# SUSTAINABILITY PERFORMANCE REPORT

2020

LafargeHolcim

# MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER


The global COVID-19 pandemic has had a tremendous impact on all aspects of life, forcing companies and individuals to adapt to ever-changing circumstances. Despite these challenges, I am proud to report that 2020 was a signature year for sustainability at LafargeHolcim.

We operate at a local level in each of our 70 markets, and 2020 was an especially important year for our community engagement. We stepped up to support them during the COVID-19 crisis, helping more than 6 million people by focusing on creating positive impact. While our total community spend declined year on year, it was more focused, with our operations shifting their priorities to fight the pandemic. These operations are described in our 2020 Integrated Annual Report.

In 2020, our ongoing work was recognized by the Corporate Human Rights Benchmark (CHRB) as we ranked first in the building materials sector and in the top 15% of benchmarked companies. We continued to strengthen our human rights due diligence, and as a result, over 95% of our countries now have a valid human rights assessment in place.

In 2020, we became the first global building materials company to sign the United Nations Global Compact's "Business Ambition for 1.5°C" initiative with intermediate targets approved by the Science Based Targets initiative (SBTi) in alignment with the net zero pathway. On our journey to net zero we have set the most ambitious 2030 climate goals in our industry and have partnered with the SBTi to define our net zero roadmap beyond 2030.

Going one step further, we have developed a more comprehensive and rigorous approach to measure our Scope 3 emissions. Our revised methodology, which was reviewed by EY, is aligned with the Greenhouse Gas and Global Concrete and Cement Association (GCCA) protocols. For the first time, our published Scope 3 data has received the same level of assurance as our Scope 1 and Scope 2 data. This provides a solid baseline for our target to reduce our transportation and fuel-related Scope 3 emissions by 20% by 2030.

In 2020, we sharpened our focus on circular economy. We announced a revised target to recycle 100 million tons of waste by 2030 and expanded our range of "eco" products containing recycled materials. The volume of waste we recycled declined in 2020 due to the pandemic and lower total production. However, the recycling ratio, which measures waste used per ton of product, increased by 4%.

In 2020, the amount of freshwater withdrawn per ton of cementitious material decreased by 8.6%. We have added more rigor to our water management program at some high-intensity sites, including an improvement in estimation methodology. With around a quarter of all our production sites located in high water risk areas, we are committed to reducing freshwater withdrawal across the globe.

Our Health and Safety (H&S) program, Ambition "0", continues to gain momentum. We have divided the number of fatalities by four since the start of Ambition "0" and reached world-class levels in the frequency of lost time injuries (LTIs). Over 95% of our sites reported zero lost time incidents. Our Lost Time Incident Frequency Rate (LTIFR) reached 0.50, down 25% vs 2019, and 53% since Ambition "0" was launched in 2017.

Although we won't be satisfied until we reach zero harm, we are pleased to report our strategy Ambition "0" is working and producing the desired results.

Our efforts in sustainability are being recognized by external ratings agencies. We have improved our environmental, social and governance (ESG) ratings with Sustainalytics, ISS Oekom, FTSE4Good, CHRB, and the DJSI. I am particularly proud of the recognition received from the CDP, which included us in their prestigious "A List" for tackling climate change and giving us a score of "A-" in their ranking for water, which places LafargeHolcim in the CDP's Leadership Band.

I am pleased to share this document with you. It contains comprehensive data on our 2020 sustainability performance and complements the 2020 Integrated Annual Report, where we give details and commentary on our strategic pillars.

My thanks go to our employees, customers, suppliers, and communities whose passion and commitment made these results possible.

**Magali Anderson**
Chief Sustainability Officer

# STRATEGIC PILLARS

The graphic below shows our four strategy pillars and the lead metric and targets we are aiming to achieve.

| Sustainability pillars | CLIMATE AND ENERGY | CIRCULAR ECONOMY | ENVIRONMENT | COMMUNITY |
|---|---|---|---|---|
| Objective | **Reduction of $CO_2$ emissions** | **Increased reuse of waste-derived resources** | **Reduction of freshwater withdrawal** | **Creation of shared value** |
| Lead metric | **$CO_2$ emitted** ($kgCO_2/t$ cementitious) | **Quantity of waste recycled** (million tons) | **Freshwater withdrawn** (liters freshwater/ ton cementitious) | **Number of beneficiaries per year** (million) |
| Performance 2020 | **Scope 1: 555**<br>**Scope 2: 36** | **46*** | **273**** | **6.2** |
| % change from 2019 | Scope 1: -1.1%<br>Scope 2: -2.2% | -3.1% | -8.6% | +5.2% |
| Target 2022 | 550 | 60 | 291 | 7 |
| Target 2030 | 475 | 100 | 262 | 10 |

% decrease calculated from unrounded numbers

* This decrease from 48 million tons in 2019 is due to a COVID-19-related drop in production. The recycling ratio, which measures waste used per ton of product increased by 4%. This effectively means our reused waste volumes reduced much less than our production volumes.

** Significant decrease due to the improvement of water management in high-intensity sites, including an improvement in estimation methodology. We are currently reviewing our water strategy and water management systems (including monitoring methodology) and will announce the strategy with revised targets in 2021.

# PERFORMANCE DATA TABLES

## REPORTING ON TARGET AREAS

| | Unit | 2018 | 2019 | **2020** | 2022 target | 2030 target | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Products and solutions** | | | | | | | | |
| Total raw material consumption – all segments | Mt | 511 | 517 | **480** | | | **301-1** | |
| Clinker produced | Mt | 137 | 137 | **127** | | | **201-1** | **EM-CM-000.A** |
| Clinker consumed | Mt | 137 | 134 | **127** | | | | |
| Cement fillers consumed (Limestone, gypsum, MIC, etc.) | Mt | 52 | 52 | **49** | | | | |
| Cement produced | Mt | 189 | 186 | **176** | | | **201-1** | **EM-CM-000.A** |
| Mineral components (slag, fly ash, etc.) produced | Mt | 3 | 3 | **4** | | | | |
| Cementitious material produced (note 1) | Mt | 192 | 192 | **180** | | | | |
| Aggregates produced | Mt | 244 | 246 | **243** | | | | **EM-CM-000.A** |
| Asphalt produced | Mt | 11 | 13 | **11** | | | | |
| RMX produced | $Mm^3$ | 44 | 44 | **40** | | | | |
| Clinker factor (average % of clinker in cements) | % | 71.4 | 70.8 | **70.6** | | | | |
| Net sales of sustainable solutions (note 2) | % | n/a | 35 | **26** | | | **201-1** | **EM-CM-410a.2** |
| **Producing assets included in the evaluation** | | | | | | | | |
| Producing companies | # | 57 | 56 | **56** | | | | |
| Clinker producing sites | # | 132 | 131 | **131** | | | | |
| Cement grinding and blending sites | # | 195 | 192 | **197** | | | | |
| Aggregates sites | # | 456 | 450 | **462** | | | | |
| Asphalt sites | # | 81 | 83 | **86** | | | | |
| Ready-mix sites | # | 1,171 | 1,130 | **1,162** | | | | |
| Kilns operated | # | 170 | 168 | **165** | | | | |
| Quarries operated | # | 661 | 648 | **629** | | | | |
| **Recycling and waste** | | | | | | | | |
| Waste derived resources – all segments (tons) – 2020 consolidation (note 3) | Mt | 46 | 48 | **46** | 60 | 100 | **301-2** | |
| *Waste derived resources – all segments – as published in the reporting year* | Mt | 52 | 48 | **46** | | | | |
| Alternative raw material contained in cement | % | 12 | 12 | **12** | | | | |
| Alternative raw materials contained in concrete | % | 3 | 4 | **4** | | | | |
| Alternative raw materials contained in asphalt | % | 20 | 24 | **23** | | | | |

**Unit key**

Mt – million tons
M GJ – million gigajoules
$Mm^3$ – million cubic meters
CHF – Swiss Francs
NR – Not reported

Note 1: Cementitious material is defined following the CSI/GCCA definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes, including clinker sold but excluding clinker bought.
Note 2: Decrease due to a change of methodology in 2020. We previously aligned with our SBTi-aligned 2030 target of 520 $kgCO_2$/ton cementitious. We have changed this to a 30% threshold related to local market baselines in line with our criteria for EcoLabels. See the methodology and consolidation section for more details.
Note 3: Includes alternative raw material industrial mineral components (consumed and sold externally), alternative fuels, the volume of return concrete recycled, secondary/recycled aggregates, and recycled asphalt.

