

SUSTAINABLE FINANCE FRAMEWORK 2023

AUGUST 2023

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▲ Credit: Holcim 2021

HOLCIM IN BRIEF

Holcim is a global leader in innovative and sustainable building solutions comprising 60,000 people, combining a unique breadth of expertise and abilities.

With a footprint that spans the globe, Holcim's local teams operate in markets around the world. Driven by its purpose to build progress for people and the planet, its employees are on a mission to decarbonize building, while improving living standards for all.

Becoming a net-zero company

With sustainability at the core of its strategy, Holcim is becoming a net-zero company with 1.5°C targets validated by the Science Based Targets initiative (SBTi).

Strategy 2025

Holcim is bringing its vision to life with "Strategy 2025 - Accelerating Green Growth". The strategic pillars are accelerating growth, expanding Solutions & Products, leading in innovation and sustainability, and delivering superior performance.

HOLCIM'S SUSTAINABILITY STRATEGY

Holcim strong sustainability focus is embedded within all its operations and is oriented around four key pillars: Climate & Energy, Circular Economy, Nature and People.

Performance 2022¹:



 **CLIMATE & ENERGY**



 **CIRCULAR ECONOMY**



 **NATURE**



 **PEOPLE**

¹Information on scope and methodology of data collection, as well as assurance on 2022 reported figures, can be found in the Sustainability Performance Report on our website at www.holcim.com/sustainability.

CLIMATE & ENERGY

Climate action is at the core of Holcim's strategy. In keeping with its purpose to build progress for people and the planet, Holcim was the first global building materials and solutions company to have its 2030 and 2050 net-zero targets validated by the Science Based Targets initiative (SBTi) for all scopes.

This is the result of a number of milestones:



With these upgraded targets, Holcim confirmed its commitment to decarbonize building following the most advanced science.

▲ Green city, Holcim

2020

In 2020, Holcim was the first global building solutions company to sign the United Nations Global Compact (UNGC)'s "Business Ambition for 1.5°C" initiative, with intermediate 2030 targets approved by the SBTi in alignment with a net-zero pathway.

2021

In 2021, Holcim's 2050 CO₂ targets were among the first long-term targets validated by SBTi, consistent with the new net-zero standard across all scopes, setting a reference for the industry.

2022

In 2022, Holcim upgraded its 2030 climate targets and validated them with the SBTi, in line with our sector's new 1.5°C science-based framework.

HOLCIM'S TARGETS:

Near-term targets

Holcim commits to reduce gross Scope 1 and 2 greenhouse gas (GHG) emissions by 25% per ton of cementitious materials by 2030 from a 2018 base year. Within this target, Holcim commits to reduce gross Scope 1 GHG emissions by 22.4% per ton of cementitious materials and Scope 2 GHG emissions by 65% per ton of cementitious materials.

Holcim commits to reduce gross Scope 3 GHG emissions from purchased goods and services by 25.1% per ton of purchased clinker and cement by 2030 from a 2020 base year. Holcim also commits to reduce Scope 3 GHG emissions from fuel and energy related activities by 20% per ton of purchased fuels by 2030 from a 2020 base year. Furthermore, Holcim commits to reduce Scope 3 GHG emissions from downstream transport and distribution by 24.3% per ton of materials transported within the same timeframe.

Long-term targets

Holcim commits to reduce Scope 1 and Scope 2 GHG emissions by 95% per ton of cementitious materials by 2050 from a 2018 base year. Holcim also commits to reduce absolute Scope 3 GHG emissions by 90% by 2050 from a 2020 base year.

This pathway to 2050 is based on scaling up and accelerating our 2030 levers, while deploying next-generation technologies. These technologies include novel binders, zero-emission vehicles, low-clinker cements and scaling up Carbon Capture, Utilization and Storage (CCUS).

BY 2030, HOLCIM WILL:



Accelerate the use of low-carbon products such as ECOPact (the world's broadest range of low-carbon concrete), ECOPlanet (a global range of low-carbon cement) and ECOCycle, our proprietary circular technology platform.

100M

Convert 100 million tons of waste and by-products for energy and raw materials.

SCALE UP

the use of calcined clay and develop novel cements with new binders.

+CCUS

Accelerate the use of CCUS to capture more than 5 million tons of CO₂ per annum.

2x

Double waste-derived fuels in production from a 2018 baseline.

420kg

Reach 420 kg net CO₂ per ton of cementitious material (kg net CO₂/t.cem), based on a 28.5% reduction from 2018 baseline value of 590 kg net CO₂/t.cem.

SCIENCE-BASED TARGETS

	Target Base Year 2018	2022	SBTI 1.5°C 2030	SBTI 1.5°C 2050
SCOPE 1 KG CO ₂ /T cementitious	623 gross	602 gross	-22.4% gross	-95%
	590 net	562 net	420 net	net zero
SCOPE 2 KG CO ₂ /T cementitious	46	37	-65%	
SCOPE 3 2020				
PURCHASED CLINKER AND CEMENT KG CO ₂ e / T purchased	710	709	-25.1%	-90%
PURCHASED FUELS KG CO ₂ e / T purchased	286	285	-20%	
DOWNSTREAM TRANSPORTATION KG CO ₂ e / T material transp.	11	10	-24.3%	net zero

◀ You can find out more about Holcim's decarbonization journey in the latest [Climate Report](#)



▲ Credit: Holcim 2021

CIRCULAR ECONOMY

At Holcim, we see circularity as the business opportunity of our time. Circular construction is essential to decarbonizing building.

This means recycling alternative raw materials and construction and demolition materials (CDM) to build new from old, reducing the footprint of building across its lifecycle with low-carbon and energy-efficient building solutions, and regenerating ecosystems to preserve our planet and bring more nature into cities.

We converted 34 million tons of materials into new products and alternative fuels across the business in 2022. CDM accounted for 6.8 million tons of that. Holcim wants to double down on this rate to reach at least 10 million tons of

CDM by 2025 to build more new buildings from old ones. As concrete is infinitely recyclable, Holcim is scaling up the capacity to recycle 100% of concrete-based CDM with proprietary technologies.

Innovations range from advanced crushing technologies to extract the highest quality materials and ensure a clean separation of resources, to smart recycling hubs to collect, sort and deploy materials, all the way to digital technologies to map and manage material flows efficiently.

CIRCULARITY IN PRACTICE:

Holcim follows the three principles of Reduce, Recycle and Regenerate to build better with less and to help preserve finite, natural resources. Working from design to end of life, Holcim builds with resource efficiency, using only the materials that are needed and nothing more. With smart technologies like 3D concrete printing, Holcim uses minimum materials for maximum strength to lower material use by up to 50%. Holcim envisions entire cities built from modular elements that can be reused again and again.

In its Aggregates, Ready-Mix Concrete and Asphalt businesses, Holcim uses millions of tons of recycled material per year to make its products. In its Cement business, Holcim offers Susteno, the world's first cement with 20% recycled CDM inside. Available in Switzerland, Susteno is made using high-quality material taken from demolition projects. More recently, Holcim launched ECOCycle®, its proprietary circular technology platform to recycle CDM into new building solutions.

NATURE

Holcim is committed to increasing biodiversity based on transformative progressive rehabilitation.

In September 2021, the company published its Nature strategy including measurable Biodiversity and Water targets committing to a nature-positive future by restoring and preserving biodiversity and water while bringing more nature into cities.

Holcim is also working with the Science Based Targets Network (SBTN) to submit nature targets for validation in 2023, as part of a global initiative to set the world's first standards for ambitious and measurable corporate action for nature.

Holcim's positive impact on biodiversity is based on transformative progressive rehabilitation and measured by the Biodiversity Indicator Reporting System (BIRS), a science driven methodology developed in partnership with the International Union for Conservation of Nature (IUCN). Preserving water across its business, Holcim targets to replenish freshwater in water-risk areas while lowering water intensity across its product lines. Holcim will also accelerate the deployment of solutions such as Hydromedia and green roofing systems for more livable urban environments.

HOLCIM'S NATURE-POSITIVE JOURNEY:

Holcim will accelerate and optimize its impacts by working with relevant stakeholders including communities, businesses and non-government organizations to increase water use efficiency, ensure enough clean water exists for all, and protect and restore biodiversity.

