



UN Global Compact - Communication on Progress (COP)

About LafargeHolcim

LafargeHolcim was founded in 2015, following the merger of Lafarge and Holcim, creating a new leader in the building materials industry (supplier of cement, concrete, and aggregates). With a local presence in around 70 countries and a commitment to health, safety, and sustainability, we remain an active participant of the UN Global Compact, reinforcing the commitment that both legacy companies already had since 2003.

Statement from LafargeHolcim’s Chief Executive Officer Jan Jenisch:

I am pleased to confirm that LafargeHolcim reaffirms its support to the UN Global Compact (UNGC) Principles as well as its continuing commitment to work with the UN on promoting sustainable development as a Global Compact participant company. Hereafter follows a summary of the progress made by LafargeHolcim in 2019:

Criteria	LafargeHolcim commitment	Links
Implementing the Ten Principles into Strategies & Operations		
<p>Criterion 1: The COP describes mainstreaming into corporate functions and business units</p>	<p>LafargeHolcim is committed to creating value for all its stakeholders and has placed sustainable development at the heart of its business strategy. Corporate functions such as Human Resources, Procurement, Legal & Compliance and Health & Safety play a role in setting the ambition and providing specialist advice, skills and experience to our operations as well as monitoring and driving performance in their respective areas. At country level, the CEO is ultimately responsible for ensuring delivery of these targets. Sustainable development data and performance information is updated and externally verified on a yearly basis in LafargeHolcim’s Integrated Annual Report. LafargeHolcim has a well-embedded process for identifying risks at both corporate and country level. Sustainability impacts, risks and opportunities for the business are included in the risk management process and materiality review implementation. This process was enhanced since 2017 with the creation of the Ethics, Integrity and Risk Committee, led by a member of the Executive Committee. In October 2019, Chief Sustainability Officer Magali Anderson was appointed as a member of the Group Executive Committee, underlining our industry leadership with regard to social and ecological responsibility.</p>	<p>Appointment Chief Sustainability Officer, page 10</p> <p>Executive Committee’s performance incentive, page 10</p> <p>Summary Sustainability Strategy, page 42</p> <p>Sustainability Pillars and Targets, page 3</p> <p>Materiality matrix, pages 16 & 17</p> <p>Internal Controls, pages 68 & 69</p> <p>Minimum Control Standards</p>

<p>Criterion 2: The COP describes value chain implementation</p>	<p>As a large global player, we have a broad supplier base, with more than 110,000 global, regional or local suppliers (from which 93% are from national markets). We recognize the importance of responsibility along our value chain and have developed a Supplier Code of Conduct. Informed by the UNGC principles, the Code is communicated to all suppliers in local languages. Countries identify and prioritize suppliers that pose a high “potential” sustainability impact (Environment, Social and Governance). Those suppliers, and all new suppliers (screened with high ESG impact), are evaluated by an independent third party, using a risk-based methodology, ranging from self-assessment questionnaires to full audits. Remediation plans are agreed with suppliers to address shortfalls, which are followed up regularly and closely by the local team, with the involvement of the corporate team if needed. Our grievance mechanism (Integrity Line) is open and available in 36 languages for anyone (including suppliers, contractors, communities) to use it. In 2019, as part of the yearly monitoring and reporting process, a series of webinars were conducted as part of the training program for internal audiences. LafargeHolcim is a founding member of the Concrete Sustainability Council, of the Global Cement and Concrete Association (with our CEO Jan Jenisch also being part of the Board) and participates as a founder member of the Responsible Sourcing Council of The Conference Board. We also participate as members of the UNGC network Switzerland - Supply Chain Working Group, and on October 23rd 2019, we hosted the 3rd meeting in which we shared our practices on Human Rights Due Diligence in the supply chain.</p>	<p>Supplier Code of Business Conduct</p> <p>Sustainable Procurement: Principles and Processes</p> <p>2019 Performance Data - Suppliers, page 10</p> <p>Case study: Central America program for suppliers, page 47</p> <p>Human Rights Due Diligence, covering contract workers</p> <p>Concrete Sustainability Council</p> <p>Member of the Global Cement and Concrete Association</p> <p>Member of the Conference Board</p> <p>Participant to the Working Group Sustainable Supply Chain Management (öbu & Global Compact Network Switzerland)</p>
--	--	--

