

Water Directive

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1. Scope

The Water Directive (“Directive”) is issued under the Nature Policy.

The scope of this Water Directive is worldwide and applies to Holcim Ltd and its “Countries” which are financially consolidated and/or under management control. Included in the scope are the active sites in each of the following product segments:

- Clinker and Cement
- Mineral components and other cementitious materials
- Grinding and blending stations
- Aggregates
- Ready-Mix and Concrete Products
- Mortar solutions
- Asphalt
- Construction/Paving
- Roofing
- Other solutions and products

Where new operating sites are acquired, this Directive will be implemented within two years of acquisition.

In associated companies or joint ventures where Holcim does not have financial or management control, the responsible Group Executive Committee Member will establish that the associated company or joint venture is aware of the Water Directive and will encourage its adoption or at least essentially equivalent standards by such associated company or joint venture.

2. Objective

Water is a precious resource, essential to life. Water is also essential to Holcim operations, which may impact this resource both in terms of quality and availability. Holcim is committed to reducing its water impacts and to supporting sustainable management of water resources by:

- Quantifying and managing the impact on water resources
- Evaluating and mitigating water-related risks
- Identifying and seizing opportunities to make positive contributions on water resources and ecosystems.

The objective of this directive is to define the requirements to achieve the following:

- To ensure that water management in all operations, at a minimum, meet all applicable laws and regulations
- To ensure that Holcim water commitments are achieved by implementing the core principles set out in the [Nature Policy](#) in all extraction sites within the scope
- To manage impacts, risks and future liabilities.

3. Rules and requirements

In order to achieve sustainable water management across Holcim operations, each site in scope must establish a written Water Management Program as described in the Water Management Standard (as explained below in rule 2) and comply with the following five rules and requirements of the Water Directive:

Rule 1: Comply with legal requirements and the Holcim Code of Business Conduct

Compliance with applicable laws and regulations and the [Holcim Code of Business Conduct](#) is mandatory. Systems and processes must be in place to comply with all local requirements related to water. Guidance regarding dealings with government officials can be found in the [Holcim Anti-Bribery and Corruption Policy](#) as well as in the [Responsible Lobbying and Advocacy](#) Directive.

Rule 2: Comply with all requirements set out in the Holcim Water Management Standard

The [HSE-302 Water Management Standard](#) is to set the Group Standard for evaluating and managing impacts, risks and opportunities associated with water usage and management that could result in adverse consequences to the environment and/or to surrounding communities. Compliance to the Standard is a requirement to all site/operations included in the scope of this Directive.

Rule 3: Proactively engage with relevant stakeholders

Stakeholder engagement is essential to reduce the water impacts and to promote more responsible water stewardship in the wider watershed/river basin. It is also important to take into consideration the conflicting perspectives and interests of stakeholders, as these relate to their decision making on water management. An ongoing stakeholder engagement enables us to better understand stakeholder issues, address them and gain stakeholder trust.

The [Human Rights Directive](#) is the reference document for planning and implementing stakeholder engagement activities.

The key elements to make this viable are as follows:

- Assess the level of stakeholder engagement that is required in order to develop and execute a Water Management Program effectively. An adequate level of information must be considered
- Relevant stakeholders must be identified according to local conditions (e.g. water access, other land use, industrial or agricultural interests, representatives of local communities, authorities, civil society organizations such as NGOs, Academia, etc) and must be consulted in the planning process. This must be done in coordination with the local teams that are responsible for Human Rights / Social Impact / Stakeholder Engagement to, ideally, integrate the engagement into the already existing platforms, such as the CAPs (Community Advisory Panels). Not engaging with relevant local stakeholders will not be acceptable
- Opportunities for developing strategic partnerships and engaging in a multi-stakeholder collaboration should be explored
- A communication concept shall be put in place according to local needs and embedded in the overall communication strategy of the country. This should include periodic information sharing to keep the stakeholders updated about the status of the plan implementation.

Rule 4: Assessment of water impact and dependencies

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When selecting new sites or developing major modification projects on existing sites, an environmental and social impact study (ESIA) must be conducted. The ESIA shall identify all direct and indirect impacts of raw material extraction in relation to air, water, health and safety, biodiversity ecosystems and ecosystem services, social and community well-being.

