

Holcim Ltd.

Construction Materials Switzerland SWX:HOLN

ESG Risk Rating

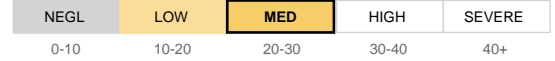
25.2

Last Full Update Dec 20, 2024

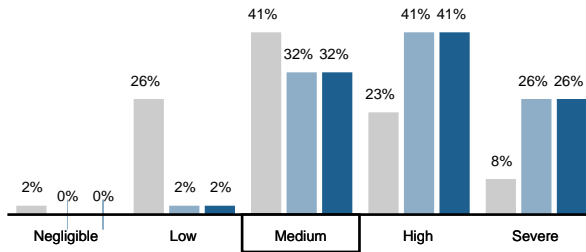
-1.2

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk) (1 st = Top Score)	
Global Universe	7546/15111	50th
Construction Materials INDUSTRY	18/128	14th
Construction Materials SUBINDUSTRY	18/128	14th

Peers Table

Peers (Market cap \$33.2 - \$66.2bn)

	Exposure	Management	ESG Risk Rating
1. CRH Plc	51.0 Medium	73.6 Strong	17.6 Low
2. Martin Marietta Materials, Inc.	47.7 Medium	56.2 Strong	23.9 Medium
3. Holcim Ltd.	58.2 High	63.2 Strong	25.2 Medium
4. Vulcan Materials Co.	46.7 Medium	43.4 Average	28.4 Medium
5. UltraTech Cement Ltd.	53.3 Medium	45.7 Average	31.5 High

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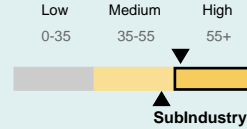
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

58.2 **-1.2**
High Momentum
 Beta = 1.12



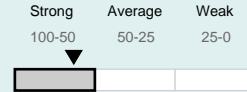
Holcim's key product is cement, which is manufactured in an energy-intensive process and results in a sizeable carbon footprint. Stringent carbon regulations worldwide may expose the company to compliance risks. Moreover, the manufacture of cement also releases harmful emissions, such as sulphur oxides (SOx) and nitrogen oxides (NOx). Failure to maintain such emissions below permitted limits may incur increased costs for retrofitting and upgrading production equipment. Additionally, apart from energy, Holcim's operations rely on vast amounts of water in cement kilns and concrete plants. As demand for water is expected to exceed supply by 40% globally in 2030, according to a UNEP report, this could impact freshwater availability; thus, the company may face operational disruptions over its water use, especially during droughts.

The company's overall exposure is high and is moderately above subindustry average. Carbon - Own Operations, Emissions, Effluents and Waste and Water Use -Own Operations are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

63.2 **+1.3**
Strong Momentum



Holcim has a board-level health, safety and sustainability committee and its ESG reporting is strong, as it is written in accordance with the 2021 GRI Standards. With regard to GHG reduction, a portion of Holcim's energy consumption is derived from renewable sources, and the company has set net zero and interim targets, as per best practice. To manage water risks, Holcim has implemented initiatives such as recycling systems and discloses an investment plan related to them. In addition, the company publicly discloses its water withdrawal and discharges. Related to the Emissions, Effluents and Waste MEI, Holcim commits to recycle 70 million tonnes of waste and by-products for alternative energy and raw materials by 2030. There is some room for improvement, though, as the company does not disclose targets, deadlines, or initiatives for reducing hazardous waste.


The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Society -Human Rights Significant Events 	6.0 Medium	0.0 Weak	6.0 High	23.9%
Carbon -Own Operations	9.9 High	78.5 Strong	3.7 Low	14.6%
Emissions, Effluents and Waste	4.5 Medium	49.1 Average	2.5 Low	10.0%
Water Use -Own Operations	4.6 Medium	58.5 Strong	2.4 Low	9.7%
E&S Impact of Products and Services	6.0 Medium	76.0 Strong	2.4 Low	9.4%
Business Ethics	6.0 Medium	76.5 Strong	1.6 Negligible	6.5%
Occupational Health and Safety	4.5 Medium	67.5 Strong	1.6 Negligible	6.4%
Human Capital	3.0 Low	56.2 Strong	1.4 Negligible	5.6%
Raw Material Use	2.0 Low	50.7 Strong	1.2 Negligible	4.7%
Corporate Governance	6.7 Medium	83.2 Strong	1.1 Negligible	4.5%
Community Relations	3.0 Low	74.2 Strong	1.0 Negligible	4.0%
Stakeholder Governance	2.0 Low	89.7 Strong	0.2 Negligible	0.8%
Overall	58.2 High	63.2 Strong	25.2 Medium	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

 **Severe (0)**

 **High (1)**

Society - Human Rights

 **Significant (0)**

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

Moderate (5)

Anti-Competitive Practices

Community Relations

Emissions, Effluents and Waste

Labour Relations

Occupational Health and Safety

Low (2)

Business Ethics

Energy Use and GHG Emissions

None (10)