## REPORTING ON TARGET AREAS

| | Unit | 2018 | 2019 | **2020** | 2022 target | 2030 target | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Internal waste managed (excluding captive power plants)** | | | | | | | | |
| Internal hazardous waste recycled or recovered | Mt | 0.01 | 0.01 | **0.01** | | | **306-2** | **EM-CM-150a.1** |
| Internal non-hazardous waste recycled or recovered | Mt | 0.37 | 0.28 | **0.25** | | | | |
| Internal non-hazardous waste disposed | Mt | 0.83 | 0.53 | **0.35** | | | | |
| Internal hazardous waste disposed | Mt | 0.004 | 0.003 | **0.010** | | | | |
| **Internal waste managed (captive power plants only) (note 4)** | | | | | | | | |
| Internal hazardous waste recycled or recovered (tons) | Mt | NR | NR | **0.0009** | | | **306-2** | **EM-CM-150a.1** |
| Internal non-hazardous waste recycled or recovered (tons) | Mt | NR | NR | **0.42** | | | | |
| Internal non-hazardous waste disposed (tons) | Mt | NR | NR | **0.06** | | | | |
| Internal hazardous waste disposed (tons) | Mt | NR | NR | **0.00002** | | | | |
| **$CO_2$ and energy** | | | | | | | | |
| CEM specific $CO_2$ emissions – net (kg/ton cementitious material)–2020 consolidation (note 5) | $kgCO_2/t$ | 569 | 561 | **555** | 550 | 475 | **305-1** | **EM-CM-110a.1** |
| *CEM specific $CO_2$ emissions – net (Scope 1) as published in the reporting year (note 5)* | *$kgCO_2/t$* | 576 | 561 | **555** | | | | |
| CEM specific $CO_2$ emissions – electricity (Scope 2) 2020 consolidation (note 5) | $kgCO_2/t$ | 36 | 37 | **36** | | 13 | **305-2** | |
| *CEM specific $CO_2$ emissions – electricity (Scope 2) as published in the reporting year (note 5)* | *$kgCO_2/t$* | *38* | 37 | **36** | | | | |
| Specific heat consumption of clinker production (MJ/ton clinker) (note 5a) | MJ/t | 3,524 | 3,526 | **3,538** | | | **302-3** | |
| CEM $CO_2$ emissions – gross (Scope 1) (note 6) | Mt | 114 | 113 | **105** | | | **305-1** | **EM-CM-110a.1** |
| CEM $CO_2$ emissions – net (Scope 1) (note 6) | Mt | 109 | 108 | **100** | | | | |
| – CEM $CO_2$ emissions from raw materials | Mt | 74 | 74 | **69** | | | | |
| – CEM $CO_2$ emissions from fossil fuels | Mt | 35 | 34 | **31** | | | | |
| CEM $CO_2$ emissions from waste-based fossil fuels (Scope 1) | Mt | 5 | 5 | **5** | | | | |
| CEM $CO_2$ emissions from waste-based biomass fuels (Scope 1) | Mt | 3 | 3 | **3** | | | | |
| CEM $CO_2$ emissions from electricity consumption (Scope 2) | Mt | 7 | 7 | **7** | | | | |
| Other segments $CO_2$ emissions from fuels (Scope 1) | Mt | 8 | 8 | **4** | | | | **EM-CM-110a.1** |
| Other segments $CO_2$ emissions from electricity (Scope 2) | Mt | 0.41 | 0.37 | **0.35** | | | **305-2** | |
| Absolute gross Scope 1 emissions (Scope 1) | Mt | 122 | 121 | **110** | | | **305-1** | **EM-CM-110a.1** |
| Absolute Scope 2 emissions (Scope 2) | Mt | 7 | 8 | **7** | | | **305-2** | |
| Absolute Scope 3 emissions (old methodology) (note 6a) | Mt | 20 | 19 | **n/a** | | | **305-3** | |
| Absolute Scope 3 emissions (revised methodology) (note 6a) | Mt | n/a | n/a | **29** | | | **305-3** | |

Note 4: We have introduced reporting for internal waste and water for captive power plants in 2020.
Note 5: Reported as kg/ton cementitious material. See note 1 for the definition of cementitious material.
Note 5a: Alternative fuels and biomass fuels have a higher moisture content, requiring latent energy for evaporation in the kiln. Replacing traditional fossil fuels, therefore, can result in a higher specific thermal energy consumption.
Note 6: Gross $CO_2$ emissions are the total 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. Compared with gross $CO_2$ emissions, net $CO_2$ emissions do not include $CO_2$ from alternative fossil fuels.
Note 6a: In 2020, we introduced a new, more robust methodology for measuring Scope 3 emissions. See the methodology and consolidation section for more details.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON TARGET AREAS

| | Unit | 2018 | 2019 | **2020** | 2022 target | 2030 target | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| CEM energy consumption total | M GJ | 565 | 565 | **528** | | | | |
| CEM thermal energy consumption (note 7) | M GJ | 496 | 496 | **463** | | | | |
| – CEM thermal energy consumption fossil fuels | M GJ | 405 | 396 | **369** | | | | **EM-CM-130a.1** |
| – CEM thermal energy consumption waste-based fuels | M GJ | 58 | 64 | **61** | | | | |
| – CEM thermal energy consumption biomass fuels | M GJ | 33 | 36 | **33** | | | | |
| CEM thermal energy mix of clinker production: % of coal | % | 21 | 21 | **21** | | | | |
| CEM thermal energy mix of clinker production: % of coke | % | 40 | 38 | **36** | | | | |
| CEM thermal energy mix of clinker production: % of oil | % | 3 | 3 | **3** | | | | |
| CEM thermal energy mix of clinker production: % of gas | % | 16 | 16 | **18** | | | **302-1** | |
| CEM thermal energy mix of clinker production: % of other traditional fossil fuels | % | 2 | 1 | **1** | | | | |
| CEM thermal energy mix of clinker production: % of alternative fuels (excluding biomass) | % | 12 | 13 | **14** | | | | |
| CEM thermal energy mix of clinker production: % of biomass | % | 7 | 7 | **7** | | | | |
| CEM electrical energy consumption | M GJ | 69 | 69 | **65** | | | | |
| – CEM electrical energy (renewable) | M GJ | 8 | 9 | **11** | | | | |
| – CEM electrical energy (non-renewable) | M GJ | 61 | 60 | **54** | | | | **EM-CM-130a.1** |
| Other segments thermal energy (note 8) | M GJ | 93 | 87 | **75** | | | | |
| Other segments electrical energy | M GJ | 4 | 4 | **4** | | | | |
| **Water (note 4)** | | | | | | | | |
| **Cement** | | | | | | | | |
| CEM-specific freshwater withdrawal (L/t of cementitious material) – 2020 consolidation | L/t | 317 | 299 | **273** | | | | |
| *CEM-specific freshwater withdrawal (L/t of cementitious material) as published in the reporting year* | L/t | 305 | 299 | **273** | 291 | 262 | **303-3** | |
| CEM-specific freshwater consumption (L/t of cementitious material) (note 9a) | L/t | 159 | 147 | **148** | | | **303-5** | |
| CEM: Sites in water-stressed areas (%) (note 9) | % | 28 | 28 | **n/a** | | | | |
| CEM: Sites in areas with high overall water risk (risk categories: Medium-high, High, Extremely High) (%) (note 10) | % | n/a | n/a | **54** | | | **303-1** | **EM-CM-140a.1** |

