



NEED AND BENEFITS OF SUSTAINABILITY JOURNEY

Dear Reader,

The fundamental question to be asked when developing a sustainability roadmap is why a company needs to embark on this journey. Over the last decade, the answer to this question has become increasingly self evident. This increasing awareness of the need and benefits of a strong sustainability performance has accelerated rapidly in the last two years.

Put simply, good environmental, social and governance practices and performance, make good business sense, both internally and externally.

To be competitive, companies need to attract and retain the best talent and employees are increasingly attracted to working for a caring company with a purpose. Driven by increasing regulations and most powerfully societal expectations, there is a growing demand for sustainable products and services and these markets are rapidly developing. Investors are increasingly raising the bar on their requirements for companies. The advent of green finance products, such as the sustainability linked bond recently issued by LafargeHolcim, provides access to capital at attractive rates to drive a sustainability program.

What we do at LafargeHolcim - providing construction materials and solutions - is fundamental to delivering the public infrastructure and housing which are a prerequisite for a sustainable, equitable and resilient world. Construction is the most formidable vehicle for the large-scale introduction of circular, low-carbon and resource-efficient solutions in the real economy, and has a substantial societal impact.

We have a history of commitment to sustainability and we reduced our CO₂ per ton of cementitious by 27% in the last 40 years. But this leadership took another dimension when we positioned sustainability at the heart of the decision making of the company, by creating the CSO position at Executive Committee level.

Our sustainability work rests on four strategic pillars: Climate & Energy, Circular Economy, Nature (with a focus on Water & Biodiversity) and People.

Leading the way in green construction, LafargeHolcim is the first global building materials company to sign the "Business Ambition for 1.5°C" initiative, with intermediate targets approved by the Science-Based Targets initiative (SBTi).

In addition, LafargeHolcim is partnering with SBTi to develop a roadmap for aligning climate targets to a 1.5°C future in the cement sector, pushing the boundaries of green construction.

Preparing for the future today, we are piloting more than twenty CCUS projects. Working with other multinationals as well as start-ups, the pilots are evaluated in terms of cost, technical feasibility, compatibility with CO₂ usage opportunities, and other aspects of viability and scalability.

We are leading the way in circular construction as the second biggest recycling company in the world today, with 50 million tons of materials recycled across our business - and we will increase this to 100 million tons by 2030.

Within our operations we follow the materials hierarchy aiming to close and extend the materials loops. This means rethinking our process using new technologies, reducing resources consumed as much as possible and reusing mineral and waste materials such as recycled construction and demolition waste. Our green solutions will play an important role in rebuilding the infrastructure and housing society needs.

For our continued success, we are reliant on the ecosystems provided by nature, and we are committed to restoring these. Water scarcity is a particular challenge. It is increasing rapidly, exacerbated by climate change and a growing population. We focus our efforts on water scarce areas by measuring our operational water footprint, reducing freshwater withdrawal, assessing water risks and engaging with stakeholders on sharing water. For example, our operations in India are certified as being water positive by an independent 3rd party. We also innovate our products to drive a reduction of the water needed for the application of our products.

Our business is fundamentally local and as such we make sure to ensure the wellbeing of our own people and create value for the communities in which we live and work. We enable and empower people by providing responsible employment and access to homes, infrastructure, education and healthcare, while ensuring that Human Rights are respected everywhere we work. Over the last five years LafargeHolcim has invested over CHF 240 million in community projects, benefiting an estimated 30 million people.

We believe that sustainability is the foundation for the future and at LafargeHolcim we are committed to leading the way.

Magali Anderson

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