

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

ESG Risk Rating

18.3

Last Full Update Dec 20, 2024

-4.4

Momentum

Low Risk

NEGL

LOW

MED

HIGH

SEVERE

0-10

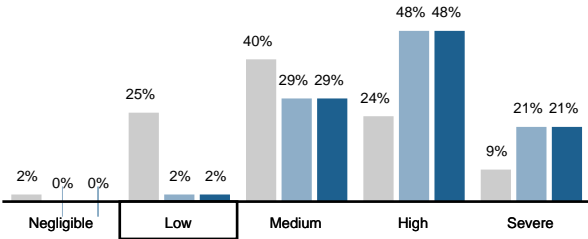
10-20

20-30

30-40

40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK		PERCENTILE	
	(1 st = lowest risk)		(1 st = Top Score)	
Global Universe	2983	14371	22nd	
Construction Materials Industry	2	120	2nd	
Construction Materials Subindustry	2	120	2nd	

Peers Table

Peers (Market cap \$36.3 - \$64.2bn)	Exposure	Management	ESG Risk Rating
1. CRH Plc	51.3 Medium	73.4 Strong	17.8 Low
2. Holcim Ltd.	53.2 Medium	73.9 Strong	18.3 Low
3. Heidelberg Materials AG	53.1 Medium	58.3 Strong	25.6 Medium
4. Vulcan Materials Co.	46.6 Medium	44.7 Average	27.9 Medium
5. UltraTech Cement Ltd.	55.6 High	52.8 Strong	29.4 Medium

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

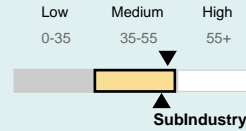
ESG Risk Analysis

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

ESG Risk Exposure

53.2
Medium
Beta = 1.02

-3.3
Momentum



Holcim's key product is cement, which is manufactured in an energy-intensive process and results in a sizeable carbon footprint. Stringent carbon regulations worldwide may expose the company to compliance risks. Moreover, the manufacture of cement also releases harmful emissions, such as sulphur oxides (SOx) and nitrogen oxides (NOx). Failure to maintain such emissions below permitted limits may incur increased costs for retrofitting and upgrading production equipment. Additionally, apart from energy, Holcim's operations rely on vast amounts of water in cement kilns and concrete plants. As demand for water is expected to exceed supply by 40% globally in 2030, according to a UNEP report, this could impact freshwater availability; thus, the company may face operational disruptions over its water use, especially during droughts.

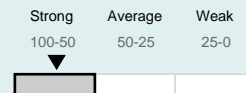
The company's overall exposure is medium and is similar to subindustry average. Carbon -Own Operations, Water Use -Own Operations and Emissions, Effluents and Waste are notable material ESG issues.

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

ESG Risk Management

73.9
Strong

+7.5
Momentum



Holcim has a board-level health, safety and sustainability committee and its ESG reporting is strong, as it is written in accordance with the 2021 GRI Standards. With regard to GHG reduction, a portion of Holcim's energy consumption is derived from renewable sources, and the company has set net zero and interim targets, as per best practice. To manage water risks, Holcim has implemented initiatives such as recycling systems and discloses an investment plan related to them. In addition, the company publicly discloses its water withdrawal and discharges. Related to the Emissions, Effluents and Waste MEI, Holcim commits to recycle 70 million tonnes of waste and by-products for alternative energy and raw materials by 2030. There is some room for improvement, though, as the company does not disclose targets, deadlines, or initiatives for reducing hazardous waste.

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

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

Material ESG Issues

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

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Carbon -Own Operations	9.9 High	78.5 Strong	3.7 Low	20.1%
E&S Impact of Products and Services	6.0 Medium	76.0 Strong	2.4 Low	12.8%
Water Use -Own Operations	4.6 Medium	64.4 Strong	2.2 Low	12.2%
Emissions, Effluents and Waste	5.5 Medium	70.3 Strong	2.0 Low	11.0%
Business Ethics	6.0 Medium	76.5 Strong	1.6 Negligible	8.9%
Occupational Health and Safety	4.5 Medium	67.5 Strong	1.6 Negligible	8.8%
Human Capital	3.0 Low	56.2 Strong	1.4 Negligible	7.6%
Corporate Governance	6.7 Medium	83.2 Strong	1.1 Negligible	6.1%
Raw Material Use	2.0 Low	58.2 Strong	1.1 Negligible	5.8%
Community Relations	3.0 Low	74.2 Strong	1.0 Negligible	5.4%
Stakeholder Governance	2.0 Low	89.7 Strong	0.2 Negligible	1.1%
Overall	53.2 Medium	73.9 Strong	18.3 Low	100.0%