Note 7: Includes non-kiln fuels.
Note 8: Includes captive power plants.
Note 9: Using the WRI Aqueduct Water Tool (> 40% baseline water stress).
Note 9a: Slight increase due to a changed ratio of freshwater, harvested rainwater, and non-freshwater in the cement segment, as well as a reduction in production due to COVID-19.
Note 10: In 2020, we switched to using the Aqueduct Water Risk risk tool as it provides a more holistic view: Reflects sites in risk categories: Medium-high, High, Extremely High.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON TARGET AREAS

| | Unit | 2018 | 2019 | **2020** | 2022 target | 2030 target | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **All segments (excluding captive power plants)** | | | | | | | | |
| Specific freshwater consumption (L/t of product) | L/t | 127 | 124 | **124** | | | **303-5** | |
| Total water withdrawal | $Mm^3$ | 146 | 144 | **128** | | | | **EM-CM-140a.1** |
| – Total freshwater withdrawal | $Mm^3$ | 125 | 123 | **109** | | | | |
| – Freshwater withdrawal from groundwater | $Mm^3$ | 33 | 32 | **35** | | | | |
| – Freshwater withdrawal from surface water | $Mm^3$ | 74 | 72 | **57** | | | | |
| – Freshwater withdrawal from municipal water supplies or other water utilities | $Mm^3$ | 13 | 12 | **11** | | | **303-3** | |
| – Freshwater withdrawal from other water sources | $Mm^3$ | 5 | 7 | **6** | | | | |
| – Non-freshwater withdrawal | $Mm^3$ | 11 | 10 | **8** | | | | |
| – Rainwater harvested | $Mm^3$ | 10 | 11 | **11** | | | | |
| Total water discharge | $Mm^3$ | 61 | 58 | **48** | | | | |
| – Water discharge to ground or soil infiltration | $Mm^3$ | 6 | 8 | **8** | | | | |
| – Water discharge to surface water | $Mm^3$ | 54 | 49 | **39** | | | **303-4 306-1** | |
| – Water discharge to offsite treatment | $Mm^3$ | 0.5 | 0.7 | **1** | | | | |
| – Water discharge to others | $Mm^3$ | 0.5 | 0.3 | **0** | | | | |
| – Total water consumption | $Mm^3$ | 85 | 86 | **80** | | | **303-5** | |
| Sites equipped with a water recycling system | # | 1,258 | 1,336 | **1,382** | | | | |
| **Captive power plants (note 4)** | | | | | | | | |
| Total water withdrawal | $Mm^3$ | NR | NR | **134** | | | | |
| – Total freshwater withdrawal | $Mm^3$ | NR | NR | **119** | | | | **EM-CM-140a.1** |
| – Freshwater withdrawal from groundwater | $Mm^3$ | NR | NR | **1** | | | | |
| – Freshwater withdrawal from surface water | $Mm^3$ | NR | NR | **118** | | | | |
| – Freshwater withdrawal from municipal waters supplies or other water utilities | $Mm^3$ | NR | NR | **0** | | | **303-3** | |
| – Freshwater withdrawal from other water sources | $Mm^3$ | NR | NR | **0** | | | | |
| – Non-freshwater withdrawal | $Mm^3$ | NR | NR | **10** | | | | |
| – Rainwater harvested | $Mm^3$ | NR | NR | **5** | | | | |
| Total water discharge | $Mm^3$ | NR | NR | **125** | | | | |
| – Water discharge to ground or soil infiltration | $Mm^3$ | NR | NR | **0** | | | | |
| – Water discharge to surface water | $Mm^3$ | NR | NR | **125** | | | **303-4 306-1** | |
| – Water discharge to offsite treatment | $Mm^3$ | NR | NR | **0** | | | | |
| – Water discharge to others | $Mm^3$ | NR | NR | **0** | | | | |
| – Total water consumption | $Mm^3$ | NR | NR | **9** | | | **303-5** | |
| Sites equipped with a water recycling system | # | NR | NR | **20** | | | | |

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON TARGET AREAS

| | Unit | 2018 | 2019 | **2020** | 2022 target | 2030 target | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Communities** | | | | | | | | |
| New beneficiaries in the reporting year | Million | 2.0 | 1.8 | **2.8** | | | | |
| Total number of beneficiaries – 2020 consolidation | Million | 5.6 | 5.9 | **6.2** | 7 | 10 | | |
| *Total number of beneficiaries – as published in the reporting year* | Million | 6.6 | 5.9 | **6.2** | | | | |
| Total CSR spend | CHF million | 45.1 | 42.1 | **35.6** | | | **201-1** | |
| Contribution by partners to total community spend | % | 24 | 24 | **22** | | | | |
| – Social investment projects | % | 75 | 75 | **76** | | | | |
| – Donations (cash and in kind) | % | 7 | 7 | **5** | | | | |
| – Inclusive business projects | % | 3 | 4 | **5** | | | | |
| Overhead | % | 16 | 14 | **14** | | | | |

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON OTHER AREAS

| | Unit | 2018 | 2019 | **2020** | Expected performance 2022 | 2030 | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Health and safety** | | | | | | | | |
| **Fatalities (activities under our direct control) (Note 11)** | | | | | | | | |
| By location | | | | | | | | |
| – On site | # | 3 | 8 | **4** | Improvement | 0 | | |
| – Offsite | # | 4 | 2 | **1** | | | | |
| By personnel category | | | | | | | **403-9** | |
| – Employees | # | 1 | 4 | **1** | Improvement | 0 | | |
| – Contractors | # | 6 | 6 | **4** | | | | |
| **Injury rates** | | | | | | | | |
| Lost Time Injury Frequency Rate (LTIFR) | | | | | | | | |
| – LTIFR employees (# of LTIs per million hours) | # | 0.90 | 0.76 | **0.58** | | | | |
| – LTIFR contractors on site (# of LTIs per million hours) | # | 0.69 | 0.58 | **0.41** | | | | |
| – LTIFR employees and contractors on site (# of LTIs per million hours) | # | 0.79 | 0.67 | **0.50** | Improvement | 0 | **403-9** | |
| Total Injury Frequency Rate (TIFR) | | | | | | | | |
| – TIFR employees (# of injuries per million hours) | # | 4.00 | 3.93 | **3.60** | | | | |
| – TIFR contractors on site (# of injuries per million hours) | # | 2.48 | 2.49 | **1.95** | | | | |
| – TIFR employees and contractors on site (# of injuries per million hours) | # | 3.22 | 3.19 | **2.80** | Improvement | Improvement | | |
| Occupational Illness Frequency Rate (OIFR) | | | | | | | | |
| – OIFR employees (# of occupational illness per million hours) (note 11a) | # | 0.2 | 0.15 | **0.29** | | | | |
| – OIFR contractors on site (# of occupational illness per million hours) | # | 0.03 | 0.04 | **0.10** | | | **403-10** | |
| – OIFR employees and contractors on site (# of occupational illness per million hours) | # | 0.11 | 0.09 | **0.20** | | | | |
| **Other** | | | | | | | | |
| Workforce represented on Health and Safety committees | % | 96 | 96 | **97** | | | **403-4** | |
| Number of employee fatalities per 10,000 directly employed | # | 0.13 | 0.56 | **0.14** | Improvement | 0 | | |
| Road fatalities not under our direct control (excluding third parties) (note 12) | # | 12 | 9 | **7** | | | **403-9** | |
| Number of lost time injuries (directly employed) | # | 148 | 112 | **81** | | | | |
| Total number of LTIs | # | 348 | 264 | **180** | | | | |
| Sites certified with OSHAS 18001/ISO 45001 | # | n/a | 506 | **506** | | | **403-1** | |
| Countries with site or country level OSHAS 18001/ISO 45001 certification | % | n/a | 40 | **40** | | | **403-8** | |

