

Stakeholder engagement at LafargeHolcim



April 2020

Introduction

LafargeHolcim has been committed to contributing towards the local social and economic development of the communities in which we operate. This commitment is supported by a proactive stakeholder engagement that focuses on awareness, dialogue and collaboration and designed to create shared value.

We believe that our presence in a community brings many inherent advantages, such as direct employment, tax revenues, infrastructure development and local procurement. It also brings responsibilities to manage our social and environmental impacts. Our various environmental and social policies and directives include provisions for engagement with stakeholders and communities. Well-planned and continuous community engagement is a standard element of daily business.

Stakeholder engagement process

As the leading building materials provider in the world, we engage with multiple stakeholders at a local, regional and global level. In addition to continuous engagement with the communities that host us, LafargeHolcim engages with a range of stakeholders at all levels of the organization.

We take a broad view on our stakeholder landscape which includes local communities, investors, customers, suppliers, NGOs, regulators and other interested parties.

The matrix provided in the annex lists our key stakeholder groups, the issues we engage with them on, and how we engage with them.

Stakeholder identification and selection is based on a number of criteria, including but not limited to:

- management judgement
- potential or actual mutual impacts
- previous history of engagement
- credibility of the stakeholder and ability to work in partnership to deliver outcomes
- recommendations from other stakeholders

Stakeholder engagement plans

LafargeHolcim targets that all operational sites must be covered by a Stakeholder Engagement Plan.. Stakeholder engagement takes place at site level and each site manager is required to put in place a system for organizing stakeholder engagement and developing stakeholder engagement plans.

Engagement with relevant stakeholders in the planning stage of a new development (for example a new quarry or extension) or for the introduction of a new waste fuel or raw material is mandatory.

Typically, a stakeholder engagement plan covers the following elements:

- Mapping and prioritizing stakeholders
- Internal and external consultation
- Definition of the Stakeholder Engagement Plan

Mapping and prioritizing stakeholders

When developing a Stakeholder Engagement Plan, the first step requires our sites to identify and prioritize their local stakeholders using different mapping tools, which are provided in the Group's stakeholder engagement toolkit with some ready-to use templates and examples. Stakeholder prioritization should be undertaken by each operation by reviewing a range of stakeholder groups (including employees and unions, subcontractors, elected representatives and authorities, regulators, local dignitaries/leaders, residents, NGOs, other industries & companies, trade associations, media, schools & universities...).

Internal and external consultation

Following the stakeholder mapping and prioritization, the next step is to assess what kind of site-specific community engagement activities are required and adequate. The evaluation should be based on socio-economic, needs or impact assessments (for example the Human Rights assessments) that were conducted in collaboration with community stakeholders through focus groups, individual interviews or similar methods. If no assessments have been conducted for a specific site or if the assessments are outdated, they should be conducted as a basis for determining the level of engagement required. Depending on the situation (e.g. if there is a conflict) the situation analysis may even be undertaken by an independent third party.

Definition of the Stakeholder Engagement Plan

The final step focuses on the development and implementation of a site stakeholder engagement plan, using the results of the consultations as a direction. The plan should include regular interactions with stakeholders to build and maintain dialogue, inform on site activities, collect feedback and define Corporate Social Responsibility (CSR) actions and communication.

The decision on which engagement activity is most appropriate should be based on the nature of the operation and the topics depend on the local contexts and stakeholder needs. Issues can be, but are not limited to, Open Houses, Community Days, Community Volunteering, Stakeholder Dialogues, Focus Groups, Public Hearings and Public Private Partnerships or formal Community Advisory Panels.

The level of deployment of these tools is typically higher at sites with larger footprints (cement plants, large aggregate sites) who would have multiple actions involving different stakeholder groups compared with smaller sites (small aggregate sites, concrete plants), who would likely have fewer interactions.

The plans should be reviewed every year to evaluate whether the defined activities continue to contribute to meeting the objectives and to ensure that they remain appropriate to the nature and scale of its operations and issues. The full process, including new consultations, should be repeated every 3 years.

An example template of a stakeholder engagement plan is included in the annex.

Stakeholder engagement plans are submitted annually to the Corporate Sustainability Team in the annual Stakeholder Questionnaire.

Stakeholder engagement and human rights due diligence

As part of our human rights due diligence process and methodology, we engage with both internal and external stakeholders through interviews and focus groups to identify local impacts, risks and opportunities. The stakeholder mapping (integral part of the stakeholder engagement plan) of a specific site is consulted during the planning to define the list of stakeholders who will be invited to the consultations. These include representatives of local stakeholders, such as employees, contract workers, owner/or managers of contractors companies, truck drivers, trade unions, local authorities, opinion formers (doctors, teachers), universities, neighbors, local communities, NGOs/Associations and/or religious organizations.

During these consultations, potential human rights risks will be consolidated in a human rights action plan to mitigate them. In addition, it is also a good moment to identify engagement opportunities, understand the local context, discuss community demands and potential partnerships, which are incorporated into the stakeholder engagement plan.