Holcim will make cities greener from foundation to rooftop by developing and deploying the nature-based approach across its products and solutions. Holcim will help shape a world that works better for people and the planet.



▲ Bosco Verticale, Milan, Italy. Holcim concrete. © Kirsten Bucher Photographer

Holcim's actions for biodiversity:

Holcim's operations are strongly linked to natural resources and the business plays a key role in tackling biodiversity loss and degradation. Holcim works with nature in a transformative, rather than traditional way. By capitalizing on natural processes, endemic species and local adaptation, Holcim strives to take into account the wider landscape and conservation context.

Some key actions include buffer zones optimization and creation of habitats not previously found on the site, like green corridors for wildlife connectivity and wetlands.

Holcim commits to making a measurable positive impact on biodiversity backed by science driven methodology in active and non-active quarries, helping to protect natural ecosystems and the livelihoods of those in neighboring communities.

In addition, Holcim commits not to open new sites or explorations within protected areas declared under World Heritage, IUCN I and IUCN III.

To manage its impacts on biodiversity, Holcim's mandatory Quarry Rehabilitation and Biodiversity Directive² sets out the framework for managing risks, and for protecting and enhancing biodiversity. The Directive mandates that all of Holcim's operations have rehabilitation plans available for all quarry sites. Furthermore, quarries of high biodiversity importance are required to have a Biodiversity Management Plan in place.

In biodiversity Holcim achieved its 2022 targets, with 100% of active quarries having rehabilitation plans and 100% of those with biodiversity importance having a Biodiversity Management Plan in place. Holcim made great progress setting BIRS baselines across its sites: it has assessed over 48% of its quarries, a 33% increase compared to last year, and is on track to meet its 2024 target to have 100% of quarries measured using BIRS.

Holcim's actions for water:

Holcim commits to protecting the availability of freshwater resources. Freshwater is a finite resource. Of all the water on earth, just 3% is freshwater and less than 1% is both fresh and accessible.

Water is essential for Holcim's business production. Of its sites, 24% are in the medium to high water-risk areas. As water is a local resource, Holcim tailors its solutions to local conditions and prioritizes actions on these sites.

Holcim considers its total impact on water resources in the communities where it operates, particularly in water-risk areas. Holcim optimizes and prevents the use of freshwater as well as reduces the risk of depletion pollution by measuring its operational water footprint, reducing freshwater withdrawal, assessing water risks, engaging with stakeholders on sharing water and providing more water to communities.

In 2022, Holcim made great progress toward strategic targets for water, reducing freshwater withdrawal in cement to 304 liters/ton compared to 315 litres/ton in 2021 (2022 consolidation), while maintaining stable performance in aggregates and ready mix.

BY 2030, HOLCIM WILL:

Lower water intensity across business lines from a 2018 baseline, with:

33%

Reduction in cement

20%

Reduction in aggregates

15%

Reduction in ready- mix concrete

100%

Of sites located in water risk areas to be equipped with water recycling systems

Replenish freshwater in water- risk areas, with:

75%

of sites to be water-positive

² https://www.holcim.com/sites/holcim/files/documents/lafargeholcim_additional_esg_resources_-_quarry_rehabilitation_and_biodiversity_directive.pdf

PEOPLE

Holcim is committed to respect human rights and to empower people and communities to build a better future.

Holcim clearly and actively communicates its human rights expectations of employees and business partners through its Human Rights and Social Policy³. Holcim regularly interacts with stakeholders at all levels – customers, employees, investors and financial institutions, suppliers, regulators, media, non-governmental organizations (NGOs)/development agencies, and academia – to preserve its standing as good members of its communities.

In 2022, Holcim committed to expand its human rights impact assessments from country to site level, and now 98% of cement and grinding sites have an assessment in place – great progress from 89% in the previous year. Additionally Holcim contributed almost CHF 22.5 million in housing and infrastructure, health, education and skills, creating a positive social impact. Holcim's employees spent over 30,000 hours volunteering in their local communities.

Holcim's approach to managing human rights is fully aligned with the United Nations (UN) Guiding Principles on Business and Human Rights.

Holcim promotes transformative change in the human rights dimension through long-standing policies such as its Supplier Code of Conduct and its human rights due diligence methodology.

One of Holcim's top priorities is to promote a diverse and innovative workforce, with the aim to have women occupying 25% of senior management roles. In recognition of its focus to progress with gender, generation and broader diversity and inclusion, Holcim was named one of Forbes' top Female-Friendly Companies, while FastCompany named Holcim one of the 2022 Best Workplaces for Innovators, in addition to various local recognitions in Canada, the UK and Kenya. The share of women in senior management increased from 18% in 2021 to 20% in 2022.

Holcim also promotes gender pay equity and will monitor progress on a yearly basis with the aim to ensure equal pay for equal work and performance – not only between women and men, but also irrespective of ethnic origin, religion, ideology, sexual orientation or factors such as physical disability.

³ https://www.holcim.com/sites/holcim/files/images/21062021_holcim_sustainability-human-rights-social-policy.pdf

Responsible sourcing:

Holcim has short and predominantly local supply chains. With its large geographic footprint, this poses challenges, particularly in countries where business practices are not well regulated. Holcim therefore identifies high environmental, social and governance (ESG) impact suppliers and ensures they are qualified to work with the company.

Just transition:

Holcim takes a whole-society approach toward reaching net-zero, respecting human rights while creating decent work and good jobs. In the absence of a universal framework for a just transition, Holcim engaged with external provider DNV to develop its own. The aim is to assess the impacts of the Group's journey to net zero on four key stakeholder groups: Holcim's people, suppliers, communities and customers.

The framework was developed with DNV and informed by various guidelines and initiatives. That begins with the ILO's Just Transition guidance, with its focus on workers, as well as the Paris Agreement's focus on communities and stakeholder engagement. Holcim also considered:

- The Just Transition Dialogue Report by the Institute for Human Rights and Business (IHRB) and Wilton Park
- Key stakeholder groups identified as per the London School of Economics' Grantham Research Institute on Climate Change and the Environment in their "Translating just transition ambitions into investor action" policy report
- Just transition indicators presented by the World Benchmarking Alliance's Just Transition Methodology, considering ISO 26000 and United Nations Guiding Principles on Business and Human Rights.

HEALTH, SAFETY & ENVIRONMENT

Health, Safety and Environment (HSE) are core values at Holcim. These values are top of mind across all operations as Holcim works to achieve Ambition “0”.

In 2022, Holcim's Lost Time Injury Frequency Rate (LTIFR) reached 0.53, with 97.8% of its sites and 44.8% of its countries reporting no lost-time injuries (LTIs). Since the launch of Holcim's Ambition “0” in 2016, Holcim has divided such instances by four and will not rest until it reaches zero.

Holcim improved the environmental performance, reducing NO_x by 5% and SO₂ by 21%. The Group reduced dust emissions per ton of clinker by 30%, or 71 mg/Nm³, surpassing its 2030 target of 75 mg/Nm³.

A fully integrated governance:

Only an integrated approach to HSE can position Holcim's business on the path to success, to protect the people and the environment. To drive a consistent approach of Ambition “0”, processes are embedded in the company's management systems and include HSE standards, guiding documents and governance systems. The integrated approach includes a fully integrated framework, with audits, self-assessments, periodical reviews and follow up on corrective actions. Each country develops their programs to align with the Group ambitions and achieve the desired outcomes using the HSE Improvement Plan process.

Every year, these action plans are reviewed and assessed for effectiveness. In 2017, a Health, Safety and Sustainability Committee of the Board (HSSC) was established to strengthen Holcim's environmental and social governance.

Together – and to support the Sustainable Development projects – Holcim has started to ensure the operational excellence for the Environment and the footprint of its operations.

Natural resource management, pollution prevention and waste management are today Holcim's main goals worldwide.

SUSTAINABILITY DISCLOSURES, MEMBERSHIPS & RECOGNITIONS

Holcim strives to ensure that it lives up to the responsibilities that come with its presence in many diverse countries.

It takes action to be a responsible and ethical company, with sustainability as a core value.

Global Reporting Initiative (GRI)



2021

Holcim is a member of the Global Reporting Initiative (GRI) community and supports the mission of GRI to empower decision-makers everywhere, through GRI Sustainability Reporting Standards and its multi-stakeholder network, to take action toward a more sustainable economy and world.

