

Directive

Workers in the Value Chain

January 1, 2025

INTRODUCTION, SCOPE AND OBJECTIVE

At Holcim, we are building progress for people and the planet by upholding the highest human rights standards throughout our operations, business activities and our supply chain in every market where we operate.

SCOPE

This Directive defines a framework to ensure the implementation of our Code of Business Conduct in the way we manage the relationship with the contractors workforce (workers in the value chain: third party service providers and sub-contracted personnel). It incorporates the principles of the **Holcim Code of Business Conduct in particular in the areas of:**

- legal and compliance ,
- human rights,
- working conditions and welfare,
- equalities,
- health, safety and environment, and
- freedom of association and non-retaliation.

This Directive adheres to the following Holcim Policies: Compliance, Human Rights and Social, Anti-Bribery and Corruption, Procurement, Health, Safety & Environmental, Security and Resilience and Human Resources.

This Directive complements the following Holcim Directives and Standards: Third Party Due Diligence, Sustainable Procurement, Security Services with Integrity (SSI), HSE-006 Welfare and Housekeeping Standard, Human Rights.

OBJECTIVES

1. Govern the duties of the various functions (at country and Group level) responsible for hiring and managing contractors in the form of [subcontracted personnel](#) or [third party service](#) providers.
2. Ensure an integral management of the contractors workforce in compliance with Holcim policies and standards.

REQUIREMENTS

Contractors workforce management involves 6 key elements:

1. **Outsourcing decisions**, ensuring compliance to local law and regulation, and protecting company competitive advantage.
2. **Supplier qualification**, before engaging in business relationship and during the time of the business relationship, validating ESG/H&S compliance and performance.
3. **Access control in Holcim premises**, supported by records or data, documenting “who, where, and when” is allowed to enter or exit.
4. **Training and communication** to relevant internal personnel and external business partners, responsible for ensuring compliance to Holcim policies and standards.
5. **Compliance verification**: “ongoing” (during contractors onboarding, job execution and post-job evaluation) and “spot” (HSE audits, Human Rights assessments, and ad-hoc investigations).
6. **Performance and consequence management** process to address compliance breaches.

The country CEO is accountable for ensuring compliance to these requirements.



1. OUTSOURCING DECISIONS

Country and/or Group Function responsible for hiring and managing contractors, decides to outsource services ensuring compliance with the following areas:

- international laws / Holcim standards (OECD, ILO),
- local laws and regulations,
- social context,
- operational / technological / cost model (considering “Holcim competitive advantage” related to the “strategic importance” and the “operational performance impact” of the task),
- outsourcing to third party service providers shall adhere to the supplier qualification process as per the Sustainable Procurement Directive.

2. SUPPLIER QUALIFICATION

Country Procurement and / or Group Procurement, implements the supplier qualification process as defined in the [Sustainable Procurement Directive](#) and [Sustainable Procurement Management Standard](#). This includes ongoing performance evaluation and consequence management processes.

There are additional requirements for private security services providers, as specified in the [Security Services with Integrity Directive](#) (SSI) and transportation service providers, as specified in the [Road Safety Standard](#).

3. ACCESS CONTROL IN HOLCIM PREMISES

Holcim recommends the implementation of an “access log”¹ at operational sites that have a daily headcount exceeding 50² workers during regular business operations, encompassing:

- “walk-in” people: own personnel, contractors workforce (subcontracted personnel and third party service providers), and
- vehicles entering at Holcim premises, including “parking” requirements in compliance with the [HSE-111 Road Safety Standard](#), section 5.5.

The country CEO decides when and how to implement a more robust access control system.
Refer to Annex 1 for Technical Guidelines.

4. TRAINING AND COMMUNICATION

Country and/or Group Function responsible for hiring and managing contractors, ensures that:

1. the **principles and standards for contractors in the value chain** are communicated in an accessible form to workers, business partners and other relevant stakeholders, including specific

¹ Records or data documenting “who, where, and when” is allowed to enter or exit and who has approved the access.

² The Group has set a minimum of 50 workers, but this can be reduced at the discretion of the Country CEO.

- training delivered to target audiences: Holcim site contractors coordinators and certified contractor companies, and
2. contractors' workforce are aware of the grievance mechanisms in place (Integrity Line) as well as when and how to use it.

Contractor's workforce in Holcim premises

Holcim employees coordinating contractors' workforce in Holcim premises (site contractors coordinators), shall be trained to monitor compliance and to report non-compliance in particular in the fields of human rights, health & safety and welfare.

The training should include as minimum, the site contractors coordinators operating in the following areas, identified as high risk exposure:

- maintenance services,
- dispatch services (including packing and loading),
- quarry services, and
- security services.

Contractor's workforce in customers sites

Installation of some Holcim products requires specialized technical certification (e.g. roofing). When applicable, Holcim offers the training needed to get the required certification.

Contractors certification training, shall include:

- technical features related to the product (e.g. roofing system), and
- ESG / H&S standards established in the Holcim Supplier Code of Conduct.

5. COMPLIANCE VERIFICATION

Country and/or Group Function responsible for hiring and managing contractors, ensures there are processes in place to verify compliance to Holcim standards, including but not limited to legal and compliance, human rights, working conditions and welfare, equalities, health, safety and environment, freedom of association and non-retaliation.

Compliance verification is duly documented and includes engagement with workers and union representatives, to:

- discuss actual and potential positive and/or negative impacts that do or may affect the workers, and
- verify their awareness and trust on Holcim processes and channels to raise their concerns in relation with ESG performance (Integrity Line).

This can be done in the form of periodic performance review (ongoing) and specific reviews (spot, workers camps).