Robust Human Rights Management Policies & Procedures

<p>Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights</p>	<p>Our approach to human rights due diligence includes a firm commitment, due diligence, remediation and strong engagement of stakeholders at local, national and global levels. As a signatory of the UN Global Compact since 2003, we have a firm commitment to respecting human rights. LafargeHolcim is committed to respecting relevant international human rights standards, including the principles contained within the Universal Declaration of Human Rights, the Core Conventions of the International Labor Organization (ILO) and the OECD (Organization for Economic Cooperation and Development). To demonstrate this commitment, LafargeHolcim is a participant of the United Nations (UN) Global Compact, joined the Call to Action for Business Leadership on Human Rights by the World Business Council for Sustainable Development (WBCSD) and implements initiatives that contribute to the United Nations Sustainable Development Goals (SDGs). Engagement of security services is only made as a last resort through a risk-based methodology. It follows stringent rules of professionalism and integrity, aligned on the Voluntary Principles on Security and Human Rights, for which membership is currently under consideration. Human rights management is coordinated by the Corporate Citizenship department in collaboration with other relevant functions such as Human Resources, Legal & Compliance and Procurement.</p>	<p>LafargeHolcim Human Rights Due Diligence</p> <p>Code of Business Conduct, page 37</p> <p>Corporate Citizenship Policy</p> <p>Minimum Control Standards, pages 107 & 108</p> <p>WBCSD Call to Action for Business Leadership on Human Rights</p> <p>Commitment to the WBCSD Call to Action on Human Rights</p>
<p>Criterion 4: The COP describes effective management systems to integrate the human rights principles</p>	<p>While we are a global business, we operate very locally in each of our 75 markets. Our approach to identify risks and opportunities, act upon the findings and monitor and communicate on our advancements are further outlined in our Human Rights due diligence methodology. Our vision is to make human rights more than just a risk and compliance issue for companies – they should be actively promoted as part of a commitment to social responsibility. At LafargeHolcim we promote transformative change in the human rights dimension through such long standing policies as our Supplier Code of Conduct and our Human Rights due diligence methodology. At the same time we champion human rights internally, for example by setting concrete targets for diversity and inclusion across our operations. We make significant investments to support community development around the world, for example by providing education and medical care in line with our human rights agenda. Over the last five years LafargeHolcim has invested CHF 240 million in community projects.</p>	<p>LafargeHolcim Human Rights Due Diligence</p> <p>People, Community & Human Rights</p> <p>Case study: Human Rights</p> <p>Health, Safety & Sustainability Committee</p> <p>Grievances: Integrity Line</p> <p>FAQ Compliance (Integrity Line)</p> <p>Minimum Control Standards</p> <p>Annual Report 2019, pages 52 & 53</p>

<p>Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration</p>	<p>LafargeHolcim’s Human Rights Due Diligence is complemented by a global “Integrity Line,” a whistle-blowing mechanism available on our website, enabling all employees and their families, contractors, suppliers, business partners, community members and other stakeholders to report any integrity-related concerns in 36 languages. The hotline service is operated by an external third party and is a safe, anonymous and confidential way that allows individuals to report possible Code of Business Conduct violations or raise compliance-related questions. All grievances must be treated without any retaliation. We collaborate with internal and external stakeholders to investigate these reports. In cases where misconduct is substantiated, we seek a fair and just remedy, and we ensure appropriate and proportionate steps are taken to prevent recurrence. In addition, other publicly available sources where grievances / complaints (such as media articles, emails received in our corporate inbox, reports from NGOs, etc) are seriously checked and an official feedback is provided. Every year LafargeHolcim transparently discloses the percentage of countries that conducted the Human Rights assessments. As part of these assessments, action plans are defined to mitigate the issues identified. Progress monitoring of each action is crucial to ensure good risk management. Regular (e.g. quarterly) status updates, including on-time closure rate by the functions in charge of implementation are done. The CSR / SD / Communications Coordinator at the country is responsible for the coordination of this process and for overall oversight of action plan implementation. High risk issues will be periodically and actively followed up (e.g. monthly) by Group SD and Legal & Compliance teams directly with the country. High risk actions closure must be validated by Group SD. In order to anticipate developments in the operating environment, identified priority areas should be continuously monitored, e.g. through periodic interviews / focus groups with key stakeholders. Impact or self-assessments should be repeated after 3 years, with a special focus on high risk action closure to ensure it has mitigated the identified risk. By the end of 2020 we plan to reach 100% of high risk countries with human rights assessments in place. The Corporate Human Rights Benchmark also provides a reference that confirms that LafargeHolcim due diligence methodology is fully in line with the UN Guiding Principles for Human Rights, with a strong approach when benchmarked against other companies in our sector.</p>	<p>Integrity Line</p> <p>FAQ Compliance program (Integrity Line)</p> <p>Performance data, page 10</p> <p>Findings & Remedial Measures Syria allegations</p> <p>Minimum Control Standards, page 107</p> <p>Corporate Human Rights Benchmark (CHRB)</p>
--	--	---

