

SUSTAINABILITY PERFORMANCE REPORT

2019



LafargeHolcim



MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER



Concrete has an essential role to play in meeting the global challenges posed by population growth, increasing urbanization and resource scarcity. Over the next 40 years, the world will need 230 billion square meters in new construction – adding the equivalent of Paris every week.

Concrete is vital to meeting these challenges. It is durable, fire and flood resilient, low carbon across its lifecycle, recyclable, versatile, affordable and available almost everywhere.

At LafargeHolcim, we believe that sustainability creates value for our business, our shareholders and society. As the global leader in building materials and solutions we are determined to maximize this value, and are committed to living up to the responsibilities that come with it.

In 2019, I was honored to be named LafargeHolcim's first Chief Sustainability Officer, serving at Executive Committee level. Putting the position at this level underlines the importance our company places on sustainability, recognizing the increasing societal and stakeholder concern around this issue.

Our commitment to sustainability leadership begins with carbon. LafargeHolcim's cement is already one of the most carbon-efficient in the world, and we have set one of the most ambitious targets in our industry to reduce our carbon intensity. In the course of 2019 we had our 2030 target of 520 kg per ton validated externally by the Science Based Targets initiative. As part of this validation we have also introduced a target to reduce our Scope 2 emissions per ton by 65 percent against 2018 levels by 2030.

In 2019 we reduced our net CO₂ emissions per ton of cementitious material to 561 kg per ton, a decrease of 1.4%* against our 2018 performance. Given this very strong progress we have revised our 2022 target to be more ambitious in the near term, from 560 kg to 550 kg, as we move toward our 2030 target.

Our business puts us in a leading position to address society's waste problem and to promote a circular economy, preserving precious natural resources. In 2019, we increased the amount of waste reused in our operations by 4.3%.*

With over a quarter of our cement producing sites located in water-stressed areas, we are committed to reducing freshwater withdrawal and showing positive impact in areas of water scarcity. In 2019, we reduced our freshwater withdrawal per ton of cement by nearly 6%.*

On Health and Safety, our Ambition "o" is delivering results. We have reduced road fatalities by 58% vs. 2016 and a reduction of 11% since 2018. We also see a clear improvement in the Lost Time Injury Frequency Rate (LTIFR), with a decreased injury rate of 26% since Ambition "o" was launched. However,

we are still not satisfied with our results and will continue to strive relentlessly towards Zero Harm.

As our business is fundamentally local, we make sure to create value for the communities in which we live and work. For our "community" pillar, we changed our focus from "net new beneficiaries", to the total number of people benefitting from our community programs and investments. In 2019, that number totalled 5.9 million people.

In the course of 2020, we will be reviewing our sustainability strategy taking into account the views and expertise of a wide range of internal and external stakeholder and experts to ensure we contribute to solving the major challenges faced by society. The results of this revision, and associated new targets, will be announced on our website in due course.

I am pleased to share this document with you. It contains comprehensive data on our 2019 sustainability performance. This document complements the Integrated Annual Report 2019, where we give details and commentary on our strategic sustainability pillars.





None of our achievements would have been possible without the dedication and passion of our employees, customers and suppliers. To all of them, our most sincere gratitude for their commitment and partnership in creating sustainable value for all our stakeholders.

Magali Anderson
Chief Sustainability Officer

*Constant at 2019 scope.

STRATEGIC PILLARS

The graphic below shows our four strategy pillars and the lead metric and targets we aim to achieve. Reduction vs. 2018 is calculated at the same consolidation scope as 2019. See page 10 for details.