Its Sustainability Performance Report as well as its Annual Integrated Report are aligned with the GRI standards.

United Nations Global Compact (UNGC)



United Nations
Global Compact

Holcim strives to implement the UNGC's 10 principles to advance responsible corporate citizenship.

At the same time, the Compact provides Holcim with the opportunity to further push its own ongoing programs and processes in the areas of human rights, labor standards, the environment and anti-corruption. In order to demonstrate our commitment, Holcim publishes a yearly Communication of Progress (COP).

Holcim is also part of the UNGC CFO Coalition to accelerate its impact across the 17 Sustainable Development Goals (SDGs).

Task Force on Climate-related Financial Disclosures (TCFD)



Holcim has been a supporter of the TCFD since July 2017. The TCFD is developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

Holcim applies the voluntary recommendations of the Financial Stability Board (FSB) Task force on Climate-related Financial Disclosures (TCFD). The identification, assessment and effective management of climate-related risks and opportunities are fully embedded in its Risk Management process, which is subject to continuous improvement.

ESG rating



Holcim is recognized as a global climate and ESG leader across a range of third-party endorsements.

▲ You can find out more about Holcim's commitments, recognitions and memberships: https://www.holcim.com/sustainability/esg/memberships-and-recognitions_

MANAGEMENT INCENTIVES FOR SUSTAINABILITY

With sustainability at the heart of Holcim's strategy, the Nomination, Compensation & Governance Committee made it part of the long-term incentive plan of the company's top 200 senior leaders worldwide, making it everyone's business at Holcim to advance its net-zero journey.

Senior leaders are incentivized to deliver continuous improvement across the three pillars of Climate and Energy (reduction of CO₂ emissions per ton of cementitious material produced with a 50% weight), Circular Economy (quantity of recycled waste derived resources with a 25% weight) and Nature (reduction of freshwater withdrawal per ton of cementitious material produced with a 25% weight). The targets are in line with Holcim's long-term sustainability goals and net-zero ambition.



▲ Credit: Holcim 2021

HOLCIM'S RATIONALE FOR SUSTAINABLE FINANCING

The update of Holcim Sustainability-Linked Financing Framework (2022) into a Sustainable Finance Framework will enable the issuance of green finance instruments alongside sustainability-linked instruments. It will further support transparency and accountability with regards to the group environmental impacts and sustainability strategy vis-à-vis investors, banks and other stakeholders in the market and society. By combining green and sustainability-linked features into a single document, Holcim will holistically demonstrate its ambition on environmental performance through quantifiable metrics, while also highlighting the key projects that support the continuous improvement on those metrics.

It is Holcim's ambition that this combined framework will further align its funding strategy with its sustainability strategy and targets, while also leading to a broader diversification of its investor base and deeper engagement with investors.

HOLCIM'S GREEN FINANCE FRAMEWORK

Under a green finance framework (referred to as “Green Finance Framework”) Holcim or any of its subsidiaries may issue senior bonds, subordinated bonds, medium-term notes, commercial papers, loans or other debt instruments to finance and/or refinance green eligible projects with a positive environmental benefit (such instruments hereinafter referred to as “**Green Finance Instruments**”).

The Green Finance Framework is based on the:

ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022⁴

LMA/APLMA/LSTA Green Loan Principles 2023⁵

The Green Finance Framework is presented through four core components:



The Green Finance Framework also follows the recommendations of the Green Bond Principles regarding External Review⁶.

This Framework may, from time to time, be updated and will be applied to any outstanding Green Finance Instrument issued by Holcim following the date of publication of the updated framework.

For instance, future changes to the ICMA Green Bond Principles, the LMA/APLMA/LSTA Green Loan Principles, and/or developments related to sustainable finance regulation may be implemented in future versions of this Green Finance Framework. Any future version of this Green Finance Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external independent second-party opinion provider.

For the avoidance of doubt, any future change to the eligibility criteria may not necessarily apply to Green Finance Instruments issued under this Framework.

⁴ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

⁵ https://www.lma.eu.com/application/files/4716/7715/0338/Green_Loan_Principles_23_February_2023.pdf

⁶ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

USE OF PROCEEDS

An amount equal to the net proceeds from Green Finance Instruments issued by Holcim will be used to finance and/or refinance projects (referred to as the “**Eligible Green Projects**”) fulfilling the eligibility criteria (referred to as the “**Eligibility Criteria**”) set out in the table below.

Eligible Green Projects may include the current value of fixed assets, capital expenditures (“**CapEx**”)⁷ and/or operational expenditures (“**OpEx**”)⁸ associated with the Eligibility Criteria outlined below. Asset values and CapEx shall qualify for refinancing with no limitation with regards to look-back period, while OpEx qualify with a maximum three-year look-back period from the time of issuance.

In alignment with Holcim’s broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework may directly contribute to the achievement of UN SDGs⁹ and EU Environmental Objectives¹⁰.

Under this Green Finance Framework, equity investments, such as acquisitions of majority or minority stakes, qualify only when they relate to “pure-play companies” with over 90% of revenues coming from green activities as outlined in the Eligibility Criteria below or to companies with over 90% of EU Taxonomy-aligned revenues as per their Art. 8 EU Taxonomy disclosure obligations.

In defining the Eligibility Criteria for its sustainable projects, Holcim refers to the EU taxonomy’s criteria. However, not all of Holcim’s sustainable activities are covered by EU taxonomy criteria in force to date.

Within those project categories already covered by EU taxonomy delegated acts in force, for projects to be eligible, the EU taxonomy’s technical screening criteria for substantial contribution must be respected. Alternatively, for projects to be eligible, they may be part of a CapEx transition plan (in accordance with Annex I to Commission Delegated Regulation (EU) 2021/2178) specifying a deadline by which CapEx funded by a Green Finance Instrument shall be taxonomy-aligned.

⁷ For a definition of what would fit with the notion of CapEx, see [here](#).




⁸ For a definition of what would fit with the notion of OpEx, see [here](#) and [here](#).

⁹ Mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Mapping-SDGs-to-GSS-Bonds_June-2022-280622.pdf


¹⁰ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088, see [here](#).

GREEN ELIGIBLE CATEGORIES

Manufacture of cement¹¹

ELIGIBILITY CRITERIA	HOLCIM PROJECTS EXAMPLES	CONTR. TO UN SDGs
<p>Investments, expenditures and/or assets in cement manufacturing-related projects where the underlying activity is one of the following:</p> <ul style="list-style-type: none"> • Grey cement clinker where the specific GHG emissions are lower than 0.722 tCO₂ per ton of grey cement clinker • Cement from grey clinker or alternative hydraulic binder, where the specific GHG emissions from the clinker and cement or alternative binder production are lower than 0.469 tCO₂ per ton of cement or alternative binder manufactured 	<p>Cement operations including:</p> <ul style="list-style-type: none"> • Investments in CCUS • Modernization projects • Kiln replacement • Carbon efficient construction with clinker replacement / reduction • Substitution of fossil fuels by biomass or alternative fuels with biomass content • Projects aiming to reduce air pollution related to dust, SO₂ and NO_X • Protection and restoration of biodiversity and eco-systems • Recycling systems for water 	  
CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVE	EU ECONOMIC ACTIVITY	
<p>Contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <ul style="list-style-type: none"> • 1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3) • 1.e) Increasing the use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage (CCS) technologies that deliver a net reduction in greenhouse gas emissions 	<p>3.7 Manufacture of cement</p>	



Manufacture of energy efficiency equipment for buildings¹²

ELIGIBILITY CRITERIA	HOLCIM PROJECTS EXAMPLES	CONTR. TO UN SDGs
<p>Investments, expenditures and/or assets in:</p> <ul style="list-style-type: none"> • Manufacture of energy efficiency equipment for buildings as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 3.5 	<ul style="list-style-type: none"> • Roofing and insulation systems (Airium, Elevate, PRB, Malarkey projects) 	
CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVE	EU ECONOMIC ACTIVITY	
<p>Contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <ul style="list-style-type: none"> • 1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3) 	<p>3.5 Manufacture of energy efficiency equipment for buildings</p>	



¹¹ ICMA GBP reference category: Pollution, Prevention & Control.

¹² ICMA GBP reference category: Energy Efficiency.