Robust Labour Management Policies & Procedures

<p>Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour</p>	<p>Employment practices and conditions for both employees and contractors are very important to LafargeHolcim and are an integral part of all human rights assessments. LafargeHolcim is committed to providing equal opportunities for all its employees and to nurturing a culture of mutual respect, trust and openness. Open dialogue with our stakeholders sets the basis for LafargeHolcim to develop its communication and exchange of information and ideas at a global level. Our employees are required to demonstrate the highest integrity, in alignment with our code of conduct, and to perform at a consistently high level. Sustaining this robust performance culture is the key goal of our people strategy. All our country operations undertake thorough assessments of our employment practices (including those concerning contractors and suppliers) and develop detailed local action plans when needed. The Group Human Resources Policy is applicable to all subsidiaries where LafargeHolcim Ltd has a controlling interest. The policy provides global principles for the correct execution of HR processes considering proper balance between fair treatment of our employees and business needs.</p>	<p>Human Resources Policy Annual Report 2019, page 58 Minimum Control Standards, page 51 Human Rights Due Diligence, reference to ILO</p>
<p>Criterion 7: The COP describes effective management systems to integrate the labour principles</p>	<p>LafargeHolcim Integrity line enables employees anywhere in the world to anonymously exercise their whistleblowing rights and report any breach of the rules laid down in our Code of Business Conduct. LafargeHolcim is committed to promote an active social dialogue with employee organizations, unions and other social stakeholders at all levels. This includes the Group's commitment to conduct business with a goal of zero harm and in full compliance with our code of business conduct. As in previous years, we worked closely with our European Works Council and global unions as well as with diverse local unions and social stakeholders to ensure that the voices of our people are heard and their concerns are properly addressed. In addition, as part of our Human Rights due diligence, there are many elements related to our labour practices, such as working conditions, non-discrimination, minimum wage, freedom of association, contract workers and others.</p>	<p>Human Resources Policy Annual report, pages 58 & 62 Human Rights Due Diligence</p>

<p>Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration</p>	<p>In each country a HR team is monitoring the relations with the employee representatives and unions, developing the respective collective bargaining actions, and engaging in active social dialogue. In each region a Head of HR is supervising that the Group HR policies and applicable labor laws are fully complied in each country. All labor cases raised either by countries, regions or through the Integrity Line are treated, investigated and, when needed. To align the compliance of our HR policies in the countries we hold regular global webinars with the HR teams. In the case of Europe, an active dialogue with the European Works Council and the European Federation of Unions (EFBWW) are developed regularly. In 2020 LafargeHolcim has been collaborating in a research about working conditions in supply chains promoted by EFBWW, which conclusions will be presented in 2021. Regular talks with the global federations of unions (IndustriAll and BWI) are maintained to discuss a broad scope of topics. These talks are a communication route to raise any case in a country and apply remedies as necessary. We collaborate with the OECD NCP in Switzerland about the compliance of the OECD Guidelines for Multinational Companies in LafargeHolcim, facilitating contacts and mediation processes when needed.</p>	<p>Human Resources performance KPIs 2019</p>
<p>Robust Environmental Management Policies & Procedures</p>		
<p>Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship</p>	<p>As building materials draw on natural resources, protecting our environment is also a strategic priority. LafargeHolcim is committed to continuously improve its environmental performance and provide positive contributions to society and nature through its activities and engagements. Responsibility for environmental stewardship and compliance is shared between all levels of the organization. Climate change is one of today's biggest global challenges. Leading the way in green construction, LafargeHolcim is the first global building materials company to sign the "Business Ambition for 1.5°C" pledge, setting a net zero target with intermediate targets approved by the Science-Based Targets initiative (SBTi). On its way to becoming a net-zero company, LafargeHolcim offers global solutions such as ECOPact, enabling carbon-neutral construction. With its circular business model, the company is a global leader in repurposing waste as a source of energy and raw materials through products like Susteno, the world's most circular cement. We set ourselves ambitious 2030 targets that are validated by the Science-Based Targets initiative. Our 2030 targets accelerate the reduction of our CO2 intensity to exceed 20% (scope 1 and 2 compared to our 2018 baseline). Looking beyond 2030, we are partnering with SBTi to develop a roadmap for a 1.5°C future in the cement sector. Expanding our actions to our full value chain, we will include our scope 3 emissions.</p>	<p>Environmental Policy</p> <p>Code of Business Conduct for Suppliers</p> <p>Net Zero Pledge</p> <p>Circular Economy @LH</p> <p>Environment & Nature @LH</p> <p>Member of the Conference Board</p>