Each site shall identify its hydrological water basin and its perimeters through the classification provided within the [World Resource Institute Aqueduct tool](#). The assessment shall be taken into consideration for development and implementation of action plans. Additionally the assessment of each site's water risk and water stress is performed yearly at the group level for all sites included in the scope of this Directive. Sites that are located in basins classified as having medium-high, high or extremely high water risk are prioritized and considered in high water risk areas.

Rule 5: Water stewardship actions within operations and outside boundaries

The adherence to this Directive includes the implementation of water stewardship actions required to reach Holcim water commitments, set out in the Nature Policy. All sites shall implement the key water stewardship levers within their operations, and when relevant, beyond their boundaries:

- Freshwater use reduction: improving water usage efficiency by optimizing our in-site water processes (e.g. with water recycling), maximizing rainwater harvested and shifting our water usage from freshwater to non-freshwater
- High water quality discharge standard: ensuring the discharge of high-quality water according to Holcim's standards or the country regulation when stricter
- Freshwater replenishment: implementing water programs outside our site boundaries to replenish the freshwater we use in our operations in high water risk areas according to the [Water Positive Impact Methodology](#).

4. Monitoring and reporting

The progress of water management activities must be monitored and evaluated as required by the local regulations and by the Holcim Water Management Standard. All Countries and active sites must report water indicators, as defined in the [Water Management Standard Appendix 2 - Water KPI & Reporting](#). The results should be assessed as part of the Water Management Program and the [HSE-001 Health and Safety Management System](#) and improvement actions should be defined through roadmaps yearly if needed.

Water management requirements are also integrated in the Minimum Control Standard (MCS) framework: [MCS 61 - Environmental impact](#).

5. Organization

5.1 Group Level

5.1.1 Water Steering Committee

The Board of Directors has a dedicated Committee with a specific remit on Health, Safety and Sustainability (HSSC). The committee consists of five Board members, is chaired by a senior Board member, and meets at least quarterly. This committee's mission is to provide advice on strategic direction and on the development and promotion of sustainability related topics - with water being one of our key sustainability focuses.

5.1.2 Sustainability and HSE functions

- Review and proposes amendments to this Directive where and when necessary
- Assist Countries in understanding and applying the Directive
- Provide standards and tools in the implementation of the Directive
- Support training on the Directive in the Countries
- Support experience exchange and share best practices between Countries pertaining to water stewardship action within and beyond the operation
- Monitor compliance of the Countries with this Directive by tracking annual progress
- Provide at least annual progress reports to ExCo

5.1.3 Other Group Functions

- Cooperate with Group Sustainability in the interpretation of this Directive
- Support experience exchange and share best practices between Countries, together with Sustainability
- Support reviews of the Directive and proposed amendments

5.2 Country Level

5.2.1 Country CEO

- Is ultimately responsible and accountable for the implementation and compliance of the Country with the Water Directive
- Delegates responsibility for the implementation of the individual requirements of the Directive to the concerned functions/managers within the organization

5.2.2 Country Sustainability/HSE Manager

- Ensures that the Country CEO has complete and reliable information on the Country's compliance (for his/her area of responsibility) with this Directive
- Reports at least annually the status of implementation and compliance (for his/her area of responsibility) to Group Level via the environmental annual reports
- Supports the implementation of the requirements of the Water Directive within the organization, notably seeking input from Country legal to assess legal requirements
- Share good practices and promote success stories pertaining to water management

This Directive was approved by the Group Executive Committee on October 20, 2016 and came into force on November 2, 2016.

