HOLCIM CLIMATE PUBLIC POLICY POSITIONS

FEBRUARY 2024

HOLCIM

1. COMMITMENT TO PARIS AGREEMENT 1.5° SCENARIO

We are committed to align our climate policy actions and positions with the Paris Agreement's objective of limiting global warming to 1.5°. This commitment was translated into continuous and progressive efforts to achieve this goal at Holcim. At Holcim, we take a rigorous science-driven approach to become a net-zero company, ensuring that our targets and actions are in line with the 1.5°C framework.

- In 2020, we were the first global building solutions company to sign the United Nations Global Compact (UNGC)'s "Business Ambition for 1.5°C" initiative, with intermediate 2030 targets approved by the SBTi in alignment with a net-zero pathway.
- In 2021, our 2050 CO2 targets were among the first long-term targets validated by SBTi, consistent with the new net-zero standard across all scopes, setting a reference for our industry.
- In 2022, we upgraded our 2030 climate targets and validated them with the SBTi, in line with our sector's new 1.5°C science-based framework.

This commitment is fully reflected in our public policy positions (see section 3, public policy enablers) as well as our direct and indirect engagement with external stakeholders (see section 5, climate advocacy and engagement). More details on the alignment of Holcim Public Policy positions with Paris Agreement's objective to limit global warming to 1.5°C can be found in Annex 1.

2. COMPETITIVE GREEN GROWTH

Holcim is committed to advocating for public policy frameworks anchored in the principles of circular economy, that are fully aligned with the Paris Agreement's objective to limit the temperature increase to 1.5°C, and that enable innovative and competitive green growth.

At Holcim, our "Strategy 2025 – Accelerating Green Growth" is fully aligned with the objectives of decoupling economic growth from carbon emissions and resource use:

- **We take a rigorous science-driven approach** to becoming a net-zero company, ensuring that our targets and actions are in line with the 1.5°C framework.
- **We put decarbonization at the heart of our industrial and commercial strategy.** We were among the first companies worldwide to have our 2030 and 2050 CO2 reduction targets validated by the Science Based Targets initiative (SBTi). We have set out a clear pathway to net zero. By offering our low-carbon products and by enabling smart design systems, we will support the shift to more carbon-efficient construction. We are also decarbonizing our operations by reducing our clinker factor, using alternative fuels, and increasing our thermal substitution rate and renewable energy use. In parallel we are

deploying,at scale, advanced technologies such as Carbon Capture Utilization and Storage (CCUS).

- **We drive circular construction to build better with less.** To reduce the footprint of buildings and build better with less, Holcim continuously advances its portfolio of low-carbon materials, smart design, and solutions driving energy efficiency and green retrofitting. Click here to access additional information.

- **We develop solutions to make cities more resilient and greener from foundation to rooftop,** empowering society with smarter infrastructure. Additional information on Holcim's solutions for building resilient cities is available here.

This journey requires radical collaboration with our entire value chain and with regulators. In particular we need regulatory frameworks that:

- **Enable the development of reasonable business cases to invest at scale in decarbonized technologies** (e.g. competitive access to decarbonized energy / facilitated access to funding and transparent regulatory frameworks for the use, storage and transportation of unavoidable CO2 emissions)

- **Lead to market demand for decarbonized and circular solutions** (e.g. harmonized products standards and public procurement frameworks that drive innovation by being technology and material-neutral based on building lifecycle performance.

- **Enable industry to remain competitive on the global stage** (e.g. international level playing field on carbon costs / fair state aid rule for energy-intensive sectors / dynamic carbon pricing).

3. PUBLIC POLICY ENABLERS

ENABLING CARBON CAPTURE USE AND STORAGE (CCUS)

One decarbonization lever that is fundamental to the sector's transition is CCUS. The regulatory frameworks that are currently being developed will play fundamental roles in enabling the CCUS value chain to become the necessary engine of the low carbon and circular transition. No single solution will be perfectly scalable everywhere as different environments present different conditions (e.g. technological, geological and legislative) that will be favorable for one solution or another. This requires a flexible yet unequivocal regulatory framework:

- **Recognizing both carbon capture and use (CCU) and carbon capture and storage (CCS)** as an integral part of the transition to net zero is a necessity as is avoiding the design of restrictive regulatory frameworks that prevent the scale-up of industrial carbon capture projects. Policies under development (e.g. on synthetic fuels in EU) cast serious doubts on the future of CO2 utilization from industrial sources, without any serious impact assessment.