<p>Criterion 10: The COP describes effective management systems to integrate the environmental principles</p>	<p>“Integrity Line,” a whistle-blowing mechanism available on our website, enabling all employees and their families, contractors, suppliers, business partners, community members and other stakeholders to report any integrity-related concerns in 36 languages. The hotline service is operated by an external third party and is a safe, anonymous and confidential way that allows individuals to report possible Code of Business Conduct violations or raise compliance-related questions, including those related to environmental impacts. Today we are shifting our focus to consider our total impact on water resources in the communities where we operate, particularly in water-scarce areas. We optimize and prevent the use of freshwater as well as reduce the risk of depletion or pollution by measuring our operational water footprint, reducing freshwater withdrawal, assessing water risks, engaging with stakeholders on sharing water and providing more water to communities. Furthermore, biodiversity plays a key role in our operations. We follow LafargeHolcim Directive on Quarry Rehabilitation and Biodiversity which has key requirements that 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 of high biodiversity value. Air emissions are a key environmental aspect of cement production. We expect that all our cement sites measure and manage air emissions to meet regulations and improve beyond those. In 2019, we monitored dust, NOx and SO2 emissions from 94 percent of the clinker we produced; 86 percent of clinker production is monitored continuously. The majority of LafargeHolcim plants operate within best practice emission ranges and some are among the best in the sector. In 2019 Group dust emissions reduced by around 5 percent year over year. To ensure compliance with stringent company requirements we expect all our cement plants to have an environmental management system in place. In 2019, 86 percent of our cement plants had an environmental management system equivalent to ISO 14001 in place, with 76 percent of production from officially certified sites.</p>	<p>Cement Environmental Directive</p> <p>Water Directive</p> <p>Quarry rehabilitation & Biodiversity Directive</p>
---	---	--

<p>Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship</p>	<p>The Board decided that one-third of the company's top 200 managers, including the Executive Committee's long term incentive performance share rewards will be based on progress in CO2 emissions, Circular Economy (waste recycling) and freshwater withdrawal as of 2020. To more strongly link our sustainability performance with our compensation demonstrates that sustainability is a central part to the strategy and principles of our company. LafargeHolcim has implemented a global process to report, investigate and prevent environmental adverse events, which is based on aspects and impacts, and potential criticality of outcomes. Also, LafargeHolcim participates in the CDP and DJSI. As part of the Minimum Control Standards, specific controls related to environmental impact (MCS 61), biodiversity (MCS 17) and human rights / stakeholder engagement (MCS 62) are defined. The Minimum Control Standards are assessed and tested every year in all our businesses across the globe. Our local CEOs and CFOs certify through signed letters to the Group that they are in place and operating effectively.</p>	<p>Environmental Performance KPIs 2019</p> <p>CDP Water response 2019</p> <p>CDP climate change response 2019</p> <p>Minimum Control Standards</p>
---	---	--

