

# Operating Principles

May 2019



LafargeHolcim

## **Introduction**

We are operating over 2000 cement and grinding, aggregates and ready-mix concrete plants globally for which we are setting higher standards on key environmental, social and corporate governance topics - our Operating Principles. In some cases, these have replaced former targets.

These operating principles cover human rights, drinking water and sanitation, stakeholder engagement, quarry rehabilitation and biodiversity, environmental management systems, air emissions, our Code of Business Conduct and our Supplier Code of Conduct. We will continue reporting our performance against these principles annually.

## **Air emissions**

**At cement sites dust, SO<sub>2</sub>, NO<sub>x</sub> and VOC emissions are measured and actively managed.**

Air emissions are a key environmental aspect of cement production. Air emissions will be measured and managed at all cement kiln stacks in line with the requirements of the Cement Environmental Directive.

## **Code of Business Conduct**

**All employees are aware of the Code of Business Conduct. Regular trainings are conducted.**

All operations will ensure that employees are aware of the Code of Business Conduct and conduct regular training.

Our Code of Business Conduct (CoBC) ensures that directors, officers and employees share the company's commitment to conducting business with transparency and integrity. It provides guidance on how to put this commitment into practice, and helps to ensure that we adhere to the laws and regulations in our operating countries. The CoBC is available in 28 languages and has been issued in all Group companies.

## **Drinking water and sanitation**

**Employees & contractors are provided with drinking water & sanitation.**

All sites will ensure access to safe Water, Sanitation and Hygiene at the workplace for employees as well as for contractors.

## **Environmental Management Systems**

**All Cement and Geocycle sites are ISO 14001 certified**

All cement and Geocycle plants will have an environmental management system in place, certified to ISO 14001. This can be a plant wise certification or an integral certification at Country level.

## **Human Rights (including employment conditions)**

**Human Rights are respected where we operate.**

All countries will adhere to human rights, fully aligned with the UN Guiding Principles on Business and Human Rights.

Our Human Rights Management System categorizes countries into low, medium, or high business risk, using the UN Human Development Index and Freedom House's Freedom in the World Index.

All countries identified as high risk (and countries where an incident has occurred) will conduct a full Human Rights Impact Assessment (HRIA), while all other countries must conduct a self-assessment. This will be done every three years.

## **Quarry rehabilitation (including Biodiversity)**

**Quarry rehabilitation plans are available for all our quarry sites.**

**All quarry sites of high biodiversity importance have a biodiversity management plan.**

All raw material extraction sites will have a Rehabilitation Plan available and implemented. Appropriate measures to protect and, where possible, enhance biodiversity will be in line with the Rehabilitation Plan.

- Biodiversity importance of a site will be assessed and measures applied respecting the mitigation hierarchy (avoid, minimize, restore and offset)
- For sites of high biodiversity importance category (BIC 1 global importance and BIC2 national importance), a biodiversity management plan (BMP) addressing the key biodiversity issues will be in place
- Operations will assess year-on-year developments on biodiversity using the Biodiversity Indicator and Reporting System (BIRS).
- We will work towards a positive change at a global level.

Operations will not open new sites or explorations within protected areas declared under World Heritage<sup>1</sup>, IUCN I<sup>2</sup> and IUCN III<sup>3</sup>. For existing sites operating in these areas, sites will

---

<sup>1</sup> A World Heritage site is a place that is listed by UNESCO as being of special cultural or physical significance

<sup>2</sup> IUCN category 1a - Strict nature reserve; IUCN category 1b - Wilderness area

<sup>3</sup> IUCN category 3 - natural monument or feature

comply with our Environmental Policy and Quarry Rehabilitation and Biodiversity Directive, which includes compliance with all legal requirements, BMP implemented, and proactive engagement with relevant stakeholders.

## **Stakeholder Engagement**

**Stakeholders are engaged at all our sites.**

Every country will have formal stakeholder engagement plans in place covering all our cement sites and our most material aggregate and concrete sites. These plans will be developed in collaboration with local stakeholders such as municipal officials and community associations. These plans will be reviewed and updated every three years.

## **Supplier Code of Conduct (including supplier qualification)**

**All existing and potential new suppliers with high ESG<sup>4</sup> impact are qualified against our Supplier Code of Conduct.**

Recognizing the importance of responsibility in our value chain, we have issued a Supplier Code of Conduct, informed by the UNGC principles, and the code is communicated to all suppliers.

All countries will identify high ESG impact suppliers and ensure they are qualified to work with us. In addition to standard technical and financial requirements, qualification will entail:

- Verifying through a qualification process that the supplier is compliant with the ESG aspects contained in our Supplier Code of Conduct.
- Addressing the breaches identified during the qualification process, in dialogue and collaboration with suppliers.
- Terminating business relationship with non-compliant suppliers that are not collaborating to close breaches.

---

<sup>4</sup> Environment, Social (including Health & Safety) and Governance