Events Overview

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

Category (Events)

Severe (0)

High (0)

Significant (0)

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

Events Overview

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

Category (Events)

Moderate (5)

- Anti-Competitive Practices
- Community Relations
- Emissions, Effluents and Waste
- Labour Relations
- Occupational Health and Safety

Low (2)

- Business Ethics
- Energy Use and GHG Emissions

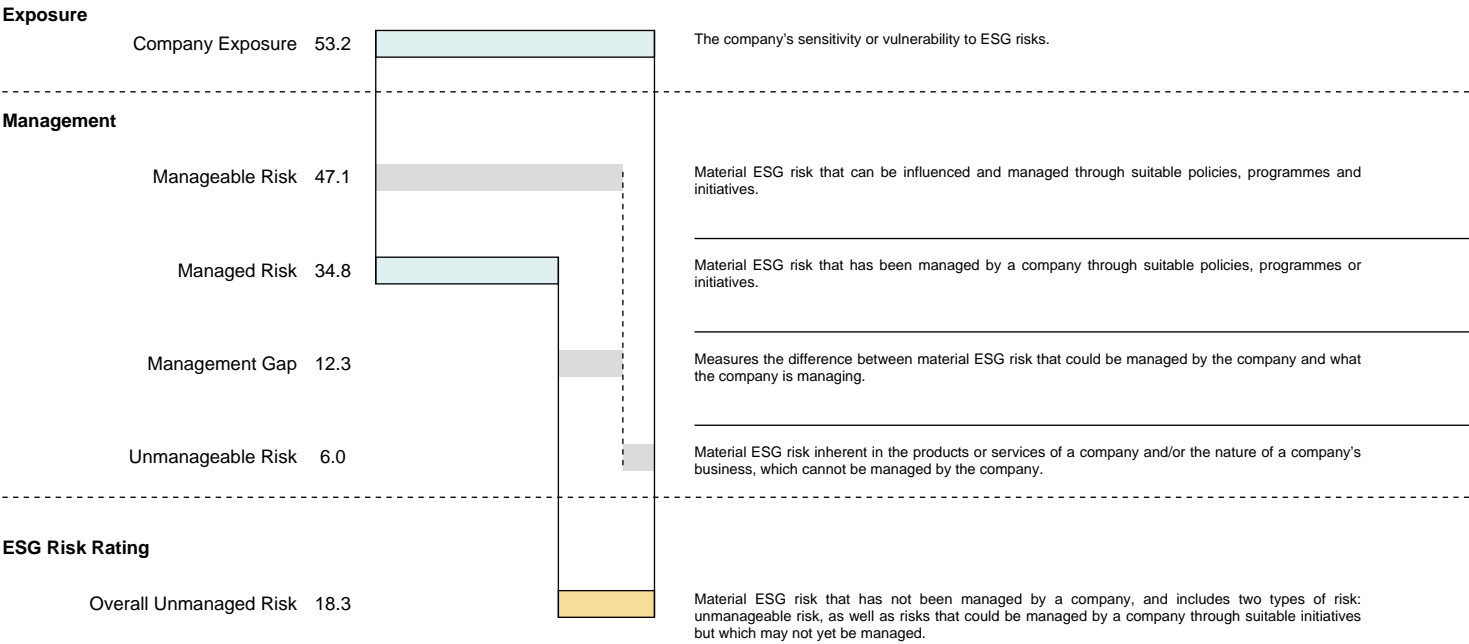
None (10)

- Accounting and Taxation
- Bribery and Corruption
- Corporate Governance
- Environmental Impact of Products
- Intellectual Property
- Lobbying and Public Policy
- Sanctions
- Scarce Resource Use
- Social Impact of Products
- Water Use

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

Risk Decomposition



Momentum Details



Holcim Ltd.

Construction Materials Switzerland SWX:HOLN






GLOSSARY OF TERMS

Beta (Beta, β)

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

ESG Risk Category

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

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

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

ESG Risk Rating Score (Unmanaged Risk Score)

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

Event Category

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

Event Indicator

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

Excess Exposure

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

Exposure

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

Idiosyncratic Issue

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

Manageable Risk

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

Managed Risk

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

Management

A company's handling of ESG risks.

Management Gap

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

Management Indicator

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

Material ESG Issue

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

Subindustry

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

Unmanageable Risk

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

Unmanaged Risk

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

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

DISCLAIMER

Copyright ©2023 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the "Information") are proprietary to Sustainalytics and/or its third-party content providers, intended for internal, non-commercial use only and may not be copied, distributed or used in any other way, including via citation, unless otherwise explicitly agreed with us in writing. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided "as is" and reflects Sustainalytics' opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers' names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.