Robust Anti-Corruption Management Policies & Procedures

<p>Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption</p>	<p>As a global leader in our industry, LafargeHolcim adheres to the highest of standards when it comes to how we manage and operate our day to day business everywhere around the world. We see it as our ethical duty.</p> <p>The guiding document is the Code of Business Conduct. The Code of Business Conduct ensures that all directors, officers and employees share LafargeHolcim's commitment to conducting business with integrity, and provides guidance on how to put this commitment into practice. Following from the COBC, LH has various internal policies & directives to provide greater detail of instruction concerning how to ensure anti-corruption in day to day business. These include the Supplier Code of Business Conduct, anti bribery and corruption policy, directives that set standards for gift giving and hospitality, sponsorships and donations, working with third party intermediaries (due diligence) managing conflicts of interest. Some of these documents are publically available and others for internal use only.</p>	<p>Policy Anti-bribery & Corruption</p> <p>FAQ Compliance Program: anti-bribery & corruption</p> <p>Supplier Code of Business Conduct</p> <p>Compliance Policy</p> <p>Code of Business Conduct</p>
--	---	--

<p>Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle</p>	<p>Compliance with the anti-corruption objectives of the COBC and the ABC policy is obtained through implementation of a global compliance program.</p> <p>The compliance program is a behaviourally based set of activities designed to shape behavioural outcomes and build culture in the organisation. It includes all the elements to establish a system of adequate procedures.</p> <p>The program controls are reinforced with transactional controls as part of the Minimum Control Standards, and accounting controls. The program is subject to audits, which are conducted at country level and include in scope all the controls of the program.</p> <p>The compliance program includes annual and comprehensive risk assessments for bribery and corruption, conducted in every country, validated at group level, consolidated and included in the annual report. The second element of the program is controls, which are designed and deployed based on the levels of identified risk. The third element of the program is training and communications. Every country has an annual training and communications plan by which the country manages the continual dissemination of materials to build a culture of compliance. Communications are routinely made in the name of the Country business leadership, sending a clear signal and setting the tone from the top. The fourth element of the program is monitoring and follow-up. This has four components: (1) the quarterly publishing of compliance metrics from all countries that track and show the progress each country is making in implementation of the anti-bribery measures in country; (2) compliance functional reviews, a deeper dive into the implementation of the program in a country; (3) the IntegrityLine global whistle blower system, available in 36 languages with and extensive investigation and remediation follow-on infrastructure; and (4) internal audit. The fifth element of the compliance program is the organisation and governance over the program, to ensure fitness for purpose and adequacy of resources.</p>	<p>Grievance mechanism: Integrity Line</p> <p>FAQ Compliance program (Integrity Line)</p>
--	---	---

<p>Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anticorruption</p>	<p>The investigation process for whistle blower reports is formalised, documented and reviewed at the highest governance level of the group. The EIRC (Integrity Committee) meets every two weeks to review new cases and assign investigations. It monitors the progress of investigations and reviews the remediations taken. The EIRC reports extensively to the audit Committee on all investigations to ensure transparency and oversight by the board of directors.</p> <p>The design of the compliance program and the effectiveness and suitability of its controls are under continual improvement through the operation of the Compliance Functional Council, which comprises the regional heads of compliance and the group compliance officer, and makes expert and field-based recommendations to the EIRC. The program is designed and structured to meet with the requirements of the US FCPA, the UK Bribery Act and the French Sapin II law. The program is periodically reviewed by external specialist counsel.</p> <p>No use of external assurance of anti-corruption programmes; Press Releases above in this document for public legal cases regarding corruption: the Syria matter, the disclosures made by the board, the speed with which the matter was investigated and disclosed all speak to the seriousness and effectiveness with which LH deals with incidents.</p>	<p>Minimum Control Standards, including anti corruption elements</p> <p>Example: Findings & Remedial Measures Syria allegations</p>
---	---	---

Taking Action in Support of Broader UN Goals and Issues

Criterion 15:
The COP describes core business contributions to UN goals and issues

As a major player in the industry, LafargeHolcim has a role to contribute to sustainable products and building techniques through product and process innovation. In order to increase our contribution to the UN sustainable development goals, LafargeHolcim also collaborates with external initiatives and makes adjustments to its operating procedures. Through the programs LafargeHolcim is implementing globally and also in the countries where we operate, we are proud to contribute to all SDGs, with a higher priority to some of them. In the 2019 materiality review, several focus areas directly relate to various SDG goals.

LafargeHolcim's proudly contributes to all SDGs, and focuses its efforts on the following: Clean water and sanitation (6), Decent work and economic growth (8), Industry, innovation and infrastructure (9), Sustainable cities and communities (11), Responsible consumption and production (12), Climate action (13), Life on land (15), and Partnership for the goals (17).