- **A dynamic, accessible and competitive value chain for CO2 transport and storage.** Regulatory framework must secure accessible infrastructure for carbon capture, transport and storage. The current monopolistic environment threatens the viability of many projects that would otherwise be implemented before 2030 (and which require planning / permitting / financing now).

DEMAND FOR LOW-CARBON PRODUCTS AND SOLUTIONS

Holcim is committed to leading the transition toward low-carbon and circular construction by developing and introducing green products and solutions worldwide. In most cases, introducing them to the market generally requires an adapted product standard and its use must be facilitated by building codes and (public) procurement practices in order to create market demand. Integrating sustainability performance in building codes, public procurement, and product standards, alongside traditional criteria (safety, performance, durability and affordability) will lead to a faster market uptake of low carbon solutions.

- **Create market demand through a dynamic standardization and public procurement framework.** Having standards in place and implemented swiftly is fundamental to start building a supply-demand momentum in the value chain that can be supported by (public) procurement practices and building codes.

- **The use of harmonized product standards remains the most appropriate approach.** In Europe, our experience with EN 197-6 for the use of recycled concrete fines in cement shows that a non-harmonized approach hampers effectiveness, speed of deployment and cross-country optimisation within the single market. All difficulties encountered nowadays to make applicable harmonized standards should be solved in close cooperation with industry as soon as possible without unnecessary legal complexity nor multiplication of regulations.

In the United States, we fully support the Biden administration's establishment of lower emission standards through Executive Orders such as the Federal “Buy Clean” initiative. Our products can help them reach their targets with our industry-leading green building solutions.

- **CBAM requires a fast and “watertight” implementation is key to its success.** A swift implementation of the CBAM will provide the necessary foundations for large scale investments in the decarbonization of our activities and products across the EU. It requires close collaboration with the sectors concerned, in order to make sure that adequate (existing) standards are used (eg. on GHG measurement, monitoring and reporting) and all potential circumvention routes are effectively closed. This process is fundamental to ensuring effective CO2 cost equalization.

Ultimately, carbon costs must progressively be absorbed in products and solutions in order to render carbon-efficient solutions more competitive. This entails carbon pricing mechanisms that encompass both supply (carbon emissions) and demand (carbon consumption).

USE LIFE CYCLE PERFORMANCE AS THE BASIS FOR THE FUTURE OF CONSTRUCTION

Decarbonizing construction and making the value chain truly circular does not rely on a single technology, material or sub-sector. All materials and all technologies are part of the solution. A policy framework and vision must be based on technology neutrality and full lifecycle performance. Defining the lifecycle performance that needs to be achieved to be aligned with the 1.5°C objective will lead to a dynamic market based on innovation and performance.

COMPETITIVE DECARBONISED ENERGY

Access to competitive decarbonized energy is a critical enabler to the decarbonization of the industry:

- **A well-functioning and interconnected electricity market** where there is access to decarbonized energy at scale and at competitive prices is the cornerstone for the decarbonization of European industry and its short & long-term competitiveness.
- **Investments in renewable energy assets should be facilitated** through faster permitting procedures, including for the development of renewable assets in industrial contexts.
- **Industry also requires continued access to non-fossil fuel sources of energy such as non-recyclable waste and biomass waste.** These resources currently supply a large proportion of the cement sector's fuel needs, allowing it to become less dependent on imported fossil fuels while decarbonizing our processes.

FUNDING FOR DECARBONIZED INDUSTRIAL GROWTH

In order to build strong business cases and ensure the deployment of low carbon technology, industry requires access to combined sources of funding. This can be facilitated through:

- **A simplified application and approval process** to funding sources, allowing transparent and easy access. A shift to direct funding of CCUS for the cement industry can accelerate the construction phase of CCUS projects and hence the decarbonization in regions such as the US and Europe.
- **In Europe, a swift deployment of Carbon Contracts for Difference (CCFDs)** at EU and national level to allow for a de-risking of projects based on access criteria that are simple and fast in execution.

4. TRADE ASSOCIATIONS CLIMATE REVIEW

Our commitment to climate related reporting is transparent and rigorous and we take the same approach in our advocacy positions.

Aligned with our net-zero pledge, Holcim is committed to ensure that our direct and indirect lobbying through trade associations are aligned with the Paris Agreement and Holcim's positions outlined below:

1. Support of the Paris Agreement's climate targets and net-zero agenda
2. Support of the use of carbon pricing mechanisms
3. Development of an industry roadmap to net-zero by 2050
4. Acknowledgement of the need of advanced technologies, including CCUS, to further decarbonize (mainly for cement industry associations)
5. Support of the need to introduce low-carbon products on the market

We selected the most significant organizations, ensuring a balanced geographical distribution and including global, regional and national organizations. The organizations were assessed by reviewing their public positions using their website, media releases, publications, social media, questionnaires and, when needed, discussions with the local public affairs teams.