Details on our human rights due diligence process and methodology can be found on our website at <https://www.lafargeholcim.com/additional-esg-resources>

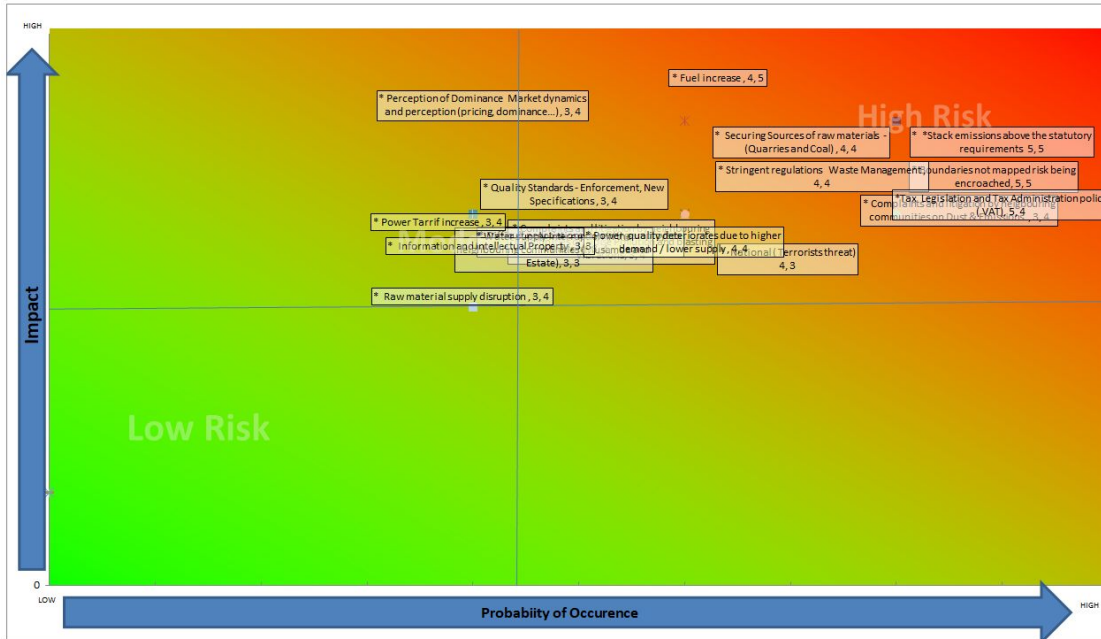
Annex: Stakeholder engagement matrix:

Stakeholder Group	How we engage	Issues we engage on	How often we engage
Customers	Customer surveys Net promoter score Key account contacts Customer events Local country websites Social media Product and services brochures Contract negotiations	Commercial negotiations Customer satisfaction Sustainable products Product and service innovation Health and safety	Ongoing
Employees	Employee surveys Town hall meetings Newsletters Intranet Social media Performance reviews and objectives setting Team meetings	Health and safety Labor rights Working conditions Local impacts Diversity Company and employee performance	Ongoing
Communities	Community advisory panels Plant open days and tours One-on-one meetings Community forums Social media	Local impacts (environmental and social) Health and safety Creating shared value	Ongoing
Investors and financial institutions	Annual General Meetings Investor roadshows One-on-one meetings and calls Investor surveys Ratings agencies assessments Site visits	Business performance Corporate governance Sustainability (climate, environmental impacts, social impacts) Innovation Human rights	Ongoing
Suppliers	Supplier qualification and development process Contract negotiations Supplier audits One-on-one meetings	Business ethics Health and safety Contract performance Local impacts (environmental and social)	Ongoing
Regulators	Meetings Briefings Position papers Industry associations Stakeholder forums	Local impacts Health and safety Circular economy Sustainability (climate, environmental impacts, social impacts) Sustainable construction Corporate governance	As required
Media	Interviews Media releases Briefings Social media Site visits	Business performance Health and safety Sustainability (climate, environmental impacts, social impacts) Sustainable construction Innovation	As required
NGOs/development agencies	One-on-one meetings Annual Assembly Responding to information requests Partnerships	Local impacts (environmental and social) Health and safety Creating shared value	As required
Academia	Seminars and lectures LafargeHolcim Foundation for Sustainable Construction One-on-one meetings Research partnerships Funding of Sustainable Construction Chair	LCA Sustainable construction Innovation Talent pipeline Sustainable procurement Impact valuation	Ongoing

Annex: Stakeholder engagement plan template (example)