Renewable Energy


ELIGIBILITY CRITERIA	HOLCIM PROJECTS EXAMPLES	CONTR. TO UN SDGs
<p>Investments, expenditures and/or assets in renewable energy production projects:</p> <ul style="list-style-type: none"> ● Solar power: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities ● Wind power: Onshore and offshore wind energy generation facilities <p>Investments, expenditures and/or assets in renewable energy technologies:</p> <ul style="list-style-type: none"> ● Installation, maintenance and repair of renewable energy technologies as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 7.6. <p>Investments, expenditures and/or assets in heating/cold production projects:</p> <ul style="list-style-type: none"> ● Waste heat: Waste heat recovery technologies such as recuperators, regenerators (including furnace regenerators and rotary regenerators or heat wheels), passive air preheaters, regenerative and recuperative burners, plate heat exchangers and economizers and units such as waste heat boilers and run around coil (RAC) 	<ul style="list-style-type: none"> ● Renewable energy (electricity and heat) generation projects including but not limited to solar and wind power ● Heat/cold production using waste heat recovery ● Renewable electricity and heat storage. 	 
CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVE	EU ECONOMIC ACTIVITY	
<p>Contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <ul style="list-style-type: none"> ● 1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid 	<ul style="list-style-type: none"> 4.1 Electricity generation using solar photovoltaic technology 4.2 Electricity generation using concentrated solar power (CSP) technology 4.3 Electricity generation from wind power 4.25 Production of heat/cold using waste heat 7.6 Installation, maintenance and repair of renewable technologies 	

Clean Transportation

ELIGIBILITY CRITERIA	HOLCIM PROJECTS EXAMPLES	CONTR. TO UN SDGs
<p>Investments, expenditures and/or assets in zero-emission vehicles and related infrastructure:</p> <ul style="list-style-type: none"> • Zero-emission vehicles (ZEVs): Battery electric, hydrogen or otherwise zero-emissions passengers and/or light/heavy-duty vehicles • Infrastructure to support zero-emission vehicles (ZEVs): EV charging <p>Exclusion criteria: Vehicles and infrastructure dedicated to the transport or storage of fossil fuels</p>	<ul style="list-style-type: none"> • Purchase of electric and hydrogen vehicles, including investments in associated charging infrastructure 	 
CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVE	EU ECONOMIC ACTIVITY	
<p>Contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <ul style="list-style-type: none"> • 1.c) Increasing clean or climate-neutral mobility 	<p>6.5 Transport by motorbikes, passenger cars and commercial vehicles</p> <p>6.6 Freight transport services by road</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p>	



Circular Economy¹³

ELIGIBILITY CRITERIA	HOLCIM PROJECTS EXAMPLES	CONTR. TO UN SDGS
<p>Investments, expenditures and/or assets for non-hazardous and hazardous waste:</p> <ul style="list-style-type: none"> ● Collection and transport of non-hazardous waste in source segregated fractions as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.5 ● Material recovery from non-hazardous waste as per the substantial contribution criteria to climate change mitigation of the EU Taxonomy Climate Delegated Act (Annex I) under 5.9 ● Collection and transport of non-hazardous waste and hazardous waste as per the substantial contribution criteria to the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.3 ● Sorting and material recovery of non-hazardous waste as per the substantial contribution criteria to the transition to a circular economy of the EU Taxonomy Environmental Delegated Act (Annex II) under 2.7 ● Collection and transport of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.1 ● Treatment of hazardous waste as per the substantial contribution criteria to pollution prevention and control of the EU Taxonomy Environmental Delegated Act (Annex III) under 2.2 	<ul style="list-style-type: none"> ● Sivyer Logistics (producer of CDM) ● Investment in recycling hubs ● Investment in shredders and granulators for plastic recycling (stationary and mobile) ● Investment in washing equipment for waste plastics ● Investment in grinders, crushers to valorize construction and demolition materials and alternative raw materials ● Acquisition of companies to increase construction and demolition materials recycling, plastics recycling and alternative raw materials 	
CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVE	EU ECONOMIC ACTIVITY	
<p>Contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <ul style="list-style-type: none"> ● 1.c) Improving energy efficiency, except for power generation as referred to in Article 19(3) <p>Contribution to the Transition to a Circular Economy (Article 13), including but not limited to:</p> <ul style="list-style-type: none"> ● 1.h) Increasing preparing for the re-use and recycling of waste ● 1.i) Increasing the development of the waste management infrastructure needed for prevention, for preparing for re-use and for recycling, while ensuring that the recovered materials are recycled as high-quality secondary raw material input in production, thereby avoiding downcycling 	<ul style="list-style-type: none"> 5.5 Collection and transport of non-hazardous waste in source segregated fractions 5.9 Material recovery from non-hazardous waste 2.3 Collection and transport of non-hazardous and hazardous waste 2.7 Sorting and material recovery of non-hazardous waste 2.1 Collection and transport of hazardous waste 2.2 Treatment of hazardous waste 	

¹³ ICMA GBP reference category: Circular economy adapted products, production technologies and processes.

PROCESS FOR PROJECT EVALUATION AND SELECTION

Holcim has established a clear decision-making process to determine the eligibility of the nominated Eligible Green Projects, in accordance with the description of the Eligibility Criteria in the Use of Proceeds section of this Green Finance Framework.

The Working Group may organize the process of project evaluation and selection as follows, making adjustments as needed:

- The treasury team requests information on assets, CapEx and OpEx related to activities identified as taxonomy-aligned, CapEx that is part of a taxonomy alignment plan, and other expenditures identified as taxonomy-aligned from the Reporting and Investment Project Manager.
- Among the projects that have been identified, the treasury team then selects projects that are part of the framework's four categories. While Do No Significant Harm criteria and Minimum Safeguards are not part of the Eligibility Criteria outlined in section 3.1. Holcim will strive to satisfy these requirements on a best-efforts basis by selecting projects from a pool of taxonomy aligned assets, CapEx and OpEx.
- Together with the accounting team, the treasury team decides whether activities will be included on the basis of the current asset book value or on the basis of capital and operating expenditures.
- Projects that have been financed in part with public subsidies or other sources of labeled funding will be included at their net amount, after deduction of such subsidies or labeled funding.
- Ahead of formal allocation, the Working Group decides whether projects will be allocated on a bond-by-bond basis or on a portfolio basis.
- The Working Group will exclude any projects that no longer fulfill eligibility criteria, ensuring that updated information on taxonomy alignment is reflected on a timely basis.

Eligible Green Projects will be selected by a dedicated Green Finance Working Group (hereinafter referred as to the "**Working Group**") set up within Holcim. The Working Group is formed by members of the treasury, capex team, accounting, legal, sustainability and other relevant business teams when necessary.

The Working Group is also responsible for:

Reviewing the content of Holcim's Green Finance Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis.

Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants.

Evaluating and defining the Eligible Green Projects in line with the Eligibility Criteria as set out in the Framework, excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and, in such case, replacing them.

Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. Holcim may rely on external consultants and their data sources, in addition to its own assessment.

Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with Eligible Green Projects and appropriate mitigation measures where possible.

Liaising with relevant business finance segments and other stakeholders on the above.

The Working Group will meet at least on an annual basis. The use of proceeds, as financing and/or refinancing Eligible Green Projects, will be approved by the Group CFO of Holcim, based on the proposal of the Working Group.

Furthermore, Holcim has stringent processes in place to ensure compliance with official national and international environmental and social standards and local laws and regulations across all of its activities. These laws are monitored and enforced by the local authorities, amongst others as part of obtaining the necessary permits for new projects and infrastructure maintenance.

ESG POLICIES

Holcim's Environmental and Social Risk policies define minimum standards for all its activities, including those financed with the proceeds of Green Finance Instruments issued under this Green Finance Framework. Environmental, social and governance risks are managed based on detailed policies with a clear assignment of responsibilities at top management level, as illustrated by the core policies and standards listed below:

Management of environmental risks through internal policies: responsibility

Climate Policy

The Chief Executive Officer and the Chief Sustainability and Innovation Officer of Holcim have the overall responsibility for the Policy. Oversight and performance reviews are carried out by the Board's Health, Safety and Sustainability Committee (HSSC). Chief Executive Committees in countries where Holcim operate take responsibility and are accountable for assessing and addressing local climate performance. This Policy was approved by the Holcim Executive Committee on April 19th, 2023 and is effective since May 8th, 2023.