Accounting and Taxation

Bribery and Corruption

Corporate Governance

Environmental Impact of Products

Intellectual Property

Lobbying and Public Policy

Sanctions

Scarce Resource Use

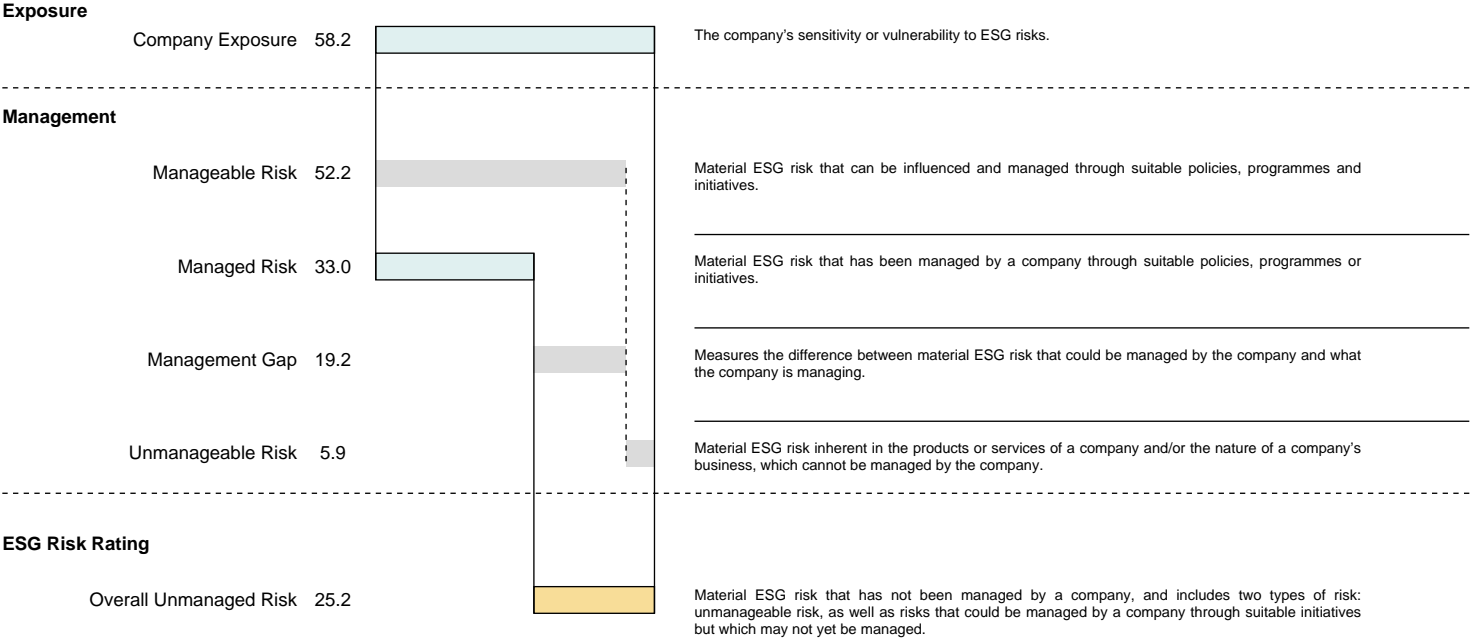
Social Impact of Products

Water Use

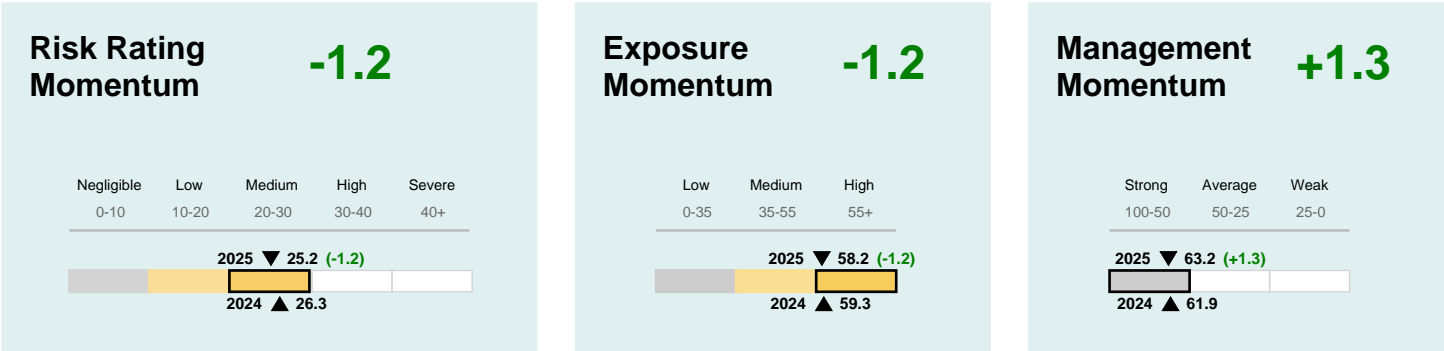
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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