Note 11: Only fatalities under our direct control are reported under this section. "Road fatalities" that are not under our direct control are reported under the "other" section.
Note 11.a: Increase in OIFR due to improvements made in reporting culture in 2020 within a COVID-19 context.
Note 12: In addition, seven third parties died in relation to our operations in 2020.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON OTHER AREAS

| | Unit | 2018 | 2019 | **2020** | Expected performance 2022 | 2030 | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Environmental compliance** | | | | | | | | |
| Number of countries reporting severe non-compliance cases (note 13) | # | 8 | 4 | **4** | 0 | | **307-1** | |
| Fines and penalties paid | CHF million | 0.4 | 0.7 | **0.3** | | | | |
| **Environmental management systems (EMS)** | | | | | | | | |
| Cement sites with an ISO 14001 certification | % | 79 | 72 | **75** | | | | |
| Cement sites with an EMS equivalent to ISO 14001 | % | 86 | 86 | **89** | | | | |
| Aggregates sites with an ISO 14001 certification | % | 19 | 18 | **17** | | | | |
| Aggregates sites with an EMS equivalent to ISO 14001 | % | 65 | 61 | **65** | | | | |
| RMX sites with an ISO 14001 certification | % | 16 | 18 | **16** | | | | |
| RMX sites with an EMS equivalent to ISO 14001 | % | 43 | 53 | **54** | | | | |
| **Biodiversity** | | | | | | | | |
| Sites assessed using the BIRS methodology | % | 31 | 36 | **40** | | | | |
| Quarries with rehabilitation plans in place (note 14) | % | 83 | 84 | **86** | 100 | | | |
| Quarries with biodiversity importance (note 15) | # | 275 | 271 | **259** | | | **304-1** | |
| Quarries with biodiversity importance with biodiversity management plans in place | % | 85 | 91 | **93** | 100 | | **304-3** | |
| Total rehabilitated area | ha | 14,258 | 14,633 | **14,363** | | | | |
| **Air emissions** | | | | | | | | |
| % clinker produced with continuous monitoring of dust, NOx, and $SO_2$ emissions | % | 85 | 86 | **85** | | | | |
| % clinker produced with monitoring of dust, NOx, and $SO_2$ emissions | % | 95 | 94 | **97** | | | | |
| **Coverage (note 16)** | | | | | | | | |
| Overall: % of production with comprehensive emission monitoring (note 17) | % | 79 | 78 | **76** | | | | |
| Dust: % of production with dust measurement | % | 98 | 99 | **100** | 100 | | **305-7** | **EM-CM-120a.1** |
| NOx: % of production with NOx measurement | % | 96 | 95 | **98** | | | | |
| $SO_2$: % of production with $SO_2$ measurement | % | 97 | 95 | **98** | | | | |
| VOC: % of production with VOC measurement | % | 85 | 82 | **81** | | | | |
| Mercury: % of production with Mercury measurement | % | 88 | 88 | **88** | | | | |
| Dioxins/furans: % of production with dioxins/ furans measurement | % | 88 | 88 | **85** | | | | |

Note 13: For "major" non-compliance cases, aligned with the DJSI, we have applied a reporting threshold of CHF 10,000.
Note 14: This number refers to the number of quarries having a quarry rehabilitation plan compliant with LafargeHolcim's internal requirements (see methodology for more details).
Note 15: According to categorizations introduced in 2018 following FFI recommendations, which we have been incrementally implementing.
Note 16: If the emission has not been measured in 2020, the 2019 measurement has been used to estimate the 2020 performance at kiln level.
Note 17: Percentage of clinker produced by kilns with continuous or non-continuous measurement of dust, NOx, $SO_2$, VOC/THC, heavy metals (Hg, Cd, Tl, Sb, As, Pb, Cr, Co, Cu, Mn, Ni, and V), and PCDD/F. The full production from a kiln is included in the key performance indicator (KPI) only when emissions of all pollutants (all 17 listed pollutants) are monitored, otherwise the production contribution from the kiln is considered zero.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON OTHER AREAS

| | Unit | 2018 | 2019 | **2020** | Expected performance 2022 | 2030 | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| HM1 – % of production with HM1 measurement (note 17a) | % | 88 | 90 | **86** | 100 | | **305-7** | **EM-CM-120a.1** |
| HM2 – % of production with HM2 measurement (note 17a) | % | 87 | 88 | **85** | | | | |
| **Emissions (note 18)** | | | | | | | | |
| Total dust emissions | ton | 16,561 | 15,799 | **12,755** | | | **305-7** | **EM-CM-120a.1** |
| Total NOx emissions | ton | 186,054 | 171,531 | **159,051** | | | | |
| Total $SO_2$ emissions (note 18a) | ton | 39,957 | 33,738 | **34,025** | | | | |
| Total VOC emissions | ton | 7,749 | 6,764 | **6,452** | | | | |
| Total mercury emissions | ton | 1.5 | 1.3 | **1.2** | | | | |
| Total dioxins/furans emissions | gTEQ | 2.7 | 5.4 | **3.5** | | | | |
| HM1 – absolute emissions | ton | 1.5 | 1.7 | **1.3** | | | | |
| HM2 – absolute emissions | ton | 24.2 | 26.6 | **27.0** | | | | |
| **Specific emissions (cementitious material)** | | | | | | | | |
| Specific dust emissions | g/t | 86 | 82 | **71** | Improvement | | **305-7** | **EM-CM-120a.1** |
| Specific NOx emissions (note 18a) | g/t | 969 | 892 | **883** | | | | |
| Specific $SO_2$ emissions (note 18a) | g/t | 208 | 175 | **189** | | | | |
| Specific VOC emissions | g/t | 40 | 35 | **36** | | | | |
| Specific mercury emissions | mg/t | 8 | 7 | **7** | | | | |
| Specific dioxins/furans emissions | ng TEQ/t | 14 | 28 | **19** | | | | |
| Specific HM1 emissions | mg/t | 8 | 9 | **7** | | | | |
| Specific HM2 emissions (note 19a) | mg/t | 126 | 139 | **150** | | | | |
| **Specific emissions (clinker)** | | | | | | | | |
| Specific dust emissions | g/t | 121 | 115 | **100** | | 75 | **305-7** | **EM-CM-120a.1** |
| Specific NOx emissions (note 19) | g/t | 1,354 | 1,252 | **1,248** | | 1,100 | | |
| Specific $SO_2$ emissions (note 19) | g/t | 291 | 246 | **267** | | 230 | | |
| Specific VOC emissions | g/t | 56 | 49 | **51** | Improvement | | | |
| Specific mercury emissions | mg/t | 11 | 9 | **10** | | | | |
| Specific dioxins/furans emissions | ng TEQ/t | 20 | 40 | **27** | | | | |
| Specific HM1 emissions | mg/t | 11 | 12 | **10** | | | | |
| Specific HM2 emissions (note 19a) | mg/t | 176 | 194 | **212** | | | | |