Nature Policy

The Chief Executive Officer and the Chief Sustainability and Innovation Officer of Holcim have overall responsibility for the policy; oversight and performance reviews are carried out by the Board's Health, Safety and Sustainability committee; chief executive officers and executive committees in countries where Holcim operate have the responsibility and accountability for the implementation of this Policy in their respective operations. This Policy was approved by the Holcim Executive Committee on June, 2nd, 2022 and is effective since June, 30th, 2022.

Water Directive

- Group level: the Water Steering Committee consists of function heads from Sustainable Development (SD), Cement Excellence Manufacturing (CEM), RMX Concrete (RMX), and Aggregates (AGG). The committee reviews and endorses amendments to the Chief Sustainability Officer (ExCo)
- Regional Management facilitate, support and share good practices
- The Country CEO is ultimately responsible and accountable for the implementation and compliance of the Country with this Water Directive

Management of social risks through internal policies: responsibility

Human Rights Directive & Human Rights and Social Policy

Holcim's Chief Executive Officer and Chief Sustainability and Innovation Officer have overall responsibility for the Human Rights and Social Policy and the Human Rights Directive. Oversight and performance reviews are carried out by the Health, Safety and Sustainability Committee (HSSC) of the Board of Directors. Executive Committees in countries where Holcim operates take responsibility and are accountable for assessing and addressing local human rights issues.

Management of risks related to governance and overall business conduct: Holcim's minimum control standards

As a global leader in its industry, Holcim adheres to the highest of standards when it comes to how its business is managed and operated day to day everywhere around the world. This is seen as Holcim's ethical duty and ensures Holcim's license to operate towards government and authorities as well as its employees, investors and the communities where the Group operates.

Minimum Control Standards

Minimum Control Standards are the capstone of Holcim's Corporate Governance framework and encompass 62 mandatory controls from Governance and Compliance, Fixed Assets, Revenue, HR, Inventory, Expenditure, IT, Accounting and Consolidation, Tax and Treasury to Sustainability. These minimum control standards are mandatory throughout Holcim's operations. The Minimum Control Standards are assessed and tested every year in all Holcim's businesses across the globe. Holcim's local CEOs and CFOs certify through signed letters to the Group that they are in place and operating effectively. Compliance with Minimum Control Standards is regularly assessed by Holcim's Internal Control department in each country and subject to audit by the Group Internal Audit department.

▲ Additional information on the management of environmental and social risks via the policies and standards of Holcim can be found here: <https://www.holcim.com/sustainability/esg/our-esg-commitments>.

MANAGEMENT OF PROCEEDS

The net proceeds from the issuance of Green Finance Instruments will be tracked and monitored through an internal tracking system. Holcim expects to allocate proceeds to Eligible Green Projects, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above, within 36 months of issuance of the Green Finance Instrument.

Pending full allocation, unallocated net proceeds from Green Finance Instruments will be managed in accordance with Holcim's treasury management policy and may be used for other cash management purposes or any other treasury business.

REPORTING

Holcim will publish a report on the allocation of proceeds from Green Finance Instruments to Eligible Green Projects and on their impact annually and at least until full allocation or until maturity of any Green Finance Instrument.

Holcim will report on allocation and impact of Eligible Green Projects at least at the category level.

Holcim intends to align its reporting with the approach described in the ICMA "Handbook – Harmonized Framework for Impact Reporting (June 2023)"¹⁴ on a best effort basis.

Allocation Reporting

The allocation report will include the following information, on an aggregated basis, for each eligible category:

- The size of the identified portfolio of Eligible Green Projects, per category
- The balance (if any) of unallocated proceeds
- The amount or the percentage of new financing¹⁵ and refinancing
- The geographic location of the projects, where feasible
- The amount or the percentage of projects aligned with the EU Taxonomy Climate Delegated Act

Impact Reporting

Where feasible, Holcim may on a best effort basis report yearly and until full allocation or until maturity on the environmental impact associated to the Eligible Green Projects.

For each eligible category, the impact report may provide:

- A description of relevant Eligible Green Projects
- The breakdown of Eligible Green Projects by nature of what is being financed
- Metrics regarding expenditures' environmental impact as described below

¹⁴ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

¹⁵ New financing refers to projects financed over the previous reporting period.

GBP/GLP CATEGORY	IMPACT INDICATORS
MANUFACTURE OF CEMENT	<ul style="list-style-type: none"> ● GHG emissions intensity (kgCO₂e/t cem) ● Annual CO₂ emissions avoided through CCUS (tCO₂e/year - actual or projected)
MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS	<ul style="list-style-type: none"> ● Estimated annual reduced and/or avoided GHG emissions (tCO₂e/year) ● Estimated annual energy savings (kWh/year)
RENEWABLE ENERGY	<ul style="list-style-type: none"> ● Total installed capacity (MWh, GWh, MW, GW) ● Estimated annual reduced and/or avoided GHG emissions (tCO₂e/year) ● Annual renewable energy generation (MWh)
CLEAN TRANSPORTATION	<ul style="list-style-type: none"> ● Zero-emission vehicles: Number of vehicles (units per year) ● Tonne-kilometers (i.e. the transport of one tonne over one kilometer) ● Estimated annual reduced and/or avoided GHG emissions (tCO₂e) ● Estimated annual reduced and/or avoided GHG emissions intensity (tCO₂e/ton-km for freight activity)
CIRCULAR ECONOMY	<ul style="list-style-type: none"> ● Non-hazardous waste and hazardous waste collected and transported (m³ or tonnes) ● Non-hazardous waste sorted or recovered (m³ or tonnes)

Depending on availability and subject to confidentiality agreements, Holcim might seek to complement above indicators with relevant case studies.

Holcim may appoint specialized consultants to develop a methodology for the estimation and calculation of the impacts that was made publicly available.

Both the allocation report(s) and the impact report(s) will be made available on Holcim's webpage¹⁶.

¹⁶ <https://www.holcim.com/investors/debt-investors/sustainable-financing>

EXTERNAL REVIEW

SECOND PARTY OPINION

Holcim has obtained an independent second party opinion from ISS ESG to assess the alignment of the framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022) and the LMA/APLMA/LSTA Green Loan Principles 2023.

The independent second party opinion will be published on Holcim's webpage¹⁷. In addition, ISS ESG assessed the alignment of Holcim's Green Finance Framework with the EU Taxonomy Climate Delegated Act.



VERIFICATION

Holcim intends to request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the proceeds to Eligible Green Projects, provided by its external auditor (or any subsequent external auditor).

▲ ParkRoyal on Pickering, Singapore, greener cities, Holcim concrete

¹⁷ <https://www.holcim.com/investors/debt-investors/sustainable-financing>

HOLCIM' SUSTAINABILITY-LINKED FINANCE FRAMEWORK

Under this sustainability-linked finance framework (hereinafter referred to as “Sustainability-Linked Finance Framework”) Holcim or any of its subsidiaries may issue senior bonds (preferred and non-preferred), subordinated bonds, medium-term notes, promissory notes, commercial papers, and loans with a sustainability-linked feature (such instruments hereinafter referred to as “Sustainability-linked Finance Instruments”).

The Framework is based on the:

ICMA Sustainability-Linked Bond Principles 2023¹⁸

LMA/APLMA/LSTA Sustainability-Linked Loan Principles 2023¹⁹

The Framework is presented through five core components:



The Framework also follows the recommendations of the Sustainability-Linked Bond Principles regarding External Review²⁰.

This Sustainability-Linked Finance Framework may, from time to time, be updated. For instance, future changes to the ICMA Sustainability-Linked Bond Principles, the LMA/APLMA/LSTA Sustainability-Linked Loan Principles, and/or developments related to sustainable finance regulation may be implemented in future versions of this Framework. Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external independent third-party opinion provider.

For the avoidance of doubt, any future version of the framework and SPO may not apply to Sustainability-Linked Finance Instruments issued under this or past Frameworks.

¹⁸ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Sustainability-Linked-Bond-Principles-June-2023-220623.pdf>



¹⁹ <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

²⁰ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

SELECTION OF THE KEY PERFORMANCE INDICATORS (KPIs)

Recognizing decarbonization as the industry's main challenge, Holcim is committed to continuously reducing the carbon intensity of cement. Water management has also become a global imperative.