Sustainability pillars	CLIMATE AND ENERGY 	CIRCULAR ECONOMY 	ENVIRONMENT 	COMMUNITY 
Objective	Reduction of CO ₂ emissions	Increased reuse of waste-derived resources	Reduction of freshwater withdrawal	Creation of shared value
Lead metric	CO ₂ emitted (kg CO ₂ /t cementitious)	Quantity of waste re-used (M tons)	Freshwater withdrawn (liters freshwater/ton cementitious)	Number of beneficiaries per year (Million)
Performance 2019	Scope 1: 561 Scope 2: 37	48	299	5.9
% change from 2018	Scope 1: -1.4% Scope 2: Not published in 2018	+4.3%	-5.7%	+5.4%
Target 2022	Scope 1: 550	60	291	7
Target 2030	Scope 1: 520 Scope 2: 13	80	262	10

PERFORMANCE DATA TABLES

REPORTING ON TARGET AREAS

	Unit	2017	2018	2019	2022 target	2030 target	GRI ref
Products and solutions							
Total raw material consumption – all segments	Mt	514	511	517			301-1
Clinker produced	Mt	133	137	137			201-1
Clinker consumed	Mt	134	137	134			
Mineral components (slag, fly ash, etc.) consumed	Mt	48	52	52			
Cement produced	Mt	182	189	186			201-1
Mineral components (slag, fly ash, etc.) produced	Mt	3	3	3			
Cementitious material produced (note 1)	Mt	184	192	192			
Aggregates produced	Mt	248	244	246			
Asphalt produced	Mt	11	11	13			
RMX produced	M m ³	42	44	44			
Clinker factor (average % of clinker in cements)	%	72	71	71			
Net sales of sustainable solutions (note 2)	%	8	11	35			201-1
Producing assets included in the evaluation							
Producing companies	#	57	57	56			
Clinker producing sites	#	131	132	131			
Cement grinding and blending sites	#	193	195	192			
Aggregates sites	#	477	456	450			
Asphalt sites	#	83	81	83			
Ready-mix sites	#	1,203	1,171	1,130			
Kilns operated	#	170	170	168			
Quarries operated	#	686	661	648			
Recycling and waste							
Waste derived resources – all segments – 2019 consolidation (note 3)	Mt	47	46	48	60	80	301-2
Waste derived resources – all segments – as published in reporting year	Mt	53	52	48			
Alternative raw material contained in cement	%	11	12	12			
Alternative raw materials contained in concrete	%	4	3	4			
Alternative raw materials contained in asphalt	%	16	20	24			
Internal hazardous waste recycled or recovered	Mt	0.03	0.01	0.01			
Internal non-hazardous waste recycled or recovered	Mt	0.69	0.37	0.28			306-2
Internal non-hazardous waste disposed	Mt	1.07	0.83	0.53			
Internal hazardous waste disposed	Mt	0.018	0.004	0.003			

Units key

Mt – million tons

M Gj – million gigajoules

M m³ – million cubic meters

CHFm – million Swiss Francs

TEQ – toxic equivalents

Note 1: Cementitious material is defined following the CSI/GCCA definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes, including clinker sold, excluding clinker bought.

Note 2: 2017 and 2018 figures are as published in the reporting year. Significant increase due to alignment of reporting criteria in 2019 with the SBTi approved CO₂ target. See methodology and consolidation section for more details.

Note 3: Includes alternative raw material, industrial mineral components (consumed and sold externally), alternative fuels, volume of return concrete recycled, secondary/recycled aggregates and recycled asphalt. 2018 figure was corrected for an error in reporting in the reporting year.