Note 17a: Decline due to independent testhouse measurements not being conducted in some countries due to COVID-19 restrictions.
Note 18: Emissions extrapolated to the full Group clinker production.
Note 18a: Increase due to local constraints in accessing low-sulfur raw materials.
Note 19: 2030 targets reflect a reducution form a 2016 baseline of 27% for NOx and 36% for $SO_2$.
Note 19a: HM2 increase due to a single plant high value of copper, which returned to normal levels afterwards. The event is under assessment.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON OTHER AREAS

| | Unit | 2018 | 2019 | **2020** | Expected performance 2022 | 2030 | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Employees (note 20)** | | | | | | | | |
| **Employees by employment contract and age interval** | | | | | | | | |
| Full-time employees | % | 99 | 98 | **99** | | | | |
| Part-time employees | % | 1 | 2 | **1** | | | | |
| Permanent employees | % | 96 | 96 | **96** | | | | |
| Fixed-term contract employees | % | 4 | 4 | **4** | | | **405-1 102-8** | |
| Employees under the age of 30 | % | 14 | 13 | **13** | | | | |
| Employees between 30 and 50 | % | 60 | 60 | **59** | | | | |
| Employees above 50 | % | 26 | 27 | **28** | | | | |
| **Gender diversity** | | | | | | | | |
| Gender diversity – females at senior management level | % | NR | NR | **17** | 25% by 2026 | | | |
| Gender diversity – females all management levels | % | 20 | 20 | **21** | | | | |
| Non-management level | % | 11 | 11 | **11** | Improvement | | **405-1** | |
| Females in total workforce | % | 14 | 14 | **14** | | | | |
| **Turnover** | | | | | | | | |
| Overall employee turnover rate | % | 17 | 16 | **13** | | | | |
| Voluntary employee turnover rate | % | 8 | 8 | **6** | | | **405-1** | |
| Hirings | % | 11 | 13 | **9** | | | | |
| **Development** | | | | | | | | |
| Hours of training per employee (management level) | # | 39 | 24 | **20** | | | **404-1** | |
| Hours of training per employee (non-management level) | # | 30 | 16 | **16** | | | | |
| Managers who had an annual performance review | % | 91 | 91 | **92** | | | **404-3** | |
| Non-managers who had an annual performance review | % | 44 | 48 | **50** | | | | |
| **Social relations** | | | | | | | | |
| Entities having strike actions over one week duration | # | 1 | 3 | **1** | | | **MM-4** | |
| Entities where employees are covered by collective agreements | % | 73 | 76 | **74** | | | **102-41** | |
| **Government relations** | | | | | | | | |
| Political donations (note 21) | CHF | 54,176 | 7,700 | **3,189** | | | | |
| Countries making political donations | # | 2 | 1 | **1** | | | **415-1** | |
| Total subsidies | CHF million | 97.9 | 85.8 | **45.1** | | | **201-4** | |
| Entities receiving subsidies | # | 14 | 10 | **9** | | | | |

Note 20: All employee figures are reported as at 30 November 2020. Only training hours for 2020 have been extrapolated to reflect a full year. See the methodology and consolidation section for more details.
Note 21: Figures exclude PAC Contributions Per FEC Post Election Report in the US. These amounted to CHF 51,896 in 2020.

# PERFORMANCE DATA TABLES CONTINUED

## REPORTING ON OTHER AREAS

| | Unit | 2018 | 2019 | **2020** | Expected performance 2022 | 2030 | GRI ref | SASB ref |
|---|---|---|---|---|---|---|---|---|
| **Economic** | | | | | | | | |
| Membership of trade associations and chambers of commerce (note 22) | CHF million | 19.8 | 15.5 | **15.8** | | | | |
| **Communities** | | | | | | | | |
| Stakeholder engagement plans available and reviewed in last three years – cement, grinding sites | % | 78 | 85 | **92** | 100 | | | |
| Human rights assessments conducted in the three last years – Group Reporting Units (GRUs) – cumulative (note 23) | % | 53 | 64 | **> 95** | | | | |
| **Suppliers (note 24)** | | | | | | | | |
| Suppliers from national markets (% of total suppliers) | % | 90 | 93 | **92** | | | | |
| Suppliers with supplier code of conduct as part of contractual agreement | % | 50 | 72 | **77** | | | **414-1 308-1 204-1** | |
| Countries that have identified high ESG impact suppliers | % | 94 | 96 | **100** | 100 | | | |
| High ESG impact suppliers qualified (% spend) (note 25) | % | 65 | 77 | **72** | | | | |

Note 22: Figure excludes corporate memberships.
Note 23: Due to COVID-19, companies in countries classified as "high risk" conducted a self-assessment, which is valid for one year only.
Note 24: Figures taken from the annual LafargeHolcim iCare Sustainable Procurement Questionnaire. The figure is a consolidated view of suppliers of goods and suppliers of services. It reflects the percentage of total spend of high ESG impact suppliers that had been qualified in terms of the stipulations in the LafargeHolcim Supplier Code of Conduct, in line with the OECD Guidelines for Multinational Enterprises (due diligence in the supply chain).
Note 25: Due to the impact of COVID-19 and the LafargeHolcim "Health, Cost and Cash" program, the procurement spend like for like was reduced by 10% (vs 2019) and the supplier base was reduced by 5% (vs 2019). These reductions diluted the qualification effort from the previous and current year, as reflected in the KPI used to track progress (percentage of spend covered by qualified suppliers with high ESG impact).

# METHODOLOGY AND CONSOLIDATION 2020

## CONSOLIDATION RULES FOR NON-FINANCIAL KPIS

### SCOPE OF CONSOLIDATION

Aligning with Group financial reporting, our consolidation scope includes the entities covered in the Group consolidated financial statements. The list of principal consolidated companies is presented in the LafargeHolcim Integrated Annual Report, 2020. The Group consolidates a subsidiary if it has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations.

#### Changes in scope of consolidation

Compared to the 2019 Sustainability Performance Report, there were no significant changes in consolidation. In the 2019 Sustainability Performance Report, we restated 2018 figures to reflect divestments of LafargeHolcim operations in Indonesia, Singapore, and Malaysia. Unless indicated in the table as "*as published in the reporting year*", data for 2018 remain restated according to that revised consolidation. Health and Safety data are not restated.

#### Divestments and acquisitions

For business divested during the year, data are excluded for the entire year.

When a new site or sites are acquired by LafargeHolcim, its procedures and definitions for non-financial data might not be necessarily in line with LafargeHolcim standards. Accordingly, we give the new site time to meet our standards and report performance according to LafargeHolcim standards. This should not be later than the second year after acquisition.

### METHODS OF DATA COLLECTION AND REPORTING METHODOLOGIES

#### Extrapolation

Since 2019, LafargeHolcim reporting is based on eleven months of data (as at 30 November) which are extrapolated to the annual estimated values. The objective is to accelerate the reporting process to align with the financial reporting timeline.

