

Directive

Workers in the value chain

November, 2024

Introduction, scope and objective

At Holcim, we are building progress for people and the planet by upholding the highest human rights standards throughout our operations, business activities and our supply chain in every market where we operate.

SCOPE

This Directive defines a framework to ensure the implementation of our Code of Business Conduct in the way we manage the relationship with the contractors workforce (workers in the value chain: third party service providers and sub-contracted personnel). It incorporates the principles of the **Holcim Code of Business Conduct in particular in the areas of:**

- Legal and compliance
- Human rights
- Working conditions and welfare
- Equalities
- Health, safety and environment
- Freedom of association & non-retaliation

This Directive adheres to the following Holcim Policies: Compliance, Human Rights, Anti-Bribery and Corruption, Procurement, Health, Safety & Environment, Security & Resilience and Human Resources.

This Directive complements the following Holcim Directives: Third Party Due Diligence, Sustainable Procurement, Security Services with Integrity, HSE-006 Welfare and Housekeeping Standard, Human Rights.

OBJECTIVES

1. Govern the duties of the various functions (at Country and Group level) responsible for hiring and managing contractors in the form of [subcontracted personnel](#) or [third party service](#) providers.
2. Ensure an integral management of the contractors workforce in compliance with Holcim policies and standards.

REQUIREMENTS

Contractors workforce management involves 6 key elements:

1. **Outsourcing decision** ensuring compliance to local law & regulation and protecting company competitive advantage
2. **Supplier qualification**, before engaging in business relationship and during the time of the business relationship, validating ESG /H&S compliance and performance.
3. **Access control in Holcim premises**, supported by records or data documenting “who, where, and when” is allowed to enter or exit.
4. **Training and Communication** to relevant internal personnel and external business partners, responsible for ensuring compliance to Holcim Policies and standards
5. **Compliance verification**: “ongoing” (during contractors onboarding, job execution and post-job evaluation) and “spot” (HSE Audits, Human Rights Assessments, ad-hoc investigations).
6. **Performance & Consequence management** process to address compliance breaches

Country CEO is accountable for ensuring compliance to these requirements.



1. OUTSOURCING DECISIONS

Country and/or Group Function responsible for hiring and managing contractors, decides to outsource services ensuring compliance with the following areas:

- International laws / Holcim standards (OECD, ILO)
- Local law and regulations
- Social context
- Operational / technological / cost model (considering “Holcim competitive advantage” related to the “strategic importance” and the “operational performance impact” of the task)
- Outsourcing to third party service providers shall adhere to the Supplier Qualification process as per Sustainable Procurement Directive

2. SUPPLIER QUALIFICATION

Country Procurement and / or Corporate Procurement, implements the supplier qualification process as defined in the [Sustainable Procurement Directive](#) and [Sustainable Procurement Management Standard](#). This includes ongoing performance evaluation and consequence management processes.

There are additional requirements for private Security Services providers, as specified in the [Security Services with Integrity Directive](#) and Transportation Service Providers, as specified in the [Road Safety Standard](#).

3. ACCESS CONTROL IN HOLCIM PREMISES

Holcim Group recommends the implementation of a “**log of access**”¹ at operational sites that have a daily headcount exceeding 50² workers during regular business operations, encompassing:

- “Walk-in” People: own personnel, contractors workforce (subcontracted personnel and third party service providers).
- Vehicles entering at Holcim premises, including “Parking” requirements in compliance with the [HSE-111 Road Safety Standard](#), section 5.5.

Country CEO decides when and how to implement a more robust Access Control System.

Refer to Annex 1 for Technical Guidelines

4. TRAINING AND COMMUNICATION

Country and/or Group Function responsible for hiring and managing contractors, ensures that:

¹ Records or data documenting “who, where, and when” is allowed to enter or exit and who has approved the access

² The Group has set a minimum of 50 workers, but this can be reduced at the discretion of the Country CEO.

1. The **principles and standards for contractors in the value chain** are communicated in an accessible form to workers, business partners and other relevant stakeholders, including specific training delivered to target audiences: Holcim site contractors coordinators and Certified Contractor companies.
2. Contractors' workforce are aware of the grievance mechanisms in place (Integrity Line) as well as when and how to use it.

Contractor's workforce in Holcim premises

Holcim employees coordinating contractors' workforce in Holcim premises (Site Contractors coordinators), shall be trained to monitor compliance and to report non-compliance in particular in the fields of Human Rights, Health & Safety and Welfare.

The training should include as minimum, the Site Contractors coordinators operating in the following areas, identified as high risk exposure:

- Maintenance services
- Dispatch services (including packing and loading)
- Quarry services
- Security services

Contractor's workforce in customers sites

Installation of some Holcim products requires specialized technical certification (e.g. roofing). When applicable, Holcim offers the training needed to get the required certification.

Contractors Certification training, shall include:

- Technical features related to the product (e.g. roofing system)
- ESG / H&S standards established in Holcim Supplier Code of Conduct

5. COMPLIANCE VERIFICATION

Country and/or Group Function responsible for hiring and managing contractors, ensures there are processes in place to verify compliance to Holcim standards, including but not limited to Legal and compliance, Human rights, Working conditions and welfare, Equalities, Health, safety and environment, Freedom of association & non-retaliation.