For example, in relation to SDG 13, Climate Action, we are among the most ambitious companies in our sector in terms of emissions reductions. Leading the way in green construction, LafargeHolcim was 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 alignment with net zero pathway. In addition, LafargeHolcim has partnered with SBTi to develop the first guidelines for companies in the sector to adopt net zero aligned GHG targets. Science-based references to net zero for the cement sector currently don't exist. LafargeHolcim is taking a holistic approach on the journey to net zero; from shaping the plants of tomorrow with automation and artificial intelligence to accelerating green solutions such as ECOPact green concrete and Susteno green cement, including its EcoLabel to transparently communicate the environmental benefits of its green building solutions. LafargeHolcim is preparing the future today by piloting more than twenty CCUS projects in Europe and North America. 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.

[Material Priorities, page 17](#)

[Climate](#)

[Sustainable Materials and innovative solutions](#)

[Sustainability Overview](#)

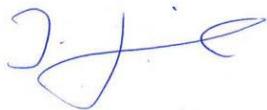
<p>Criterion 16: The COP describes strategic social investments and philanthropy</p>	<p>LafargeHolcim aims to link its Social Investments / Social Responsibility engagement with its business activities. Country operations focus on projects in collaboration with stakeholders where their expertise can contribute to achieving greater impacts. LafargeHolcim makes significant Strategic Social Investments in the communities in which we operate, in the areas of infrastructure, health, employment, education and environment. “Inclusive Business” initiatives focusing on shelter, such as our Affordable Housing program and sanitation have continued to be rolled out globally during the year. In order to coordinate efforts with other organizations and initiatives to amplify the impact of other contributors, LafargeHolcim’s Communities and Stakeholder Engagement Directive includes a section on external partnerships. The Directive encourages operating countries to establish partnerships with local, regional or global organizations in their strategic social investments, to provide additional sources of income and the necessary expertise.</p> <p>To take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups, LafargeHolcim adopted the Strategic Social Investment, Sponsorship and Donations Directive in 2017. The Directive contains rules and requirements on how to target and manage donations, sponsorships and strategic social investments and outlines the organisational responsibility, management of contribution requests and monitoring and reporting.</p> <p>The LafargeHolcim Foundation for Sustainable Construction encourages sustainable responses to the technological, environmental, socioeconomic and cultural issues affecting building and construction. The Foundation stimulates exchange among all players in the construction industry to contribute proactively to tomorrow’s built environment.</p>	<p>Corporate Citizenship Policy</p> <p>Stakeholder Engagement Guidance</p> <p>Annual Report, page 52</p> <p>People, Communities and Human Rights</p> <p>What we do for communities during Covid-19</p>
--	--	--

<p>Criterion 17: The COP describes advocacy and public policy engagement</p>	<p>LafargeHolcim constructively contributes to the climate change policy debate to develop effective regulatory incentives to improve energy efficiency and CO2 intensity. We have published a statement outlining our views on climate policy, where it advocates for the introduction of carbon pricing and incentivizing emission reduction. We engage proactively and transparently with external stakeholders on the basis of positions that are aligned and consistent with the goals of the Paris Agreement. At the global level this is best illustrated through our cooperation with the World Bank's Carbon Pricing Leadership Coalition (CPLC) and the Global Alliance for Buildings and Construction (GABC) where we collaborate on an international scale on the transition towards net zero construction. We are also active within the industry to advance the sector's transition and support our climate policy views with leadership positions in the Global Cement and Concrete Association (GCCA) and Cembureau. Our climate-related advocacy focuses on four main topics: 1. carbon pricing mechanisms adapted to net zero economies and value chains, 2. the creation of market-pull policies for low carbon products and solutions (incl. construction and building standards that embeds carbon performance on the basis of material-neutrality and lifecycle performance), 3. the deployment of advanced technologies (such as CCU or novel binders) and 4. access to competitive non-fossil energy.</p>	<p>Leaflet public policy and advocacy</p> <p>Climate policy work, annual report, page 103</p>
<p>Criterion 18: The COP describes partnerships and collective action</p>	<p>As the global leader in building materials and solutions, we are conscious of the bigger picture and strive to ensure that we live up to the responsibilities that come with our presence in many diverse countries. We partner with various organisations to promote sustainability within our sector and beyond at local, national and global level. For example, we collaborate with the World Bank's Carbon Pricing Leadership Coalition (CPLC), the Global Alliance for Building and Construction (GABC), the Value Balancing Initiative (VBA), the Conference Board and various other organisations.</p>	<p>Memberships and Recognitions</p> <p>Stakeholder Engagement</p> <p>Value Balancing Alliance (VBA)</p> <p>Partnership with GIZ</p>