- For environmental data, an estimate of the full-year production is requested at site level and is used to extrapolate energy consumption, $CO_2$ emissions, air emissions, water, raw materials, waste-derived resources, and internal waste. All other indicators, such as environmental certifications and hectares rehabilitated were not extrapolated as they are not necessarily linear.
- For stakeholder reporting, an estimate of the full year spend is requested at country level. CSR spend and contributions have been extrapolated. Beneficiaries' data are not extrapolated and are collected for the full year.
- For procurement, an estimate of the full-year spend is requested at country level. Only the percentage of high ESG impact suppliers qualified has been extrapolated. The extrapolation had no impact on the figure.
- For Human Resources, an estimate of the year-end number of employees is requested at GRU level. The extrapolation had no impact on the data related to employee composition. Hours of training per employee have been extrapolated on a pro rata basis.
- For sustainable solutions, an estimate of the full-year net sales is requested at country level and used together with the eleven-month net sales for the extrapolation.
- For Health and Safety, no extrapolation has been performed and data has been collected and reported for the full year.

Wherever possible, the estimates have been cross-checked in December with the actual figures and any material variances are adjusted.

#### Controls

Controls put in place to ensure data quality and robustness include:

- The iCare@LH reporting tool has built-in validation rules to ensure the robustness of data reported. This includes highlighting when a value is out of an expected range or shows a significant deviation from previously reported data and requires an explanatory comment.
- A robust workflow process is in place requiring a validation of the information by at least two managers for each questionnaire.
- Validation dashboards have been developed to allow entities and subject matter experts to identify values that are out of range.
- Production data are checked against other reporting streams such as SAP and technical reports for consistency.

#### Economic indicators

- Data on the net sales of sustainable solutions were collected through the LafargeHolcim's reporting system and respective protocol – iCare@LH | Sustainable Construction questionnaire. Data are gathered at country and GRU levels and cover all business segments and their industrial production sites. The Sustainable Construction questionnaire was conducted covering 56 entities representing more than 98% of our products and services sales. It collects data on products and services contributing to GHG reduction along the construction life cycle, resource efficiency and a circular economy, higher energy efficiency in buildings, affordable housing, as well as a richer biodiversity.
- In 2020, the criteria for products and services contributing to GHG reduction have been changed from a threshold reflecting our previous SBTi-approved 2030 target of 520 kg $CO_2$ per ton of cementitious material to a threshold of 30% lower $CO_2$ emissions compared to a local industry average CEM I-cement/Ordinary Portland Cement for cement and 30% lower $CO_2$ emissions compared to reference mix-design based on a local CEM I-cement/Ordinary Portland Cement for concrete – aligning with our criteria for EcoLabel products.
- Data on supplier assessments were collected through the LafargeHolcim's reporting system & respective protocol - iCare@LH | Sustainable Procurement questionnaire. Data are gathered at country/GRU level and cover all business segments and their industrial production sites. The Sustainable Procurement questionnaire was conducted covering 63 entities representing more than 99% of our total procurement spend.

### Environmental indicators

Environmental performance indicators follow the reporting guidelines of the Global Concrete and Cement Association (*previously the World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD-CSI*).

In 2020, environmental data were collected through LafargeHolcim's reporting system and respective reporting guidelines – iCare@LH | Environmental questionnaire.

All sites that were active during the reporting year have been considered eligible to be included under the environmental reporting. For sites that were active less than six months, their impact has been estimated based on their production and the Group averages.

For environmental data, cement terminals and RMX mobile plants are not considered material, and therefore, can be excluded from the consolidation.

- **Scope 1, Scope 2, and energy:** We use the Global Cement & Concrete Association (GCCA) Sustainability Guidelines for the monitoring and reporting of $CO_2$ emissions from cement manufacturing (*previously WBCSD-CSI Cement $CO_2$ and Energy Protocol version 3.1*) to calculate $CO_2$ emissions between the 1990 baseline and the reporting year. To calculate Scope 2 emissions we use the GHG Protocol Scope 2 Guidance. The reporting coverage of the $CO_2$ data is 100%. For data not reported in 2020, the last available measurement or the Group average has been used to estimate the 2020 performance. The coverage of energy data per segment is at least 98%. Default $CO_2$ emissions factors for fuels are taken from the GCCA Sustainability Guidelines. Operations can overwrite these default values if more precise values or measurements are available. Emissions from captive power plants are included in the performance data table under "Other segments: $CO_2$ emissions from fuels".
  - **Scope 3 emission:** In 2020, we developed a more comprehensive and rigorous approach to measure the $CO_2$ emissions from our supply chain. The methodology is aligned with the *Corporate Value Chain (Scope 3) Standard* and follows the *Cement Sector Scope 3 GHG Accounting and Reporting Guidance* of the GHG Protocol and the GCCA Protocol. We decided to take this step because we are committed not only to disclose but also to set actionable targets to reduce our $CO_2$ emissions, starting with the fuels and transportation categories that account for ~50% of our total Scope 3 emissions. The increased scope (we have estimated emissions from all goods and services purchased in 2020) and accuracy (robust calculation methods and data), resulted in an addition of 9.8 million tons of $CO_2$ from figures estimated in 2019 (from which: 5.7 million tons of $CO_2$ from added purchased categories; and ~1 million tons of $CO_2$ from the upstream and transmission and distribution losses of purchased electricity, and the rest mainly from full volumes of purchased clinker and cement not included in the previous year). We now have a solid foundation that will be the baseline to define actionable 2030 reduction targets, as communicated with our Net Zero Pledge.
- **Emissions:** We use the GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing (*previously WBCSD-CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry Protocol (2012)*. Emission levels can be measured continuously or based on spot measurement. Information is always available at kiln level. If an emission component has not been measured in 2020, the 2019 measurement has been used to estimate the 2020 performance at kiln level. If no measurement was available in 2019, the Group average has been used to estimate the Group absolute impact.
- **Percentage of production with measurement**: The full production from a kiln is included in this coverage only when the emission of the respective pollutant(s) is/are monitored, otherwise the production contribution from the kiln is considered zero. For the percentage of production with comprehensive emission monitoring, the full production from a kiln is included only when emissions of all pollutants (dust, NOx, $SO_2$, VOC/THC, heavy metals (Hg, Cd, Tl, Sb, As, Pb, Cr, Co, Cu, Mn, Ni, and V), PCDD/F) are monitored.
- **Water:** The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing (*previously the CSI Protocol for Water Reporting*) has been used as a reference to measure the water performance of the Group. The coverage of the water data is 98% on average. In 2020, our freshwater withdrawal reduced significantly to 273 liters per ton of cementitious material. This is due to the improvement of water management in high-intensity sites, including an improvement in estimation methodology. We are currently reviewing our water strategy and water management systems (including monitoring methodology) and will announce the strategy with revised targets in 2021. Data from captive power plants are reported separately.
- **Waste and recycling:** Waste comprises all forms of solid or liquid waste (excluding wastewater) and are defined as hazardous or non-hazardous based on the legislation of the country in which the site operates. Overburden has been excluded from non-hazardous wastes disposed of on site. Data from captive power plants is reported separately.
- **Waste-derived resources:** Data reported for waste-derived resources includes alternative raw materials, industrial mineral components (consumed and sold externally), alternative fuels, the volume of return concrete recycled, secondary/recycled aggregates, and recycled asphalt.
- **Biodiversity and quarries:** The number of quarries that have rehabilitation plans in place are aligned with the LafargeHolcim Directive on Quarry Rehabilitation and Biodiversity. The key requirements go far beyond legal compliance and includes measures respecting the mitigation hierarchy (avoid, minimize, restore, and offset) and a biodiversity management plan for sites assessed as having high biodiversity value.

### Health and safety

H&S performance indicators follow the GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing, issued February 2020. These guidelines stipulate that road fatalities involving contractors "off company premises and not branded or regular" should be excluded. A regular contract is defined as "*longer than 30 days continuously or collectively on a rolling 12 months period*". To provide clarity on fatalities data and better capture road fatalities impact, the notion of control management has been added.