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON TARGET AREAS

	Unit	2017	2018	2019	2022 target	2030 target	GRI ref
CO₂ and energy							
CEM specific CO ₂ emissions – net (Scope 1) 2019 consolidation (note 4)	kgCO ₂ /t	574	569	561	550	520	305-1
<i>CEM specific CO₂ emissions – net (Scope 1) as published in reporting year (note 4)</i>	kgCO ₂ /t	581	576	561			
CEM specific CO ₂ emissions – electricity (Scope 2) 2019 consolidation (note 4)	kgCO ₂ /t	36	36	37		13	305-2
<i>CEM specific CO₂ emissions – electricity (Scope 2) as published in reporting year (note 4)</i>	kgCO ₂ /t	Not published	38	37			
Specific heat consumption of clinker production (MJ/ton clinker)	MJ/t	3,524	3,524	3,526			302-3
CEM CO ₂ emissions – gross (Scope 1) (note 4a)	Mt	110	114	113			305-1
CEM CO ₂ emissions – net (Scope 1) (note 4a)	Mt	106	109	108			
– CEM CO ₂ emissions from raw materials	Mt	72	74	74			
– CEM CO ₂ emissions from fossil fuels	Mt	34	35	34			
CEM CO ₂ emissions from fossil waste based fuels (Scope 1)	Mt	4	5	5			
CEM CO ₂ emissions from biomass waste based fuels (Scope 1)	Mt	3	3	3			305-2
CEM CO ₂ emissions from electricity consumption (Scope 2)	Mt	7	7	7			
Other segments CO ₂ emissions from fuels (Scope 1)	Mt	8	8	8			305-1
Other segments CO ₂ emissions from electricity (Scope 2)	Mt	0.39	0.41	0.37			305-2
Absolute gross Scope 1 emissions (Scope 1)	Mt	118	122	121			305-1
Absolute Scope 2 emissions (Scope 2)	Mt	7	7	8			305-2
Scope 3 emissions	Mt	20	20	19			305-3
CEM energy consumption total	M GJ	546	565	565			302-1
CEM thermal energy consumption (note 5)	M GJ	479	496	496			
– CEM thermal energy consumption fossil fuels	M GJ	394	405	396			
– CEM thermal energy consumption waste based fuels	M GJ	53	58	64			
– CEM thermal energy consumption biomass fuels	M GJ	32	33	36			
CEM thermal energy mix of clinker production: % of coal	%	21	21	21			
CEM thermal energy mix of clinker production: % of coke	%	41	40	38			
CEM thermal energy mix of clinker production: % of oil	%	3	3	3			
CEM thermal energy mix of clinker production: % of gas	%	14	16	16			
CEM thermal energy mix of clinker production: % of other traditional fossil fuels	%	2	2	1			
CEM thermal energy mix of clinker production: % of alternative fuels (excl. biomass)	%	11	12	13			
CEM thermal energy mix of clinker production: % of biomass	%	7	7	7			
CEM electrical energy consumption	M GJ	67	69	69			
– CEM electrical energy renewable	M GJ	7	8	9			
– CEM electrical energy non-renewable	M GJ	60	61	60			
Other segments thermal energy (note 6)	M GJ	91	93	87			
Other segments electrical energy	M GJ	4	4	4			

Note 4: Reported as Kg/ton cementitious material. See note 1 for the definition of cementitious material.

Note 4a: Gross CO₂ emissions are the total emissions resulting from the chemical decarbonation of limestone and the emissions resulting from the burning of fossil-based fuels and pre-treated waste-derived fuels. Compared with gross CO₂ emissions, net CO₂ emissions do not include CO₂ from alternative fossil fuels.

Note 5: Includes non-kiln fuels.

Note 6: Includes captive power plants.

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON TARGET AREAS

	Unit	2017	2018	2019	2022 target	2030 target	GRI ref
Water (note 7)							
Cement							
CEM specific freshwater withdrawal (L/t of cementitious) 2019 consolidation	L/t	343	317	299	291	262	303-1
CEM specific freshwater withdrawal (L/t of cementitious) as published in reporting year	L/t	317	305	299			
CEM specific freshwater consumption (L/t of cementitious)	L/t	166	159	147			
CEM: Sites in water-stressed area (%) (note 7a)	%	28	28	28			303-2
All segments							
Specific freshwater consumption (L/t of product)	L/t	125	127	124			
Total water withdrawal	M m ³	151	146	144			
– Total freshwater withdrawal	M m ³	124	125	123			
– Freshwater withdrawal from ground water	M m ³	33	33	32			
– Freshwater Withdrawal from surface water	M m ³	72	74	72			303-1
– Freshwater withdrawal from municipal waters supplies or other water utilities	M m ³	11	13	12			
– Freshwater withdrawal from other water sources	M m ³	8	5	7			
– Non-freshwater withdrawal	M m ³	14	11	10			
– Rainwater harvested	M m ³	13	10	11			
Total water discharge	M m ³	66	61	58			
– Water discharge to ground or soil infiltration	M m ³	6	6	8			
– Water discharge to surface water	M m ³	54	54	49			306-1
– Water discharge to offsite treatment	M m ³	0.6	0.5	0.7			
– Water discharge to others	M m ³	5.4	0.5	0.3			
Total water consumption	M m ³	85	85	86			303-1
Sites equipped with a water recycling system (number)	#	1,251	1,258	1,336			303-3
Communities							
New beneficiaries in reporting year	Million	1.9	2.0	1.8	7	10	
Total number of beneficiaries 2019 consolidation	Million	5.5	5.6	5.9			
Total number of beneficiaries – as published in reporting year	Million	7.0	6.6	5.9			
Total CSR spend	CHFm	50.7	45.1	42.1			
Contribution by partners to total community spend	%	24	24	24			201-1
– Social investment projects	%	75	75	75			
– Donations (cash and in kind)	%	7	7	7			
– Inclusive business projects	%	4	3	4			
Overhead	%	14	16	14			