As water is essential for cement production, the company launched a nature-positive strategy in September 2021 to protect the availability of freshwater resources. The Framework's two Key Performance Indicators reflect Holcim's latest targets in both areas:

KPI	UN SDG	EU Environmental Objective
<p>GROSS SCOPE 1 & SCOPE 2 GHG EMISSIONS INTENSITY</p>	 <p>CLIMATE ACTION Holcim's climate actions are based on net-zero targets, validated by the Science Based Targets Initiative. Holcim is continuously finding ways to reduce its carbon footprint, developing green building materials and making its operations more circular. Its carbon capture pilot projects are a promising step toward net-zero.</p>	<p>Climate Change Mitigation</p>
<p>SPECIFIC FRESHWATER WITHDRAWAL INTENSITY</p>	 <p>CLEAN WATER AND SANITATION Holcim actively manages its water use to lower consumption, reduce pollution and protect water-related ecosystems. Concrete, which is made with cement, has a vital role to play in the building of resilient and sustainable water infrastructure. The group provides a number of solutions to reduce water use and the risk of flooding.</p>	<p>The Sustainable Use and Protection of Water and Marine Resources</p>

KPI 1: Gross Scope 1 & Scope 2 GHG emissions intensity (kg CO₂e/t of cementitious material)

Definition: Gross Scope 1 & Scope 2 GHG emissions intensity expressed as kg CO₂ emitted per ton of cementitious material.

Methodology: Holcim uses the Global Cement and Concrete Association's (GCCA) Sustainability Guidelines²¹ for the monitoring and reporting of CO₂ emissions from cement manufacturing (previously the Cement Sustainability Initiative's Cement CO₂ and Energy Protocol version 3.1 by the WBCSD) to calculate CO₂ emissions.

The GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing are part of a package of guidelines developed to support compliance with the GCCA Sustainability Charter. This document, in conjunction with the GCCA Sustainability Framework Guidelines, provides guidance to GCCA members to fulfill the requirements of the GCCA Sustainability Charter relating to Climate Change and Energy, and Environment and Nature.

- **Cementitious material** is defined by the Cement Sustainability Initiative (CSI) and GCCA as: total clinker produced plus mineral components consumed for the blending and production of cement substitutes, including clinker sold, excluding clinker bought.
- **Gross Scope 1 GHG emissions** are defined as: the total direct CO₂ emissions resulting from the chemical decarbonation of limestone and the emissions resulting from the burning of fossil-based fuels and pre-treated waste-derived fuels. Net kg CO₂ emitted per tonne of cementitious material takes into account all Alternative Fuels as carbon neutral. Gross kg CO₂ emitted takes into account the biogenic share of alternative fuels as carbon neutral, while the fossil component is accounted as actual CO₂ emission.
- **Scope 2 GHG emissions** are defined as: indirect CO₂ emissions from the generation of purchased electricity consumed in the company's owned or controlled equipment.

Rationale: The cement industry contributes about 7%²² to global industrial carbon emissions. As the global leader, Holcim has a key role to play to address today's climate crisis. Scope 1 emissions carbon intensity from cement production is thus core, relevant and material to our business. Given the high materiality of Scope 1 + Scope 2 emissions in our business (60% of Scope 1 emissions, 4% of Scope 2 and 36% of Scope 3 emissions), we have decided to focus on kg of CO₂ emitted per ton of cementitious material as the indicator for our sustainability-linked funding (for the avoidance of doubt the Scope 1 is expressed in gross emissions).

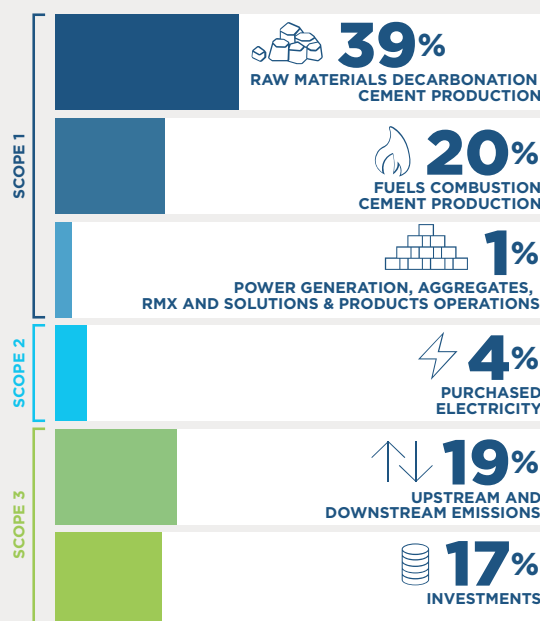
Although less material for Holcim, the inclusion of Scope 2 GHG emissions reflects the alignment with

SBTi's Target Validation Protocol for Near-Term Targets²³ to include in the target boundary (as combined target or separate targets) also Scope 2 GHG emissions if they represent more than 5% of combined Scope 1 and 2 GHG emissions.

Reference to gross emissions vs. net emissions as per GCCA reporting has been made to be aligned with the substantial contribution criteria for cement manufacturing of the EU Taxonomy Climate Delegated Act (Annex I)²⁴ which is expressed in terms of gross emissions, and with SBTi's Cement Science Based Target Setting Guidance (September 2022)²⁵ which requires near- and long-term targets to be in terms of gross emissions as well.

Historical values and target trajectory: Performance data on gross and net CO₂ emitted per tonne of cementitious material (Scope 1 and 2) as published, audited and verified on a limited assurance basis by an independent external party in the reporting year:

Scope 1 & 2 GHG emissions intensity based on 2022 consolidation scope (in kg CO ₂ e/t of cementitious material)		
	Gross	Net
2018 (baseline)	669	636
2020	655	617
2021	648	611
2022	639	599



Baseline year and rationale: 2018

This baseline was selected as it fulfilled the most recent year for which data were available when Holcim initiated the validation of its previous target by SBTi the first time in 2019.

The baseline has been restated based on the current consolidation scope following the material divestments made by the group the previous years.

KPI 2: Specific freshwater withdrawal intensity (l/t of cementitious material)

Definition: Specific freshwater withdrawal intensity expressed as liters of freshwater withdrawn per ton of cementitious material.

Methodology: Holcim uses the Global Cement and Concrete Association's (GCCA) Sustainability Guidelines²⁶ for the measurement of water withdrawal. The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing are part of a package of guidelines developed to support compliance with the GCCA Sustainability Charter. This document, in conjunction with the GCCA Sustainability Framework Guidelines, provides guidance to GCCA members to fulfill the requirements of the GCCA Sustainability Charter relating to Climate Change and Energy, and Environment and Nature. Cementitious material is defined by the Cement Sustainability Initiative (CSI) and GCCA as: total clinker produced plus mineral components consumed for the blending and production of cement substitutes, including clinker sold, excluding clinker bought.

Freshwater withdrawn is defined as the volume of freshwater withdrawn from defined sources use for the production of cementitious materials (cement and clinker).

Rationale: Water is essential for cement production and 42% of our cement sites are in the medium to high water-risk areas. In comparison, 16% of our Aggregates and 25% of our Ready-Mix businesses are located in water-risk areas. Therefore, we have decided to focus on the specific freshwater withdrawal indicator in our cement operations for our sustainability-linked funding.

Historical values and target trajectory: Performance data on liters of freshwater withdrawn per ton of cementitious material as published, audited and verified on a limited assurance basis by an independent external party in the reporting year:

Specific freshwater withdrawal intensity based on 2022 consolidation scope (l/t of cementitious material)	
2018 (baseline)	377
2019	367
2020	327
2021	315
2022	304

Baseline year and rationale: 2018

This baseline was selected to be in line with the baseline chosen for the SBTi validated SPT.

The baseline has been restated based on the current consolidation scope following the material divestments made by the group the previous years.

²¹ See [here](#)

²² See [here](#)

²³ See [here](#)

²⁴ See [here](#)

²⁵ See [here](#)

²⁶ See [here](#)

SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

KPI 1: Gross Scope 1 & 2 GHG emissions intensity (kg CO₂e/t of cementitious material)

SPT: Gross Scope 1 & Scope 2 GHG emissions intensity reduction of 25% by 2030 from a 2018 base year.