We recognize that the journey to net zero requires radical collaboration across our entire value chain and with regulators, investors, NGOs, civil societies and employees. We are committed to work with these stakeholders and our trade associations to accelerate that journey. Where any selected organizations had material misalignment or diverging views with Holcim's policy positions and could not be considered to be part of the acceleration to net zero we commit to dissociate ourselves from the trade association and related activities or, in extreme cases, renounce its mandates within the organization and/or its membership.

After this review, we pursued our work with all the organizations included in the scope to close the gaps and push for more alignment with our positions and commitments on Climate Policies. As a result, seven out of ten organizations that had not developed net-zero roadmaps three years ago, have now issued and published their roadmaps. Two organizations that did not formally declare their support to the Paris agreement have formalized their positions since (more details in Annex 2). Holcim commits to continually assessing the climate policy positions of our trade association and memberships on a periodic basis.

Holcim's public policy positions and its climate advocacy activities are systematically underpinned by the Group SBTi's 1.5°C roadmap and associated targets, which are externally verified and fully aligned with the Paris Agreement. The review of the climate policy positions of trade associations and industry bodies entails a review of our own policy position and confirms their alignment to the Paris Agreement and net zero agenda.

5. CLIMATE ENGAGEMENT AND ADVOCACY IN 2023

Throughout 2023, we were actively involved in the work of recognized leading organizations on sustainable construction, industrial decarbonisation and the decarbonisation of the built environment. This includes the World Business Council for Sustainable Development (WBCSD), the World Green Building Council (WGBC), UNIDO's Industrial Deep Decarbonisation Initiative (IDDI), the First Movers Coalition (FMC) and the Leadership Group for Industrial Decarbonisation (LeadIT). The collaboration with the aforementioned organizations forms the core of our advocacy at a global level, which is anchored wholly on advancing the principles of the circular economy and achieving the Paris Agreement's objective to limit the temperature increase to 1.5°C.

In 2023, as part of its activities to advocate global emissions reductions and the reaching of the Paris Agreement, and the climate policy positions detailed above, Holcim mobilized its leadership to attend milestone global moments (such as COP28 and Climate Week NYC). Here we advocated for an acceleration of cross-sectoral collaboration for decarbonizing materials and the built environment, and making cities a global decarbonization lever across all economies while advancing a nature-positive future. Holcim's calls for action referred above are fully aligned to the Paris Agreement and the net zero agenda

In parallel, Holcim is driving the decarbonization discussions in Industry Trade Associations such as Cembureau in Europe and Global Cement and Concrete Association on a global level. We are actively engaged in the development of an ambitious climate policy framework globally, at regional levels (e.g. Europe) and national levels (e.g. in the U.S.).

As outlined in the previous section on public policy enablers, some of the topics that Holcim engages on include Carbon Capture utilization and storage (CCUS) related policies, carbon pricing schemes, the development of competitive decarbonised energy networks, and the achievement of common definitions and standards of low-carbon cement and concrete.

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Learn more on www.holcim.com

Annex 1 Holcim climate policy alignment with the Paris Objective of limiting global warming to 1.5°C

Holcim climate policy category	*Summary*	*Alignment to 1.5°C*	*Rationale*
Enabling Carbon Capture Storage and Use (CCUS)	Holcim is advocating for both CCU and CCS to be part of the EU policy framework on industrial carbon management, alongside a dynamic, accessible and competitive value chain for CO2 transport and storage	✔	The Holcim SBTi trajectory, which is in line with the 1.5°C framework, includes CCUS as a lever in the aligned trajectory towards decarbonization and as an essential solution for unavoidable process emissions. CCUS is recognised in public policy frameworks as a necessary element of the pathways towards climate neutrality. In the EU, CCUS is recognised in National Energy and Climate Plans.
Create market demand for low carbon products and services	Holcim is advocating for the establishment of public procurement frameworks (e.g. standards and building codes) that create a demand-pull for low carbon products and services	✔	Standards, building codes and public procurement mechanisms play a fundamental role in creating supply-demand momentum in the value chain, including in support of low carbon products and solutions. The acceleration of the uptake of low-carbon products and solutions at scale will accelerate the decarbonisation of the built environment (contributing up to 40% of global emissions) and therefore the achievement of the Paris Agreement objectives. These principles are starting to be implemented in certain countries (e.g. France with the RE2020 regulation) and well recognised in international literature (e.g. here) as part of the transformation of the construction and buildings sectors and achieving climate neutrality by 2050
Implement carbon	Holcim is advocating	✔	The EU's CBAM is the EU's tool to put a

