensuring compliance in his or her area of competence and influence; to act with integrity and comply with local laws, the Holcim Code of Business Conduct and other applicable Holcim policies and directives.

3.1.4 Zero tolerance approach

Compliant behavior is expected at all levels of the Holcim organization, especially from Holcim management, who is responsible for setting a consistent and credible example. Consequently, Holcim does not tolerate any violations of applicable laws and regulations, or internal policies and directives, in particular of the Holcim Code of Business Conduct.

3.2 Three Compliance Action Levels: Prevent, Detect and Correct

The three compliance action levels encompass a comprehensive system of activities by which Holcim intends to ensure that its business is conducted with integrity and in accordance with applicable laws and regulations, internal policies and directives.

3.2.1 Prevent

The predominant role of the Compliance Function lies in the prevention of potential compliance infringements. Within the scope of its mandate, the Compliance Function:

- Enables Holcim management to promote an integrity-based culture within the Group (including a strong "tone from the top");
- Delivers compliance solutions, such as practical guidance, policies, business advice and trainings, compliance due diligence processes and other processes mitigating compliance risks;
- Actively communicates the compliance responsibilities to the Holcim staff and spearheads internal awareness campaigns on conducting business with integrity;
- Identifies Group-wide compliance risks, including thorough periodic risk assessments;
- Assists first line management to manage and mitigate identified compliance risks effectively and provide assurance to the Holcim management in this respect; and
- Coordinates with other corporate functions (in particular Legal, Human Resources, Internal Audit, Internal Control, Health & Safety, and Sustainable Development) to ensure proper internal oversight of business and governance functions in all compliance-related matters.

3.2.2 Detect

The Compliance Function is responsible for detecting violations or concerns through:

- Maintaining a Group directive relating to the reporting of violations or concerns;

- Supporting internal reporting systems and other escalation channels to facilitate reporting of violations and concerns;
- Promoting awareness of the expectation and capabilities to report violations or concerns;
- Specific compliance assessments upon request by the Executive Committee and/or the Audit Committee / EIRC; and
- The evaluation, investigation and systematic tracking of information resulting from specific internal communications, anonymous sources and external information providers in accordance with law.

The Holcim Business Integrity and Speaking Up Directive (as amended and restated from time to time, the "Business Integrity Directive") collates the relevant principles for internal investigations in order to ensure that investigators fully comply with the law and the best professional and ethical standards. The Compliance Function and all other functions and employees who participate in the investigation process must strictly abide by the process and the principles set out in the Investigation Directive.

If and to the extent local business, process or legal requirements are incompatible with the Business Integrity Directive, the relevant Regional Compliance Officer ("RCO"), Area Compliance Officer ("ACO") or Local Compliance Officer ("LCO") may develop local investigation guidelines and policies. Such local investigation procedures require consultation and prior approval of the Head of Group Investigations ("HGI") and the Head of Group Compliance ("HGC").

3.2.3 Correct

Compliance-related infringements may expose breaches or gaps with regard to internal policies, processes and controls. It is the responsibility of the Compliance Function to work with all stakeholders to identify weaknesses and control gaps, cooperate with the Internal Control function in preparing proposals for control-related corrective measures, support management during implementation of corrective measures and ensure a systematic follow up of such measures.

At times, a violation of law or corporate regulations, in particular the Holcim Code of Business Conduct, may be detected, which could have serious consequences, including disciplinary action up to and including termination of an employment contract, as well as possible civil or criminal penalties for individuals as well as Holcim.

The EIRC and Regional Legal and Compliance shall be responsible for approving process-related corrective measures and recommending appropriate sanctioning measures for Group relevant compliance infringements and non-Group relevant compliance infringements, respectively, to the appropriate level of management in accordance with the relevant committee charters.

3.3 Compliance Reporting

Periodic compliance reporting is part of the oversight mechanism within the Compliance Function to ensure that its mandate is fulfilled and the objectives of the function are met, both in terms of quality and timeliness. This task encompasses a periodic up-stream reporting as well as ad hoc reporting measures.

3.3.1 Periodic Reporting

The quarterly reporting within the Compliance Function encompasses (scope and details as further instructed and specified by the HGC from time to time):

- Reported violations and concerns as reviewed through the Integrity Line and Business Integrity processes
- Activities/progress of compliance management implementation as reflected in the Compliance '6 Pack' or similar metrics
- Identified compliance risks and planned/implemented risk mitigation measures (included in the '6 pack')
- Training activities (included in the '6 pack')
- Monitoring/review activities Other compliance-related activities
- Resources (Local) laws and trends

The LCOs provide reports to the RCO responsible for their region. The RCO consolidates the information on a regional level and reports to the HGC in his/her area of responsibility within the timeframe specified by the HGC and according to the scope and format as defined by the HGC. Much of this reporting is conducted through the Compliance Functional Council.

The HGC provides quarterly compliance updates to each EXCO member regarding his/her area of responsibility and to each Country CEO regarding the implementation of compliance risk mitigation activities in the country. The Group General Counsel reports to the Executive Committee, Audit Committee and board of directors on the overall status of Holcim's compliance program, the Group's adherence to the Code of Business Conduct, major legislative and regulatory developments and, as Chairman of the EIRC, on Group-relevant investigations and related (disciplinary and process) remedial measures.

3.3.2 *Ad hoc reporting*

The Business Integrity Directive articulates the obligation on all employees to report real or apparent breaches of the Code of Business Conduct, or laws and regulations. These reports are then dealt with the procedures laid down in the Business Integrity Directive and internal process documentation authorized by the EIRC.

All reports are assessed by the Head of Group Investigations (HGI) and a recommendation made as to whether to assess further, investigate or close. The recommendation is approved by a sub-committee of the EIRC, which meets regularly to review reports. The Group General Counsel reports as required on an ad hoc basis to the (i) Chairman of the Audit Committee, and (ii) the Group CEO if a potential violation could (a) jeopardize the reputation of Holcim, (b) lead to a financial exposure of more than CHF 5'000'000, or (c) carry a high likelihood of investigation by public authorities.

This Policy was approved by Group Executive Committee on July 20, 2015 and the Finance and Audit Committee of the Board of Directors on August 31, 2015, and will come into force on September 1, 2015.

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Compliance Policy

Date of Approval	Responsible Group Executive Member	Responsible Manager
Original July 20, 2015	Eric Olsen, CEO	Xavier Dedullen, Head Legal & Compliance Officer Laurie Waddy, Head Group Compliance
Revision March 4, 2020	Keith Carr, Group General Counsel	Christopher Wright, Head of Compliance