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Version dated: October 31, 2016	

Responsible Group Executive Committee Member: Nollaig Forrest - Chief Sustainability Officer

Document Control			
Approved by:	Antonio Carrillo Doblado / Vice President, Sustainability		
Related Policy, Directives and MCS	Nature Policy, Climate Policy, Quarry Rehabilitation and Biodiversity Directive, Holcim Code Of Business Conduct, Anti-Bribery and Corruption Policy, Responsible Lobbying and Advocacy Directive, HSE-001 Management Standard, HSE-302 Water Management Standard, Human Rights Directive, MCS #61: Environmental impact		
Version control			
Original version	October 31, 2016	Cherry Chan	Creation of document
Version update	April 1, 2020	No mention	Regular update
Version update	December 31, 2024	Renata Pollini	Updates based on the new Nature policy released in 2022

Annexes

Annex 1: Holcim Policies, Directives Standards and Tools related to Holcim Water Directive

Link	Description	Responsibility	Reference
Nature Policy	The Nature policy describes Holcim's approach towards the efficient use of natural resources and our path towards a nature-positive future. The Policy forms part of Holcim's core values and its main purpose is to set out the company's objective to protect and restore water and biodiversity. It defines how employees should interact with business partners, suppliers, communities and other stakeholders.	Chief Sustainability Officer	Nature Policy
Water Management Standard	The HSE-302 Water Management standard sets the Group Standard for evaluating and managing impacts, risks and opportunities associated with water usage and management.	Chief Sustainability Officer	HSE-302 Water Management Standards
Water Positive Impact Methodology (WPIM)	WPIM is a monitoring and reporting protocol to quantify benefits (or credits) from water-related activities in the watersheds where the site operates.	Head of Nature	Water Positive Impact Methodology
Human Rights Directive	Holcim's Human Rights Directive defines the approach and guidelines on systematic identification, prevention, mitigation, monitoring and remediation of human rights risks and impacts. It also includes guidance for stakeholder engagement.	Chief Sustainability Officer	Human Rights Directive

Health Safety and Environment Management System (HSEMS)	The Health, Safety and Environment Management System (HSEMS) provides a structured proactive approach for overall continual improvement of all HSE processes to prevent any impact on the environment and/or harm to people. The requirements of this Standard are aligned with the Group Health, Safety and Environment (HSE) policy as well as with ISO 14001 and 45001 Standards.	Chief Sustainability Officer	HSE-001 Health and Safety Management System
Holcim Code of Business Conduct	The Code specifies how to act with integrity performing tasks, and offer guidance on how to deal with challenging situation.	Group CEO	Holcim Code of Business Conduct
ABC Policy	The Policy sets out the relevant principles for appropriate business conduct and related rules when interacting with Third Parties, whether Public Officials or commercial parties.	Group CEO	Holcim Anti-Bribery and Corruption Policy
Responsible Lobbying and Advocacy Directive	This Directive sets out the relevant principles regarding the engaging public authorities in order to inform policy debate and to assist public authorities in their decision-making processes on issues of relevance to Holcim.	Group CEO	Directive Responsible Lobbying and Advocacy

Annex 2: Relevant External Documents related to Holcim Water Directive

Recommendation	Definition / Description	Reference
GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing	These guidelines give an introduction to the monitoring and reporting process, specifies applicable rules, and defines the Key Performance Indicators (KPI) that are considered most relevant for the cement industry. The KPIs can also be used by companies to benchmark their performance.	GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing

World Resource Institute: Volumetric Water Benefit accounting	This working paper, developed by the Water Resource Institute, aims to standardize an approach and set of indicators that complement existing approaches by providing a robust and consistent way to estimate and communicate volumetric water benefits of water stewardship activities. It supports and complements the Water Positive Impact Methodology, in the assessment and evaluation of water replenishment projects.	<u>World Resource Institute: Volumetric Water Benefit accounting</u>
World Resource Institute: Aqueduct tool	This open source tool, developed by the World Resource Institute, allows to assess spatially water risks and water related variables such as water pollution, water stress, etc.	<u>World Resource Institute Aqueduct tool</u>

Annex 3: Definitions

Water management program	A Water Management Program is a site specific document that addresses the topics, action, plans and system to water management onsite effectively. the specific requirements of a Water management Program are defined in the <u>HSE-302 Water Management Standards</u> .
Water-positive	A site is considered water-positive when the water credits generated (water replenished to the environment or to the community following the requirements of the Water Positive Impact Methodology) exceed the water debit of one site (freshwater consumption).
Water stewardship	Water stewardship is defined as the use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that includes both site- and catchment-based actions.