Compliance verification is duly documented and includes engagement with workers and union representatives, to:

- discuss actual and potential positive and/or negative impacts that do or may affect the workers.
- verify their awareness and trust on Holcim processes and channels to raise their concerns in relation with ESG performance (Integrity Line).

This can be done in the form of periodic performance review (ongoing) and specific reviews (spot, workers camps).

Ongoing verification

Conducted during the annual supplier re-qualification process and the HSE contractors management process: onboarding, job execution and post-job evaluation

Spot verification

Conducted through HSE Audits, Human Rights Assessments and ad-hoc investigations triggered by breaches to Holcim standards.

Contractor Workers in accommodation provided by Holcim

Country Sustainability / CSR responsible, conduct a “Human Right Impact Assessment” on the workers' accommodation facilities to ensure Holcim offers safe and adequate conditions.

During Projects involving temporary workers with accommodations, the Project Manager ensures the project **plan and execution** enable the supplier and their workers to adhere and respect Holcim standards specified in Holcim Code of Conduct for suppliers, in particular: working conditions, welfare, health & safety and human rights (e.g. home leaves, vacation, rest days, working time, shift works, etc).

6. PERFORMANCE & CONSEQUENCE MANAGEMENT

The approach for performance monitoring and consequence management with Contractors companies is to be conducted as defined in the Sustainable Procurement Directive: Procurement works with suppliers to prevent potential ESG breaches, provides guidelines, mitigates deviations implementing improvement plans and when appropriate, ceases business relationships with non-compliant suppliers that breach “zero tolerance” requirements and/or refuse improvement plans. Holcim reserves the right to exclude suppliers that are not compliant with laws and regulations.

Accountability	
Country CEO and Corporate Heads of Functions, are accountable for ensuring compliance to the requirements established in this Directive.	

Document Control	
Approved by:	Group Chief People Officer Chief Sustainability Officer
Related Policy, Directives and MCS	<ul style="list-style-type: none"> • Code of Business Conduct for employees and for suppliers • Holcim Policies: Human Resources, Compliance, Procurement, Human Rights, Anti-Bribery and Corruption, Health Safety & Environment and Security & Resilience. • Holcim Directives: Third Party Due Diligence, Sustainable Procurement, Security Services with Integrity, Business Resilience, Human Rights. • MCS: #1 Code of Conduct, #5 Health & Safety, #7 Security, #30 Supplier Qualification, #62 Human rights and Stakeholders engagement

Version control			
Version Number	Date Issued	Author	Update information
01	November, 2024	Prepared by: Eugenia Ceballos / Group SD and Alberto Del Valle / Group HR In collaboration with Corporate Procurement, Group Security and Resilience, Group Compliance, Group HSE, CEM, AGG, RMX, S&P, Human Rights and Social Impact	- not applicable

Definitions and Abbreviations

ESG/H&S	Environment, Social, Governance, Health and Safety: These are the areas where standards are established and expected suppliers to adhere and demonstrate performance. “Governance” also includes aspects related to bribery, corruption, competition law, data protection and adherence to local, national and international legislation.
Suppliers	The term Suppliers refers to suppliers (and their representative) of goods and services (which includes Contractors and its Subcontractors performing works for or on behalf of Holcim and its associated companies).
Third Party Service Providers	Third Party Services: HARP Definition Third Party Services Maintenance: HARP Definition Third Party Services Transportation: HARP Definition
Sub-contracted personnel	Subcontracted personnel fix: HARP Definition Subcontracted personnel variable: HARP Definition
P&L Manager	Manager responsible for the Profit and Loss of a Business Unit (site or a group of sites)
Site Contractor Coordinator	A Holcim Supervisor or Manager that has a general understanding of the scope of the work being performed by the contractor. The Holcim Site Contractor Coordinator is nominated by the Unit Manager (a single line manager responsible for a site or a group of sites).
Outsourced activities	HARP Definition

ANNEX 1 - ACCESS CONTROL SYSTEMS: TECHNICAL REQUIREMENTS

It is recommended that the access controls system include, as a minimum, the following elements:

- **Access-Controlled Entry and Exit Points:** Implement access-controlled entry and exit points at all main entry/exit points to critical areas within your organization. These could be doors, turnstiles, parking gates, elevator, or other physical barrier
- **Readers for Entry and Exit:** Install readers for both entry and exit at these access points. This ensures that individuals and vehicles are authenticated and logged when they enter and exit secured areas.
- **Data Logging and Monitoring:** Records or data documenting “who, where, and when” is allowed to enter or exit and who has approved the access
- **Integration with Other Systems:** It is recommended that the access control system is integrated with the supplier qualification platform (to grant access to supplier’ workers, based on authorized list), and if possible it includes an approval process for exceptions. It can also be integrated with other security and building management systems, such as video surveillance, alarm systems, and environmental controls.
- **User Authentication and Authorization:** The system should support user authentication methods, including biometrics, smart cards, or PINs. It should also support role-based authorization to determine what each user / vehicle is allowed to access.
- **Emergency Overrides:** Include mechanisms for emergency overrides in case of power outages, fire alarms, or other safety-related incidents to ensure safe egress.
- **Compliance with Standards:** Ensure that the access control system complies with relevant industry standards and regulations, such as GDPR, HIPAA, or local security requirements.
- **Access controls may include additional control tests (e.g. alcohol)** in line with local regulations. Specific details for truck drivers can be found on the [Road Safety Connect Page](#).

Further guidelines to design and implement access control systems are provided by Group Security and Resilience.