Note 7: Excludes captive power plants.

Note 7a: Using the WRI Aqueduct Water Tool (> 40% baseline water stress)

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON IMPLEMENTATION OF OPERATING PRINCIPLES AND HEALTH AND SAFETY

	Unit	2017	2018	2019	Expected performance		2022	2030	GRI ref	
Health and safety										
Fatalities										
By location										
– Onsite	#	17	3	8	Improvement			0	403-2	
– Offsite	#	14	16	11	Improvement			0		
By personnel category										
– Employees	#	10	1	4					403-2	
– Contractors	#	21	18	15						
Injury rates										
Lost Time Injury Frequency Rate										
– LTIFR employees (# of LTIs per million hours)	#	0.94	0.90	0.76					403-2	
– LTIFR contractors onsite (# of LTIs per million hours)	#	0.89	0.69	0.58						
– LTIFR employees and contractors onsite (# of LTIs per million hours)	#	0.91	0.79	0.67	Improvement			0		
Total Injury Frequency Rate										
– TIFR employees (# of injuries per million hours)	#	3.80	4.00	3.93						
– TIFR contractors onsite (# of injuries per million hours)	#	2.61	2.48	2.49						
– TIFR employees and contractors onsite (# of injuries per million hours)	#	3.20	3.22	3.19	Improvement		Improvement			
Occupational Illness Frequency Rate										
– OIFR employees (# of occupational illness per million hours)	#	0.06	0.2	0.15					403-2	
OIFR contractors onsite (# of occupational illness per million hours)	#	0.02	0.03	0.04						
– OIFR employees and contractors onsite (# of occupational illness per million hours)	#	0.04	0.11	0.09	Improvement		Improvement			
Other										
Workforce represented in Health and Safety committees	%	95	96	96					403-1	
Number of fatalities per 10,000 directly employed	#	1.22	0.13	0.56						
Number of lost time injuries (directly employed)	#	173	148	112						
Total number of lost time injuries	#	342	348	264						
Sites certified with OSHAS 18001 / ISO 45001	#	n/a	n/a	506						
Countries with site or country level OSHAS / ISO 45001 certification	%	n/a	n/a	40						
Environmental compliance										
Number of countries reporting severe non-compliance cases (note 8)	#	4	8	4	0				307-1	
Fines and penalties paid	CHF million	0.5	0.4	0.7	0					
Environmental Management Systems										
Cement sites with an ISO 14001 certification	%	80	79	72	100					
Cement sites with an EMS equivalent to ISO 14001	%	84	86	86						
Aggregates sites with an ISO 14001 certification	%	19	19	18						
Aggregates sites with an EMS equivalent to ISO 14001	%	69	65	61						
RMX sites with an ISO 14001 certification	%	17	16	18						
RMX sites with an EMS equivalent to ISO 14001	%	43	43	53						

Note 8: For “major” non-compliance cases, aligned with the DJSI, we have applied a reporting threshold of CHF 10 000.