Target observation dates: 31 December 2030 (report will be published within 135 days following this date).

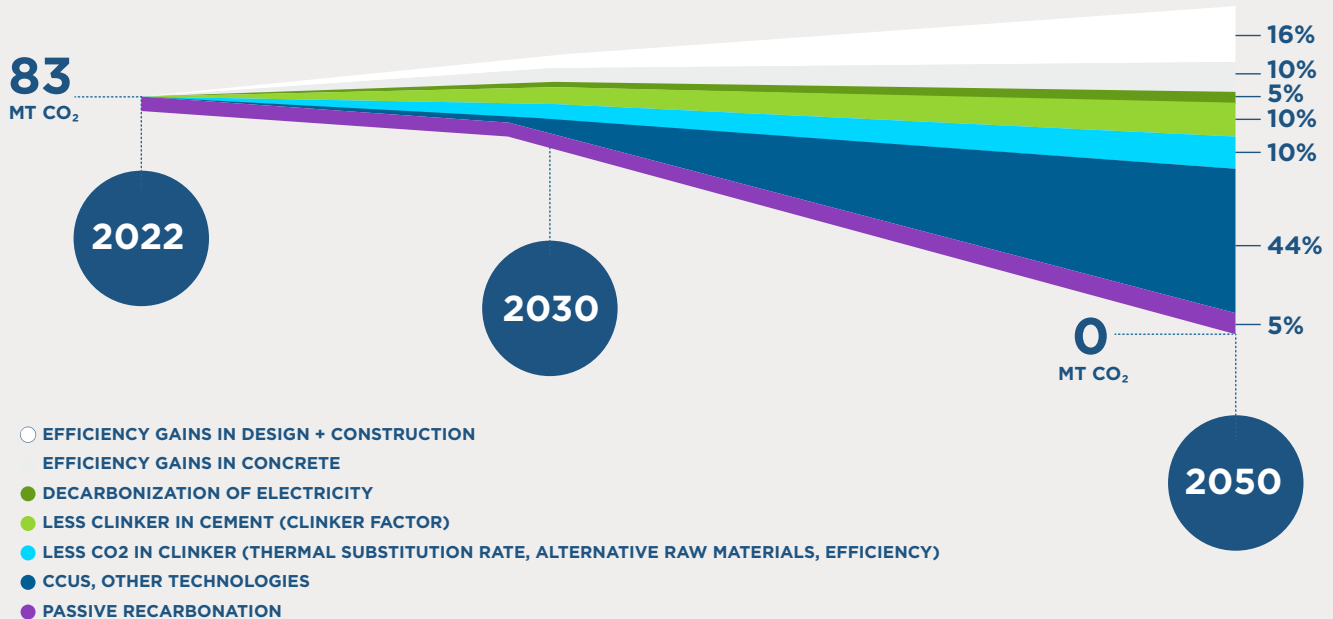
KPI Baseline, Latest Performance and Target:

	2018 (baseline)	2022	2030
Gross (kg CO ₂ e/t of cementitious)	669	639	500
Net (kg CO ₂ e/t of cementitious)	636	599	436

Benchmarking: SPTs have been validated by SBTi as aligned with a 1.5°C scenario and comply notably with the following SBTi criteria²⁷:

- Consistent with the level of decarbonization required to keep global temperature increases to a 1.5°C scenario compared to pre-industrial temperatures.
- Comply with the minimum five-year and maximum ten-year near-term thresholds of SBTi.
- Like all SBTi-validated targets, they have been developed in line with the GHG Protocol Corporate Standards²⁸ and notably covers all relevant GHGs. SBTi requires companies to set targets based on emission reduction through direct action within their own operations and/or value chains.
- In line with SBTi Cement Science-based Target Setting Guidance²⁹.

OUR ABSOLUTE SCOPE 1 + SCOPE 2 EMISSIONS PATHWAY



²⁷ See [here](#) and [here](#)

²⁸ See [here](#)

²⁹ See [here](#)

KPI 1: Gross Scope 1 & 2 GHG emissions intensity (kg CO₂e/t of cementitious material) CONTINUED

Measures to achieve the SPT: To reach its 2030 CO₂ reduction target Scope 1, Holcim will invest in proven technologies that leverage its expertise, especially reducing clinker factor, using alternative fuels from biomass instead of fossil fuels, and will invest in next-generation technologies including carbon capture usage and storage. To reach its Scope 2 reduction target, Holcim will continue to invest in energy efficiency, waste heat recovery as well as renewable power projects. Holcim is scaling up and accelerating the following efforts:

- **Reducing clinker factor:** it is during the production of clinker, the main component of cement, that the most CO₂ emissions are produced. The majority of these emissions result from the chemical reaction that occurs when the raw material (limestone) calcinates into a clinker in the kiln. This decarbonation process is Holcim's largest source of CO₂ emissions, accounting for 39% of our total CO₂ footprint. Holcim aims to reduce its clinker content from 73% currently to 68% by 2030. Replacing the clinker in its final cement products with alternative mineral components reduces the carbon intensity. The main reduction will not only come from recycling construction and demolition waste or byproducts from other industries, but also by investing in calcined clay facilities and developing novel cements with new binders. Holcim expects calcined clay to gradually replace traditional mineral components such as slag or fly-ash.
- **Increasing the use of recycled fuels:** taking a circular approach, Holcim will reduce the carbon intensity of its cement by substituting fossil fuels with biomass waste fuels to operate its cement kilns. Preparing, recovering and recycling fuels in its processes allows it to divert waste from incineration or landfill and improve the waste management hierarchy at local level. To increase this "thermal substitution rate" (TSR) Holcim will be investing in co-processing facilities and process improvements. Holcim aims to increase its TSR from 28% (10% coming from biomass) currently to 50% by 2030.
- **Increasing the use of alternative raw materials:** the use of alternative sources of materials is a key lever to further reduce Holcim's CO₂ emissions. Waste materials and byproducts from other industries can be used to replace some of the limestone in the production process. These materials can include recycled "fines" from demolition waste, air-cooled slag and waste lime. Holcim is working with innovative companies to keep on raising the standards and developing new alternative material streams.
- **Increasing the use of green building solutions:** Holcim is expanding its offer of green products worldwide as part of its net-zero journey. In 2020,

Holcim gave a special push to green building with the EcoLabel, which transparently brands all cement and concrete with at least 30% lower CO₂ footprint compared to local industry standard or 20% recycled content. Building on the success of ECOFact, Holcim launched a new green product, ECOPlanet, which is a global range of green cement delivering at least 30% lower carbon footprint with equal to superior performance compared to traditional cement. To keep a full pipeline of sustainable solutions, the Innovation Center in Lyon, France, dedicates over 50% of its resources to green construction and over 40% of its patents are in this area.

- Exploring a range of technologies: next-generation technologies will drive an increasing share of the group decarbonization efforts as Holcim gets closer to net-zero period.
 - Electrification: Process electrification not only removes dependency on fuels but is also an integrated carbon capture solution, and thereby a key to meeting its net-zero targets. Holcim is scouting and validating technologies to shape its electrification portfolio. Holcim is identifying and building collaborations with global renewable electricity producer leaders to secure required electricity supply for its projects.
 - Carbon capture utilization and storage: CCUS technologies are an integral component of Holcim decarbonization journey, and the group is actively working to integrate them throughout the business. Net-zero carbon cement will require effective carbon capture technology and Holcim is currently piloting over 50 CCUS projects across Europe and North America. Over the next ten years, Holcim will explore CCUS technologies to reach the scalable and cost-effective solutions the industry needs to meet the net zero ambition. Holcim anticipates that current projects will require a cumulative CAPEX investment of circa CHF 2.0 billion by 2030 on top of expected public funding. These investments will enable Holcim to reach a total CO₂ capture capacity of more than 5 million tons per year before 2030.
- **Electrical energy:** Holcim will continue to expand its renewable energy portfolio by collaborating with power producers for on and off site solutions

Risks to achieve the SPT: Holcim ambitions may be negatively impacted by different factors:

- Availability of alternative fuels to substitute fossil fuels and alternative raw materials to further reduce the incorporation rate of clinker.
- Increasing logistics costs and reduced availability of raw materials such as slag or fly ash.
- Innovative new technologies such as CCUS need to be developed and scaled-up.