Ongoing verification

Conducted during the annual supplier qualification process and the HSE contractors management process: onboarding, job execution and post-job evaluation.

Spot verification

Conducted through HSE audits, human rights assessments, and ad-hoc investigations triggered by breaches to Holcim standards.

Contractor workers in accommodation provided by Holcim

Country Sustainability / CSR responsible, conducts a “Human Right Impact Assessment” on the workers' accommodation facilities to ensure Holcim offers safe and adequate conditions.

During projects involving temporary workers with accommodations, the Project Manager ensures the project plan and execution enable the supplier and their workers to adhere and respect Holcim standards specified in the Holcim Supplier Code of Conduct for Suppliers, in particular: working conditions, welfare, health and safety, and human rights (e.g. home leaves, vacation, rest days, working time, shift works, etc.).

6. PERFORMANCE AND CONSEQUENCE MANAGEMENT

The approach for performance monitoring and consequence management with contractor companies is to be conducted as defined in the Sustainable Procurement Directive: Procurement works with suppliers to prevent potential ESG breaches, provides guidelines, mitigates deviations implementing improvement plans and, when appropriate, ceases business relationships with non-compliant suppliers that breach the “zero tolerance” requirements and/or refuse to comply with improvement plans. Holcim reserves the right to exclude suppliers that are not compliant with laws and regulations.

Accountability
Country CEO and Group Heads of Functions are accountable for ensuring compliance to the requirements established in this Directive.

Document Control	
Approved by:	Group Chief People Officer Group Chief Sustainability Officer
Related Policy, Directives and MCS	<ul style="list-style-type: none"> ● Code of Business Conduct ● Code of Business Conduct for Suppliers ● Holcim Policies: Human Resources, Compliance, Procurement, Human Rights, Anti-Bribery and Corruption, Health Safety & Environmental, and Security and Resilience. ● Holcim Directives: Third Party Due Diligence, Sustainable Procurement, Security Services with Integrity (SSI), Business Resilience, and Human Rights. ● MCS #1 Communication and promotion of the Code of Business Conduct and speak-up culture, ● MCS #5 Health, Safety & Environment,

	<ul style="list-style-type: none"> • MCS #7 Mitigation of business risks - Security, • MCS #30 Supplier qualification and claim management, • MCS #62 Social impact: human rights and stakeholders 		
Version control			
Version Number	Date Issued	Author	Update information
01	January 1, 2025	<p>Prepared by: Eugenia Ceballos / Group SD and Alberto Del Valle / Group HR</p> <p>In collaboration with Corporate Procurement, Group Security and Resilience, Group Compliance, Group HSE, CEM, AGG, RMX, S&P, Human Rights and Social Impact</p>	Not applicable

Definitions and Abbreviations

ESG/H&S	<p>Environment, Social and Governance, Health and Safety: these are the areas where standards are established, and suppliers are expected to adhere and demonstrate their performance.</p> <p>“Governance” also includes aspects related to bribery, corruption, competition law, data protection and adherence to local, national and international legislation.</p>
Suppliers	The term suppliers refers to providers(and their representative) of goods and services (which includes contractors and its subcontractors performing works for or on behalf of Holcim, and its associated companies).
Third Party Service Providers	<p>Third Party Services: HARP Definition</p> <p>Third Party Services Maintenance: HARP Definition</p> <p>Third Party Services Transportation: HARP Definition</p>
Labor Expenses for Sub-contracted personnel	<p>Labor expenses subcontracted personnel fix: HARP Definition</p> <p>Labor expenses subcontracted personnel variable: HARP Definition</p>
P&L Manager	Manager accountable for the Profit and Loss of a Business Unit, whether for a single site or a group of sites.
Site contractor coordinator	A Holcim supervisor or manager that has a general understanding of the scope of the work being performed by the contractor. The Holcim site contractor coordinator is nominated by the Unit Manager (a single line manager responsible for a site or a group of sites).

Outsourced activities	HARP Definition
OECD	International organisation that works to establish evidence-based international standards and build better policies for better lives.
ILO	The International Labor Organization (ILO) is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity.

ANNEX 1 - ACCESS CONTROL SYSTEMS: TECHNICAL REQUIREMENTS

It is recommended that the access controls system include, as a minimum, the following elements:

- Access-controlled entry and exit points: implement access-controlled entry and exit points at all main entry/exit points to critical areas within your organization. These could be doors, turnstiles, parking gates, elevators, or other physical barriers.
- Readers for entry and exit: install readers for both entry and exit at these access points. This ensures that individuals and vehicles are authenticated and logged when they enter and exit secured areas.
- Data logging and monitoring: recording of data documenting “who, where, and when” is allowed to enter or exit a site, and who has approved their accesses.
- Integration with other systems: it is recommended that the access control system is integrated with the supplier qualification platform (to grant access to supplier’ workers, based on an authorized list), and if possible it includes an approval process for exceptions. It can also be integrated with other security and building management systems, such as video surveillance, alarm systems, and environmental controls.
- User authentication and authorization: the system should support user authentication methods, including biometrics, smart cards, or PINs. It should also support role-based authorization to determine the user/vehicle that is allowed to access.
- Emergency overrides: include mechanisms for emergency overrides in case of power outages, fire alarms, or other safety-related incidents to ensure safe exit.
- Compliance with standards: ensure that the access control system complies with relevant industry standards and regulations, such as the general data protection regulation ([GDPR](#)), the Health Insurance Portability and Accountability Act ([HIPAA](#)), or local security requirements.
- Access controls may include additional control tests (e.g. breathalyzer) in line with local regulations. Specific details for truck drivers can be found on the [Road Safety Connect Page](#).

Further guidelines to design and implement access control systems are provided by Group Security and Resilience.