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON IMPLEMENTATION OF OPERATING PRINCIPLES AND HEALTH AND SAFETY

	Unit	2017	2018	2019	Expected performance 2022	2030	GRI ref
Biodiversity							
Sites assessed using BIRS methodology	%	0	31	36			
Quarries with rehabilitation plan in place (note 9)	%	71	83	84	100		
Quarries with biodiversity importance (note 10)	#	317	275	271			
Quarries with biodiversity importance with biodiversity management plans in place	%	76	85	91	100		304-1 304-3
Total ha of rehabilitated area	ha	14,101	14,258	14,633			
Air emissions							
% clinker produced with continuous monitoring of dust, NOx and SO ₂ emissions	%	84	85	86			
% clinker produced with monitoring of dust, NOx and SO ₂ emissions	%	95	95	94			
Coverage (note 11)							
Overall: Percentage of production with comprehensive emission monitoring (note 11b)	%	72	79	78			
Dust: Percentage of production with dust measurement	%	97	98	99			
NOx: Percentage of production with NOx measurement	%	97	96	95	100		
SO ₂ : Percentage of production with SO ₂ measurement	%	97	97	95			
VOC: Percentage of production with VOC measurement	%	84	85	82			
Mercury: Percentage of production with mercury measurement	%	82	88	88			
Dioxins/furans: Percentage of production with dioxins/furans measurement	%	86	88	88			305-7
HM1 – Percentage of production with HM1 measurement	%	85	88	90			
HM2 – Percentage of production with HM2 measurement	%	84	87	88			
Emissions (note 12)							
Total dust emissions	ton	11,438	16,561	15,799			
Total NOx emissions	ton	189,719	186,054	171,531			
Total SO ₂ emissions	ton	38,035	39,957	33,738			
Total VOC emissions	ton	7,749	7,749	6,764			
Total mercury emissions	ton	1.2	1.5	1.3			
Total dioxins/furans emissions (note 12b)	gTEQ	2.3	2.7	5.4			
HM1 – absolute emissions	ton	2.2	1.5	1.7			
HM2 – absolute emissions	ton	34.4	24.2	26.6			

Note 9: This number refers to number of quarries having a quarry rehabilitation plan compliant with LafargeHolcim internal requirements (see methodology for more details).

Note 10: According to a categorizations introduced in 2018 following FFI recommendations.

Note 11: If the emission has not been measured in 2019, the 2018 measurement has been used to estimate the 2019 performance at kiln level.

Note 11b: Percentage of clinker produced by kilns with continuous or discontinuous measurement of dust, NOx, SO₂, VOC/THC, heavy metals (Hg, Cd, Tl, Sb, As, Pb, Cr, Co, Cu, Mn, Ni and V), PCDD/F. The full production from a kiln is included in the KPI only when emissions of all pollutants (all 17 listed pollutants) are monitored, otherwise the production contribution from the kiln is considered zero.

Note 12: Emissions extrapolated to the full Group clinker production.

Note 12b: The increase of the Group dioxin/furan emissions between 2018 and 2019 is related to three plants reporting higher dioxin/furan concentrations than usual. The reasons for this increase are being investigated in order to define appropriate action plans.