pricing and carbon border adjustment mechanisms (CBAM)	for a fast and “watertight” implementation of CBAM		fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries. CBAM is a central element of Europe’s strategy to become the world’s first climate-neutral continent by 2050 and meeting the Paris Agreement’s objective to limit global warmçing to 1.5°C. A swift implementation of the CBAM will provide the necessary foundations for large scale investments in the decarbonization of our activities and products across the EU and further afield.
Use Life Cycle Performance as the basis for the future of construction	Holcim is advocating for a material and technology agnostic policy frameworks, where all materials and technologies can be part of the solution and making the use of LCA performance and methodologies a prerequisite in construction projects.	✔	Decarbonizing construction and making the value chain truly circular does not rely on a single technology, material or sub-sector. A policy framework and vision must be based on technology neutrality and full lifecycle performance. Deploying carbon Life Cycle Assessment at scale across the construction sector will lead to a dynamic market based on low carbon innovation and performance, which will accelerate the transition towards the 1.5°C objective. Life cycle thinking allows to focus on the solutions where emissions can be reduced most efficiently and incentivise innovation. As such, the Paris Agreement emphasizes the instrumental role of innovation in reaching the 1.5°C target.
Enabling competitive decarbonized energy	Holcim is advocating for accessibility of decarbonized energy at competitive prices, favorable conditions for renewable energy investments and	✔	A well-functioning interconnected electricity market where there is access to decarbonized energy at scale and at competitive prices is the cornerstone for the decarbonization of European industry and its short & long-term

	industry access to non-recyclable waste and biomass waste.		competitiveness. Non-recyclable waste and biomass waste for an integral part of the cement sector's transition away from fossil fuels. As per the COP28 agreement, the phasing out of fossil fuels forms a central element to achieve the objectives of the Paris Agreement.
Support and funding for decarbonized industrial growth	Holcim is advocating for facilitating access to combined sources of funding including simplifying application and approval processes, direct funding of CCUS as well as the deployment of Carbon Contracts for Difference (CCFDs).	✔	Decarbonization technologies and projects such as CCUS are recognised in public policy frameworks as a necessary element of the pathways towards climate neutrality and reaching the objectives of the Paris Agreement.. Given the high cost of such projects, access to combined sources of funding is necessary in order to build strong business cases and ensure that such low carbon technology can be deployed in the short-term. Transparency, easy access and procedural simplicity of various sources of funding are hence important enablers for deployment and implementation. The deployment of CCFDs at EU and national level will allow for a de-risking of projects based on access criteria that are simple and fast in execution.

ANNEX 2 TRADE ASSOCIATION CLIMATE REVIEW

SUMMARY OF ORGANIZATIONS AND POSITIONS

	Supports Paris Agreement and net-zero agenda	Supports carbon pricing mechanisms	Existence of a net-zero roadmap	Recognizes the need of advanced technologies, including CCUS	Supports introduction of low-carbon and/or net-zero products
WORLDWIDE GCCA	Yes	Yes	Yes	Yes	Yes
EU CEMBUREAU	Yes	Yes	Yes	Yes	Yes
SWITZERLAND CEMSUISSE	Yes	Yes	Yes	Yes	Yes
SWITZERLAND ECONOMIESUISSE	Yes	Yes	No formal roadmap but net-zero commitment to 2050	Yes	Yes
UK MPA	Yes	Yes	Yes	Yes	Yes
BELGIUM FEBELCEM	Yes	Yes	Yes	Yes	Yes
SPAIN OFICEMEN	Yes	Yes	Yes	Yes	Yes
FRANCE SFIC	Yes	Yes	Yes	Yes	Yes
FRANCE UNICEM	Yes	Yes	Work in progress	N/A	Yes
GERMANY VDZ	Yes	Yes	Yes	Yes	Yes
POLAND SPC	Yes	Yes	Yes	Yes	Yes
AUSTRIA VÖZ	Yes	Yes	Yes	Yes	Yes
US NRMCA	Yes	Yes	Yes	Yes	Yes
CANADA CAC	Yes	Yes	Yes	Yes	Yes
AUSTRALIA CCAA	Yes	No formal position given policy context	Yes	Yes	Yes
NEW ZEALAND CONCRETE NZ	Yes	Yes	Yes	Yes	Yes
PHILIPPINES CEMAP	Yes	No formal position	No	No formal position	Yes

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