H&S data are gathered at site level and further consolidated at country and GRU levels and cover all business segments and their industrial production sites, including Corporate and above country regional and service entities.

In 2020, H&S data were collected through the LafargeHolcim's reporting system – iCare 2.0 | HSE Incident management module.

Data are segregated according to on site and offsite incidents, and cover employees, contractors, and third parties. The hours worked used to calculate incident rates for employees and contractors are calculated and/or estimated locally by business units.

## SOCIAL INDICATORS

In 2020, social data were collected through the LafargeHolcim's reporting system and respective protocol – iCare@ LH | Social questionnaire.

Data are gathered at country and GRU levels and covers all business segments and their industrial production sites, including Corporate and above country regional and service entities.

The 2020 social data are derived from a survey covering 74 entities representing 99% of the total Group workforce and include majority-owned entities and managed assets.

Among other aspects, the social survey collects data on employees, headcounts, and labor relations and includes questions to verify that child labor is not used.

### Stakeholder engagement indicators

In 2020, stakeholder data were collected through the LafargeHolcim's reporting system and respective protocol – iCare@ LH | Stakeholder questionnaire.

Data are gathered at country/GRU levels and covers all business segments and their industrial production sites.

The 2020 stakeholder data are derived from a survey covering 56 entities representing more than 95% of the total Group workforce and include majority-owned entities and managed assets. Among other aspects, the stakeholder survey collects data on CSR spending and beneficiaries, volunteering activities, political donations and subsidies, human rights management (other than labor-related human rights), stakeholder engagement activities, and community engagement structures.

A direct beneficiary is defined as a person who was directly involved in the project or benefited from its implementation. Regarding the calculation of the number of beneficiaries, in 2020, the Beneficiaries Protocol was updated, providing a clear guidance on how to count and report the beneficiaries and ensuring consistency across the country's reports. Whenever possible, we count the exact number of beneficiaries (e.g., number of community members trained). When precise measurement is not possible (e.g., beneficiaries of a new hospital or bridge built by LafargeHolcim), estimates are made based on scientific methods such as social research, expert interviews, and the like. Furthermore, if estimates need to be made, a standard and conservative assumption is used, with a maximum of 30% of the potential beneficiaries considered. The type and extent of benefit varies significantly depending on the project.

LafargeHolcim differentiates between Strategic Social Investment projects and Inclusive Business projects, and donations. The five focus areas for Strategic Social Investments are:

- Health projects include: COVID-19 support provided for communities, health awareness campaigns, vaccinations programs, general healthcare service provided to the community
- Employment projects include: livelihood programs, income generation programs, professional training targeting the community
- Education projects include: road safety, lectures in partnership with schools and universities
- Environment projects include: environmental management and awareness, reforestation, water supply to communities
- Infrastructure projects include: building or improving community facilities (parks, public squares, etc.)

Under stakeholder engagement and human rights, data such as the number of community advisory panels, number of engagements with key stakeholders at site level, and complaints related to indigenous people, land rights, human rights, environmental impact, and other potential topics are recorded. Furthermore, any conflicts with stakeholders they may have or expect in the future and how such conflicts are addressed is captured. Also, countries report on the latest version of their human rights assessment and the implementation status of their human rights action plan.

### Reporting cycle

The LafargeHolcim Group will continue to report annually.

# ASSURANCE STATEMENT

## INDEPENDENT ASSURANCE REPORT ON A SELECTION OF NON-FINANCIAL INFORMATION

**To the Executive Committee,**

Further to the request made by the entity LafargeHolcim (hereafter "Entity"), and in our quality as an independent verifier, we present our report on a selection of non-financial information established for the year ended on 31 December 2020, presented in the Sustainability Performance Report, consisting in selected consolidated environmental, communities, and health & safety indicators ("the Sustainability Indicators") and other non-financial reporting processes ("the Non-Financial Reporting Processes") listed in Appendix 1.

### The Entity's responsibility

It is the responsibility of the Entity to prepare the Sustainability Indicators and to implement the Non-Financial Reporting Processes in accordance with the protocols used by the Entity.

### Independence and quality control

Our independence is defined by the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a quality control system, including documented policies and procedures regarding compliance with ethical standards, professional standards and applicable laws and regulations.

### Responsibility of the independent verifier

It is our role, in response to the Entity's request, based on our work, to:

- Attest that the Non-Financial Reporting Processes were implemented as described in the "Methodology and consolidation" section and in accordance with the 2020 Entity social and stakeholder engagement questionnaires and definitions.
- Express a limited assurance conclusion, that the Sustainability Indicators, have been prepared , in all material aspects, in accordance with the reporting criteria applicable in 2020 (the "Reporting Criteria"), consisting in external standards elaborated by the Global Concrete and Cement Association (previously the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI)) completed with Entity specific procedures, a summary of which is provided in the "Methodology and consolidation" section.

### 1. Review of the non-financial reporting processes

We undertook interviews with the people responsible for the collection and preparation of the information at the headquarters of the Entity in Holderbank, Switzerland and in Paris, France and at the country level for a selection of entities, in order to:

- Assess the suitability of the questionnaires and definitions used in the surveys, in relation to their relevance, completeness, reliability, neutrality, and understandability;
- Verify the implementation of the process for the collection and compilation of the Information.

Based on this work, we confirm that we have no comment on the fact that the Non-Financial Reporting Processes were implemented as described in the "Methodology and consolidation" section and in accordance with the 2020 Entity social and stakeholder engagement questionnaires and definitions.

### 2. Limited assurance on a selection of sustainability indicators

We conducted the work described below in accordance with the international standard ISAE 3000[1] (International Standard on Assurance Engagements).

### Nature and scope of the work

We undertook interviews with people responsible for the preparation of the Sustainability Indicators in the Sustainable Development and Health & Safety Departments, in charge of the data collection process and, when applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Reporting Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, the best practices of the industry;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the Sustainability Indicators and identify the procedures for internal control and risk management related to the preparation of the Sustainability Indicators.

We determined the nature and extent of our tests and inspections based on the nature and importance of the Sustainability Indicators, in relation to the characteristics of the Entity, its social and environmental issues, its strategy in relation to sustainable development and industry best practices:

- At the Entity level, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the Sustainability Performance Report;

1 ISAE 3000: "Assurance Engagements other than audits or reviews of historical information", International Federation of Accountants.

- At the level of the representative selection of sites and entities that we selected[2], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 21% of the hours worked used for the calculation of safety indicators, and between 7% and 33% of the environmental information[3].

We consider that the work we have done by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the Sustainability Indicators cannot be entirely eliminated.

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Indicators, taken as a whole, have not been fairly presented, in compliance with the Reporting Criteria.

Paris-La Défense, the 26th February 2021

Independent Verifier
**EY & Associés**

Partner, Sustainable Development
**Christophe Schmeitzky**

Partner
**Jean-François Belorgey**

2 Four cement plants: CMU Chanda (India), Campulung Cement Plant (Romania), Saint-Pierre la Cour Plant (France) and El Sokhna (Egypt) and four Group Reporting Units (GRU): ACC (India), Romania, France and Egypt.

3 On average 17% of production (cement (22%), aggregates (12%), RMX (24%)), 22% of cement net $CO_2$ emissions (scope 1), 22% of absolute gross scope 1 emissions, 13% of absolute scope 2 emissions, 25% of waste derived resources, 19% of air emissions, 20% of cement energy consumption, 33% of other segments energy consumption, 20% of quarries operated and 7% of cement freshwater withdrawal.