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON IMPLEMENTATION OF OPERATING PRINCIPLES AND HEALTH AND SAFETY

	Unit	2017	2018	2019	Expected performance 2022	2030	GRI ref
Specific emissions (cementitious)					Improvement		305-7
Specific dust emissions (g/ton of cementitious)	g/t	62	86	82			
Specific NOx emissions (g/ton of cementitious)	g/t	1,029	969	892			
Specific SO ₂ emissions (g/ton of cementitious)	g/t	206	208	175			
Specific VOC emissions (g/ton of cementitious)	g/t	42	40	35			
Specific mercury emissions (mg/ton of cementitious)	mg/t	7	8	7			
Specific dioxins/furans emissions (ng TEQ/ton of cementitious) (note 12b)	ng TEQ/t	12	14	28			
HM1 – specific emissions (mg/ton of cementitious)	mg/t	12	8	9			
HM2 – specific emissions (mg/ton cementitious)	mg/t	187	126	139			
Specific emissions (clinker)					Improvement		305-7
Specific dust emissions (g/ton of clinker)	g/t	86	121	115			
Specific NOx emissions (g/ton of clinker) (note 12c)	g/t	1,429	1,354	1,252			
Specific SO ₂ emissions (g/ton of clinker) (note 12c)	g/t	287	291	246			
Specific VOC emissions (g/ton of clinker)	g/t	58	56	49			
Specific mercury emissions (mg/ton of clinker)	mg/t	9	11	9			
Specific dioxins/furans emissions (ng TEQ/ton of clinker) (note 12b)	ng TEQ/t	17	20	40			
HM1 – specific emissions (mg/ton clinker)	mg/t	16	11	12			
HM2 – specific emissions (mg/ton clinker)	mg/t	259	176	194			
Employees							
Employees by employment contract and age interval							
Full-time employees	%	98	99	98	Improvement		405-1 102-8
Part-time employees	%	2	1	2			
Permanent employees	%	94	96	96			
Fixed-term contract employees	%	6	4	4			
Employees under the age of 30	%	14	14	13			
Employees between 30 and 50	%	60	60	60			
Employees above 50	%	26	26	27			
Gender diversity							
Gender diversity – Females management level	%	20	20	20	Improvement		405-1
Non-management level	%	12	11	11			
Women in total workforce	%	14	14	14			
Turnover							
Overall employee turnover rate	%	14	17	16	Improvement		401-1
Voluntary employee turnover rate	%	6	8	8			
Hirings (%)	%	12	11	13			
Development							
Hours of training per employee (management level)	#	37	39	24			404-1
Hours of training per employee (non-management level)	#	31	30	16			
Managers who had an annual performance review	%	90	91	91			404-3
Non-managers who had an annual performance review	%	47	44	48			

Note 12c: 2030 targets reflect a reduction from a 2016 baseline of 27% for NOx and 36% for SO₂.

PERFORMANCE DATA TABLES CONTINUED

REPORTING ON IMPLEMENTATION OF OPERATING PRINCIPLES AND HEALTH AND SAFETY

	Unit	2017	2018	2019	Expected performance 2022	2030	GRI ref
Social relations							
Entities having strike actions over one week duration	#	2	1	3			MM4
Entities where employees are covered by collective agreements	%	68	73	76			102-41
Government relations							
Political donations (note 13)	CHFm	65,462	54,176	7,700			415-1
Countries making political donations	#	3	2	1			
Total subsidies	CHFm	97.9	97.9	85.8			201-4
Entities receiving subsidies	#	11	14	10			
Economic							
Membership fees paid to trade associations and chambers of commerce	CHFm	Not reported	19.8	15.5			
Communities							
Stakeholder engagement plans available and reviewed in last 3 years – cement, grinding sites	%	74	78	85	100		
Human rights assessments conducted in the 3 last years – GRU – cumulative	%	52	53	64	100		
Suppliers							
Suppliers from national markets (% of total suppliers)	%	89	90	93	100		414-1
Suppliers with Supplier code of conduct as part of contractual agreement	%	40	50	72			414-2
Countries which have identified high ESG impact suppliers	%	98	94	96			308-1
High ESG impact suppliers qualified (% spend) (note 14)	%	51	65	77			308-2
							204-1

Note 13: 2018 and 2019 figures excludes PAC contributions in the USA. These amounted to CHF 59,122 in 2019

Note 14: Figures taken from Annual LafargeHolcim iCare Sustainable Procurement Questionnaire. The figure is a consolidated view of suppliers of goods and suppliers of services. It reflects the % of total spend of high ESG impact suppliers that had been qualified in terms of the stipulations in the LafargeHolcim Supplier Code of Conduct.

METHODOLOGY AND CONSOLIDATION

SCOPE OF CONSOLIDATION

Aligning with Group financial reporting our consolidation scope includes the entities covered in the Group consolidated financial statements. The list of principal consolidated companies is presented in the LafargeHolcim Integrated Annual Report, 2019. The Group consolidates a subsidiary if it has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations.