Identifying Risks						
No.	Risk Type	Key Issues	Impact		Probability of event occurring	
1	LAND	* Boundaries not mapped risk being encroached	Critical	5	Very High	5
		* Encroachment in unutilised/idle land	Critical	5	Very High	5
2	ENVIRONMENT	* Complaints and litigation by neighbouring communities on Dust & Emissions	High	4	Very High	5
		* Complaints and litigation by neighbouring communities on Noise Pollution and blasting	High	4	Medium	3
		* Stringent regulations Waste Management	High	4	High	4
		* Water supply interruption in the neighbouring communities (Musamba and Estate)	Medium	3	Medium	3
		* Stringent Environmental Legislations	Medium	3	Very High	5
		* Stack emissions above the statutory requirements- Ndola	Critical	5	Very High	5
3	LABOUR	* More stringent Labour legislation	High	4	Medium	5
		* Difficult negotiations impacting employees morale	High	4	Very High	3
		* Talent Retention	High	4	Very High	4
5	MARKET	* Perception of Dominance Market dynamics and perception (pricing, dominance...)	High	4	Medium	3
		* Quality Standards - Enforcement, New Specifications	High	4	Medium	3
		* Reputation Risk	Medium	3	Medium	3
6	ENERGY	* Fuel increase	Critical	5	High	4
		* Power quality deteriorates due to higher demand / lower supply	High	4	High	4
		* Power Tarrif increase	High	4	Medium	3
7	POLICY STABILITY AND COHERENCE FOR INDUSTRIALIZATI	* National Legislation coherence (Exercise duty, Royalties and IS on rail transport)	High	4	Very High	5
		* Tax Legislation and Tax Administration policy (VAT)	Medium	3	Medium	3
8	RAW MATERIALS	* Securing Sources of raw materials - (Quarries and Coal)	High	4	High	4
		* Raw material supply disruption	High	4	Medium	3
9	SECURITY	* National (Domestic violece threat)	High	4	High	4
		* Information and Intellectual Property	Medium	3	Medium	3
		* Freedom of Association	Medium	3	Medium	3

Risk Analysis - Heat Map



Annual engagement plan

Risk Type	Key Issue	Actions & Communication	When	Stakeholders to engage	Responsible
LAND	* Boundaries not mapped/risk being encroached	a) Engage Land and National Land Commission	Q2/Q4	Ministry of Land	Compliance/Corp
	* Encroachment in unutilized/fidle land	b) Confirm land that can be utilized for plant use and Sale or fence unutilized land	Q2/Q4	Encroachers	Compliance
ENVIRONMENT	* Complaints and litigation by neighbouring communities on Dust & Emissions	Engage stakeholders of the actions the plant is doing to mitigate dust	Every Quarter	Communities	Stakeholder Relations
	* Complaints and litigation by neighbouring communities on Noise Pollution and blasting vibrations	Engage stakeholders of the actions the plant is doing to mitigate noise pollution	Every Quarter	Communities	Stakeholder Relations
	* Stringent regulations Waste Management	Put measures through Geocycle to manage waste	Q2	Ministry of Local Govt	Geocycle manager/MD
	* Water supply interruption in the neighbouring community (Muramba and Estate)	Handover water supply to LWSC	Q1	LWSC	Corp. Maint/Comp
	* Stringent Environmental Legislation	Make sure that we are compliant in our operations and engage Legislators bi-annual.	once a year	ZEMA	HS&E
LABOUR	* More stringent Labour legislation	Make sure that we are compliant in our operations	Q2/Q4	Ministry of labour	CORP/MD
	* Difficult negotiations impacting employees morale	More engagement with the union prior to negotiation time	JCC meetings per quarter	Lafarge Union/Nation Union	HRC/MD/Plant Managers
	* Talent Retention	Build the Employer Value Proposition (Talent development, Management Trainee program to fill the pipeline) Annual talent review at country level	Quarterly	Employee	HRC/Talent Manager
MARKET	* Perception of Dominance Market dynamics and perception (pricing, dominance...)	engage customer and explain the free market economy and that Lafarge does not determine the retail price	Quarterly	Customers	Corp/Marketing
	* Quality Standards - Enforcement, New Specifications	Maintain quality in our products	once a year	Employee of ZABS	Quality
	* Reputation Risk	Ensure that all the Lafarge brand reputation is maintained	Quarterly	Stakeholders/Media	Corporate Affairs
ENERGY	* Fuel increase	Continuous engagement with the Suppliers	Quarterly	Fuel suppliers/ERB	Procurement/CFO
	* Power quality deteriorator due to higher demand/lower supply	Continuous engagement with ZESCO	Quarterly	ZESCO	Procurement/CFO
	* Power Tariff increase	Continuous engagement with ZESCO	Quarterly	ZESCO	Procurement/CFO /Plant Manager
POLICY STABILITY AND COHERENCE FOR INDUSTRIALIZATION & LEGISLATION	* National Legislation coherence (Excise duty, Royalties and IS on rail transport)	Continuous engagement with ZRA, Ministry of Commerce, Transport and Infrastructure Dev. & ZRA	once a year	Ministries, Ministry of Commerce, Transport and Infrastructure Dev. & ZRA	CORP/MD
	* Tax Legislation and Tax Administration policy (VAT)	Continuous engagement with ZRA	once a year	ZRA	CFO/Corp
RAW MATERIALS	* Securing Sources of raw materials - (Quarries and Coal)	Monitor our raw materials usage	Quarterly	Minor Safety, Maamba coal mine etc	Procurement
	* Raw material supply disruption	Monitor our raw materials usage	once a year	Minor Safety, Maamba coal mine etc	Procurement/ Quarry Sup
SECURITY	* National (Domestic violence threat)	Continual monitoring the situation in the country	once a year	Ministry of Home Affairs	MD/Corp
	* Information and Intellectual Property				
	* Freedom of Association				