# APPENDIX 1: SELECTION OF NON-FINANCIAL INFORMATION

## THE SUSTAINABILITY INDICATORS

**Products and solutions**

- Total raw material consumption – all segments
- Clinker produced
- Cement produced
- Aggregates produced
- RMX produced
- Clinker factor (average % of clinker in cements)

**Recycling and waste**

- Waste derived resources - all segments

**$CO_2$ and energy**

- CEM specific $CO_2$ emissions - net (Scope 1)
- CEM specific $CO_2$ emissions - electricity (Scope 2)
- CEM $CO_2$ emissions - gross (Scope 1)
- CEM $CO_2$ emissions - net (Scope 1)
- Absolute gross emissions (Scope 1)
- Absolute emissions (Scope 2)
- Absolute emissions (Scope 3)
- CEM energy consumption total
- Other segments thermal energy
- Other segments electrical energy

**Water**

- CEM Specific freshwater withdrawal (L/ton of cementitious)
- Total water withdrawal – all segment

**Environmental Management Systems**

- Cement sites with an ISO 14001 certification

**Biodiversity**

- Quarries with rehabilitation plan in place
- Quarries with biodiversity importance with biodiversity management plans in place

**Air emissions**

- % clinker produced with continuous monitoring of dust, $NO_X$ and $SO_2$ emissions
- % clinker produced with monitoring of dust, $NO_X$ and $SO_2$ emissions
- Total emissions: dust, $NO_X$, $SO_2$, VOC, mercury, dioxins/furans
- Specific emissions: dust, $NO_X$, $SO_2$, VOC, mercury, dioxins/furans

**Communities**

- Total number of beneficiaries

**Health and safety**

- Fatalities (employees and contractors)
- Lost Time Injury Frequency Rate (employees and contractors)
- Total Injury Frequency Rate (employees and contractors)
- Occupational Illness Frequency Rate

## THE NON-FINANCIAL REPORTING PROCESSES

**Reporting processes covering:**

- Group employees by region and per employment contract and age, Employee turnover, Diversity, Employee satisfaction, Social dialogue, and Individual development
- CSR Spend, Beneficiaries, Stakeholder engagement plan

# GLOBAL CITIZENSHIP

## GLOBAL REPORTING INITIATIVE

The indicators contained in this document reference the Global Reporting Initiative (GRI) Standard. To complement the disclosures published in our Integrated Report we have published supplementary documents on our website, including this Sustainability Performance Report. With the disclosures in the Annual Integrated Report 2020 and related documents on our website, the level of disclosure on GRI standard disclosures and indicators is compatible with a comprehensive "In accordance" option. A content index matching the GRI Standard Disclosures with information included in our reporting is available on our website at *www.https://www.lafargeholcim.com/sustainability-reports.*

For a detailed explanation of the GRI indicators and for more information on the GRI Standard, go to *www.globalreporting.org*.

## UN GLOBAL COMPACT

With our integrated approach to sustainable development, LafargeHolcim aims to embrace the UNGC principles. We strive to implement the ten principles of the Compact and to use it as a basis for advancing responsible corporate citizenship. At the same time, the Compact provides LafargeHolcim with the opportunity to further push our own ongoing programs and processes in the areas of human rights, labor standards, the environment, and anti-corruption. In order to demonstrate our commitment, we publish a yearly Communication of Progress (COP). All our COP reports are available on the Global Compact website through the following link: *https://www.unglobalcompact.org/whatis-gc/participants/6028*.

This year, our Integrated Annual Report and this document provide information and data on key actions implemented in 2020 against many of the Compact's principles as well as confirming our sustainability priorities and performance targets.

## RECOGNITION AND MEMBERSHIP

SUSTAINALYTICS RATED

In their Risk Rating report released in May 2020, Sustainalytics rated LafargeHolcim at 19.5 – included in the low ESG risk category. LafargeHolcim is the first company in the construction sector to be included in the low risk category in the Sustainalytics ESG Risk Rating and to rank below 20.

LafargeHolcim's score for 2020 is the strongest of all 101 construction materials companies that were analyzed, and places the company in the top 20% of over 12,000 companies across all sectors.

CDP SUPPORTER 2019

In the results of the 2020 CDP assessment, LafargeHolcim has been given an "A" score for tackling climate change. We have been recognized for leadership in corporate sustainability by securing a place on the CDP's prestigious "A List" for tackling climate change. In addition, we received a score of "A-" in the CDP ranking for water, which places the Group in the CDP's Leadership band. This score recognizes LafargeHolcim's implementation of current best practices with regard to water performance and transparency.

Corporate ESG Performance Prime RATED BY ISS ESG

LafargeHolcim has been upgraded in the ISS ESG Corporate Rating issued in April 2020 to "Prime" status. This is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfill ambitious absolute performance requirements. Consequently, the companies tradeable bonds and shares qualify for responsible investment.

## RECOGNITION AND MEMBERSHIP

FTSE4Good

LafargeHolcim was again included as a constituent of FTSE4Good index series in 2020. Created by the global index provider FTSE Russell, the FTSE4Good IndexSeries is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell confirms that LafargeHolcim has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

BUSINESS AMBITION FOR 1.5°C

LafargeHolcim has joined the Science Based Targets initiative (SBTi) "Business Ambition for 1.5°C," becoming the first global building materials company to sign the pledge with intermediate targets for 2030, validated by SBTi. This commitment builds on LafargeHolcim's leadership in green construction with cutting-edge solutions such as ECOPact, its green concrete, and Susteno, its leading circular cement.

More information on our commitment and actions can be found on our *net zero* webpages.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

LafargeHolcim has been a supporter of the Task Force on Climate-related Financial Disclosures (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.

gcca

LafargeHolcim, together with eight other leading companies in the cement and concrete sector, launched the GCCA in early 2018. The GCCA is a progressive new association, dedicated to developing and strengthening the sector's contribution to construction. The association will focus on driving advancements in sustainable construction, working to enhance the cement and concrete industry's contribution to a variety of global social and developmental challenges. LafargeHolcim CEO Jan Jenisch is on the board of the GCCA and Executive Committee member Marcel Cobuz is on the steering committee.

GRI Community LafargeHolcim 2019

LafargeHolcim is a member of the 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.

Nature is Everyone's Business CALL TO ACTION SIGNATORY

In 2020, LafargeHolcim's CEO Jan Jenisch signed the Call to Action of Business for Nature, which brings together influential organizations and forward-thinking businesses seeking to reverse nature loss. By signing the call we aim to positively influence policy makers who are currently discussing international agreements on nature and climate change. Our Chief Sustainability Officer, Magali Anderson is a member of the Business for Nature's Strategic Advisory Group supporting them to set directions and prioritize actions.

CONCRETE SUSTAINABILITY COUNCIL

LafargeHolcim is a founder member and Co-Chair of the *Concrete Sustainability Council.*

LafargeHolcim, together with concrete industry partners from Europe, the US, Latin America, and Asia initiated the development of a global responsible sourcing certification system, designed to help concrete, cement, and aggregate companies obtain insight in the level to which a company operates in an environmentally, socially, and economically responsible way.

Concrete is the world's most widely used building material. By creating a certification system for responsibly sourced concrete, the Concrete Sustainability Council promotes and demonstrates concrete as a sustainable building material to enable informed decision-making in construction. It is our vision to build a sustainable, safe, durable, and comfortable future.

### Science Based Targets Network

At LafargeHolcim we commit to deliver our actions in a rigorous, science-based way. As such we are now part of the Science Based Targets Network Corporate Engagement Program to road-test and provide feedback on the new methods, guidance and tools science-based target for nature is setting.

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