Changes in scope of consolidation

Compared to the 2018 Sustainability Report, the most significant change in consolidation is the divestment of LafargeHolcim Operations in Indonesia, Singapore and Malaysia. Unless indicated in the table as *"as published in the reporting year"*, data for 2017 and 2018 have been restated according to the revised consolidation. Health and Safety Data are not restated.

Divestments and acquisitions

For business divested during the year, data are excluded for the entire year.

When a new site or sites are acquired by LafargeHolcim, its procedures and definitions for non-financial data might not be necessarily in line with LafargeHolcim standards. Accordingly we give the new site time to meet our standards and report performance according to LafargeHolcim standards. This should not be later than the second year after acquisition.

METHODS OF DATA COLLECTION AND REPORTING METHODOLOGIES

Extrapolation

Since 2019, LafargeHolcim reporting is based on 11 months of data (as at November 30th) which are extrapolated to the annual estimated values. The objective is to accelerate the reporting process to align with the Financial reporting timeline.

- For environmental data, an estimate of the full year production is requested at site level and is used to extrapolate energy consumption, CO₂ emissions,

air emissions, water and raw materials usage. All other indicators, such as waste disposed, environmental certifications and hectares rehabilitated were not extrapolated as they are not necessarily linear.

- For stakeholder an estimate of the full year spend is requested at country level. Beneficiaries, CSR spend and contributions have been extrapolated.
- For procurement an estimate of the full year spend is requested at country level. Only the percentage of high ESG impact suppliers qualified has been extrapolated. The extrapolation had no impact on the figure.
- For Human resources, an estimate of the year-end number of employees per gender is requested at country level. Indicators not related to employee numbers were not extrapolated. The extrapolation had no impact on the figures.
- For Sustainable solutions, an estimate of the full year net sales is requested at country level.
- For Health and Safety, data are reported for the full year

Wherever possible, the estimates have been cross checked in December with the actual figures to ensure the most accurate extrapolation.

Controls

Controls put in place to ensure data quality and robustness include:

- The iCare@LH reporting tool has built in validation rules to ensure robustness of data reported. This includes highlighting when a value is out of an expected range or shows a significant deviation from previously reported data, and requires an explanatory comment.
- A robust workflow process is in place requiring a validation of the information by, at least two managers for each questionnaire.
- Validation dashboards have been developed to allow entities and subject experts to identify values that are out of range.

- Data are checked against other reporting streams such as SAP and technical reports for consistency

Economic indicators

- Data on net sales of sustainable solutions were collected through the LafargeHolcim's reporting system & respective protocol – iCare@LH | Sustainable Construction questionnaire. Data are gathered at Country/Group Reporting Unit level and cover all business segments and their industrial production sites. The Sustainable Construction questionnaire was conducted covering 56 entities representing more than 95 % of our products and services sales. The Sustainable Construction survey collects data on products and services contributing to GHG reduction along the construction life cycle, resource efficiency and a circular economy, higher energy efficiency in buildings, affordable housing, a richer biodiversity, as well as increased transparency in products.
- In 2019, the criterion for products and services contributing to GHG reduction has been changed from a threshold related to local market baselines to an absolute value in line with the LH CO₂ target approved by the SBTi.
- Data on supplier assessments was collected through the LafargeHolcim's reporting system & respective protocol – iCare@LH | Sustainable Procurement questionnaire. Data are gathered at Country/Group Reporting Unit level and cover all business segments and their industrial production sites. The Sustainable Procurement questionnaire was conducted covering 56 entities representing more than 91% of our total procurement spend.

Environmental indicators

Environmental performance indicators follow the reporting guidelines of the Global Concrete and Cement Association (*previously the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI)*).

METHODOLOGY AND CONSOLIDATION CONTINUED

In 2019, environmental data were collected through LafargeHolcim's reporting system & respective reporting guidelines – iCare@LH|Environmental questionnaire.

All sites that were active during the reporting year have been considered eligible to be included under the environmental reporting. For sites that were active less than six months, their impact has been estimated based on their production and the Group averages.