KPI 2: Specific freshwater withdrawal intensity (l/t of cementitious material)

SPT: Specific freshwater withdrawal intensity reduction of 33% by 2030 from a 2018 base year.

Target observation dates: 31 December 2030 (report will be published within 135 days following this date).

KPI Baseline, Latest Performance and Target:

	2018 (baseline)	2022	2030
Freshwater withdrawal intensity (l/t of cementitious material)	377	304	253

Benchmarking: Although the lack of international standards (which are under developments) on freshwater withdrawal intensity, SPTs reflect Holcim's commitment to ensure that its water-positive impact methodology is aligned with Water Resilience Coalition's Net Positive Water Impact concept, that is to deliver measurable net positive impact in water-stressed basins, focusing on the availability, quality, and accessibility of freshwater resources through industry-leading water operations and basin initiatives.

In addition, Holcim is one of the 17 companies worldwide and the only one in the sector selected by the Science Based Targets Network (SBTN) to pilot the world's first science-based targets methodology for nature. The pilot will be conducted during 2023 and 2024. At the end of it, the Science Based Targets Network will assess the water targets from Holcim and validate if they can be considered or not science-based.

Risks to achieve the SPT: Holcim ambitions may be negatively impacted by different factors:

- Ability to replace freshwater to non-freshwater sources due to local volume constraints and logistic challenges.
- Holcim operates in areas exposed to water scarcity, which could lead to potential disruptions in its operations. In addition, the physical impacts of climate change (such as higher level of water scarcity, changes in precipitation patterns or extreme variability in weather patterns) have the potential to disrupt operations and consequently maximize rainwater harvesting lever to reduce freshwater withdrawal.

Measures to achieve the SPT: To reach its 2030 specific freshwater withdrawal reduction target, Holcim has developed an action plan based on three main levers:



Improve water use efficiency:
Optimize water use process at sites



Shift to non-freshwater withdrawal:
Replace freshwater with sea or treated wastewater



Maximize rainwater harvesting:
Use harvested rainwater to meet site water requirements

- **Specific freshwater withdrawal reduction:** Holcim will improve its water usage efficiency by reducing leakages and optimizing its processes. Its sites in water-risk areas will be equipped with recycling systems. When possible, Holcim shifts its water usage from freshwater to non-freshwater. In some countries, during heavy rains, Holcim uses harvested rainwater, while in others sea or treated municipal wastewater is used

FINANCIAL CHARACTERISTICS

For the avoidance of doubt and unless otherwise stated, the proceeds of Holcim's Sustainability-Linked Finance Instruments will be used for general corporate purposes and/or refinancing.

Any series of Sustainability-Linked Finance Instruments may refer to one or more Sustainability Performance Targets and/or to one or more Target Observation Dates.

The financial and structural characteristics of the Sustainability-Linked Finance Instruments, including the impact of Holcim's KPI performance compared to the applicable SPT, will be specified in the relevant transaction documentation (e.g. prospectus, T&Cs, final terms, facility agreement).

The relevant transaction documentation might provide that the SPTs may be subject to recalculation based on specific circumstances, such as changes in the calculation methodology or major events having a material impact on the Holcim's structure and/or might provide certain events, outside Holcim's control, resulting in the financial penalty not being triggered.

REPORTING

Holcim will communicate annually on the relevant KPIs and SPTs, making up-to-date information and reporting available on its website³⁰:

- Holcim's integrated annual report and climate report will include the performance of the selected KPIs, including recalculation statements³¹, where relevant, covered by an assurance statement of an external auditor.
- Following a target observation date, a verification assurance certificate confirming whether the performance on the KPIs meets the relevant SPTs will be published on Holcim's website 135 days after the relevant target observation date at the latest.
- Any information enabling investors to monitor the level of ambition of the SPTs (e.g. any update of Holcim's sustainability strategy or the related KPI/ESG governance, and more generally, any information relevant to the analysis of the KPIs and SPTs, including but not limited to updates on new or proposed regulations from regulatory bodies, such as the EU relevant to the KPIs and the SPTs) will also be published on Holcim's website.
- Holcim will publicly disclose its environmental and climate related data through the CDP Climate and Water Disclosure questionnaires on a yearly basis.

³⁰ See [here](#)

³¹ Any information in relation to any change to the levels of the KPI(s), to the baseline date, and/or of the SPT(s) in the event of any recalculation made in accordance with the relevant transaction documentation will be reported.

VERIFICATION

This Framework and the associated annual reporting will benefit from three layers of external verification:

Pre-issuance verification

Holcim has obtained an independent second party opinion from ISS ESG to assess the alignment of the framework with the ICMA Sustainability-Linked Bond Principles 2023 and the LMA/APLMA/LSTA Sustainability-Linked Loan Principles 2023. The independent second party opinion will be published on Holcim's webpage³².

Post-issuance review

Holcim will get a limited assurance statement by an auditor or external verifier on the KPI information or a recalculation statement, where relevant, included in its integrated annual report and climate report annually.

Verification assurance certificate

Holcim will get a verification assurance certificate confirming whether the performance of the KPIs meet the relevant SPTs, which will be published on Holcim's webpage³³ following a target observation date.

RECALCULATION MECHANISMS

The SPTs may be recalculated in good faith by Holcim in case of a recalculation event ("**Recalculation Event**"), provided that an external verifier has independently confirmed that the proposed revision is consistent with the initial level of ambition of the relevant SPT taking into account the Recalculation Event.

Recalculation Event means any change, which occurs between the issue date of a given bond issue or the signing date of a given loan transaction, as the case may be, and the SPT observation date(s) of KPI(s) included in such given transaction:

- In Holcim's perimeter (due to an acquisition, a merger or a demerger or other restructuring), an amalgamation, a consolidation or other form of reorganization with similar effect, a spin-off, a disposal, or sale of assets).
- In or any amendment to any applicable laws, regulations, rules, guidelines, and policies relating to the business of Holcim.
- To the methodology for calculation of any KPI to reflect changes in the market practice or the relevant market standards, which, individually or in aggregate, has a significant impact on the level of any SPT or any KPI baseline.

³² | ³³ <https://www.holcim.com/investors/debt-investors/sustainable-financing>

DISCLAIMER

This Sustainable Finance Framework (the "Framework") does not constitute or form part of and should not be construed as any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Holcim Ltd ("Holcim") or any subsidiary or affiliate of Holcim in any jurisdiction or an inducement to enter into investment activity nor should it or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any purchase, sale or subscription for any securities of Holcim or any subsidiary or affiliate of Holcim or be relied on in connection with any contract or commitment or investment decision whatsoever.

Neither the Framework nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution.

Any bonds or other debt instrument that may be issued by Holcim or its subsidiaries or affiliates from time to time, including any green and/or sustainability-linked securities, shall be offered by means of a separate prospectus or offering document (including any supplement thereto) in accordance with all applicable laws (including any selling restrictions).

Any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document (including any supplement thereto) provided in connection with the offering of such securities, and not on the basis of this Framework.

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Holcim or any of its subsidiaries or affiliates assume any responsibility or obligation to update or keep current or revise the information or opinions contained in this Framework, regardless of whether such information or opinions are affected by the results of new information, future events or otherwise. Undue reliance should not be placed on the information and opinions contained in this Framework.

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This Framework is intended to provide non-exhaustive, general information. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party.

This Framework may contain or incorporate by reference, public information not separately reviewed, approved or endorsed by Holcim, and accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by Holcim or any of its subsidiaries or affiliates or any of their respective members, directors, officers, agents or employees or any other person as to, and no reliance should be placed on, the fairness, accuracy, reasonableness or completeness of such information.

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This Framework may contain statements about plans, objectives, goals, strategies, future events or performance and expectations that are forward-looking statements and which are based upon various assumptions and other statements which are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond Holcim's control. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements.

None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates, goals or prospects have been prepared, are correct or exhaustive or fully stated in the Framework.

No representation is made as to the suitability of any green and/or sustainability-linked securities to fulfil environmental and sustainability criteria required by prospective investors.

This Framework does not create any legally enforceable obligations against Holcim or any subsidiary or affiliate of Holcim or any of each of its members, directors, officers, agents, employees or advisers. Failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such green and/or sustainability-linked securities.

This Framework is not intended to be and should not be construed as providing legal or financial advice.

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