Corporate Sustainability Governance and Leadership		
<p>Criterion 19: The COP describes CEO commitment and leadership</p>	<p>The Executive Committee, under the leadership of the CEO, is ultimately responsible for execution of the sustainability strategy, and sustainability issues are managed at an operational level by the Chief Sustainability Officer (CSO). The appointment of a Chief Sustainability Officer by the CEO to the Group Executive Committee in autumn 2019 is representative of our intensified efforts to even better fulfil our leading role as a provider of sustainably produced construction materials and construction solutions. The CSO is supported by a sustainability core team.</p> <p>In 2019, we moved to integrated reporting, driven by the CEO and Exco. Consistent with this commitment and accounting for financial and non-financial value in our strategic thinking, we conducted a comprehensive review of our material issues, asking external and internal stakeholders which topics were most relevant for future value creation.</p> <p>Jan Jenisch, LafargeHolcim CEO joined the Call to Action for Business Leadership on Human Rights by the World Business Council for Sustainable Development (WBCSD).</p>	<p>Annual Report, page 8, 83, 101</p> <p>Corporate Governance</p> <p>Appointment of Chief Sustainability Officer</p> <p>WBCSD Call to Action - Video Jan Jenisch</p> <p>WBCSD Call to Action - Press Release</p>
<p>Criterion 20: The COP describes Board adoption and oversight</p>	<p>The Board of Directors bears ultimate responsibility for strategy and overall governance of the company. Through the Audit Committee and the Health, Safety and Sustainability Committee (HSSC), the Board of Directors oversees LafargeHolcim risk management, Internal Control and sustainability related risks. The Audit Committee mandate includes the oversight of compliance and risk management processes and the review of management and internal audit reports on the effectiveness of internal control systems and on the performance of the annual risk assessment process. The HSSC mandate is to support and advise the Board of Directors on promoting a healthy and safe environment for employees and contractors, as well as on sustainable development and social responsibility. The HSSC approves LafargeHolcim’s sustainability strategy framework, and reviews performance against key indicators.</p> <p>In 2019, the Board decided that one-third of the Executive Committee’s performance share rewards will be based on progress on carbon emissions, waste recycling and freshwater withdrawal as of 2020. To more strongly link our sustainability performance with our compensation demonstrates that sustainability is a central part to the strategy and principles of our company.</p>	<p>Annual Report, page 8, 83 and 101</p> <p>Corporate Governance</p>

<p>Criterion 21: The COP describes stakeholder engagement</p>	<p>LafargeHolcim has been committed to proactive stakeholder engagement that focuses on awareness, dialogue and collaboration and designed to create shared value.</p> <p>As stated in the annual report, LafargeHolcim applies high standards to corporate governance. The goal is to assure the long-term value and success of the company in the interests of various stakeholder groups: customers, shareholders, employees, creditors, suppliers, and the communities where LafargeHolcim operates.</p> <p>The Chief Sustainability Officer and her team members regularly meet with investors to outline the sustainability strategy.</p> <p>In 2019 we conducted a comprehensive review of our material issues, asking external and internal stakeholders which topics were most relevant for future value creation, consistent with our commitment to integrated reporting and accounting for financial and non-financial value in our strategic thinking. The results have largely validated our focus and Strategy 2022 – “Building for Growth”.</p> <p>In 2019, in depth interviews were conducted with investors, and a range of external stakeholders including customers, suppliers, NGOs, regulators and academia were also surveyed.</p> <p>In order to further strengthen our stakeholders' ability to reach us, LafargeHolcim has a public Integrity line, which enables any stakeholder anywhere in the world to anonymously exercise their whistleblowing rights and report any breach of the rules laid down in our Code of Business Conduct.</p>	<p>Annual Report, page 17, 62 and 78</p> <p>Stakeholder Engagement</p>
---	--	--

Zug, 4th of December 2020



Jan Jenisch
LafargeHolcim Chief Executive Officer