For environmental data, cement terminals and RMX mobile plants are not considered material, and therefore can be excluded from the consolidation.

- **CO₂ and power:** We use the GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing (*Previously WBCSD-CSI Cement CO₂ and Energy Protocol version 3.1*) to calculate CO₂ emissions between the 1990 baseline and the reporting year. For CO₂, all historical data have been recalculated according to the mentioned Protocol, to enable comparison of data over time. Historical data are also restated to reflect changes in consolidation of companies and acquisitions/divestments. The reporting coverage of the CO₂ data is 100%. For data not reported in 2019, the last available measurement or the Group average has been used to estimate the 2019 performance. The coverage of energy data per segment is at least at 98%. Default CO₂ emissions factors for fuels are taken from the CSI guidelines. Operations can overwrite these default values if more precise values or measurements are available. Emissions from Captive Power Plants are included in the performance data table under "Other segments: CO₂ emissions from fuels" Scope 3 emissions have been assessed according to WBCSD-CSI Scope 3 methodology. For this purpose, we assessed the most significant of our suppliers' emissions due to clinker bought and used in the production process during 2019. We also consider fuel- and energy-related activities (not

included in Scope 1 and 2), upstream and downstream transportation and distribution, business travel and employee commuting.

- **Emissions:** We use the GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing (*previously WBCSD-CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry Protocol (2012)*). Emission levels can be measured continuously or based on spot measurement. Information is always available at kiln level. If an emission component has not been measured in 2019, the 2018 measurement has been used to estimate the 2019 performance at kiln level. If no measurement was available in 2018, the Group average has been used to estimate the Group absolute impact.

- **% of production with measurement:** The full production from a kiln is included in this coverage only when the emission of the respective pollutant(s) is/are monitored, otherwise the production contribution from the kiln is considered zero. For the percentage of production with comprehensive emission monitoring, the full production from a kiln is included only when emissions of all pollutants (dust, NO_x, SO₂, VOC/THC, heavy metals (Hg, Cd, Tl, Sb, As, Pb, Cr, Co, Cu, Mn, Ni and V), PCDD/F) are monitored.

- **Water:** The GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing (*previously the CSI Protocol for Water Reporting*) has been used as a reference to measure the water performance of the Group. The coverage of the water data is on average at 99%. Data from captive power plants are excluded.

- **Waste and recycling:** Waste comprises all forms of solid or liquid waste (excluding wastewater) and are defined as hazardous or non-hazardous based on the legislation of the country in which the site operates. Overburden has been excluded from non-hazardous wastes disposed on site. Data from captive power plants are excluded.

- **Biodiversity and quarries:** The number of quarries that have rehabilitation plans in place are aligned with the LafargeHolcim Directive on Quarry Rehabilitation and Biodiversity. The key requirements 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.

Health and safety (H&S)

H&S performance indicators for 2017 follow the WBCSD-CSI Guidelines for measuring and reporting. Data for 2018 and 2019 is reported following the GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing, issued November 2018. These guidelines stipulate that road fatalities involving contractors "off company premises and not branded or regular" should be excluded. A regular contract is defined as "longer than 30 days continuously or collectively on a rolling 12 months period". H&S data are gathered at site level and further consolidated at Country/Group Reporting Unit level and covers all business segments and their industrial production sites, including Corporate and above country regional and service entities.

In 2019, H&S data were collected through the LafargeHolcim's reporting system – iCare@LH | H&S Incident management module.

Data are segregated according to onsite and offsite incidents, and cover employees, contractors and third parties. The hours worked used to calculate incident rates for employees and contractors are calculated and / or estimated locally by business units.

SOCIAL INDICATORS

In 2019, Social data were collected through the LafargeHolcim's reporting system & respective protocol – iCare@LH | Social questionnaire

Data are gathered at Country/Group Reporting Unit level and covers all business segments and their industrial production sites, including Corporate and above country regional and service entities.

METHODOLOGY AND CONSOLIDATION CONTINUED

The 2019 Social data are derived from a survey covering 75 entities representing more than 97% of the total Group workforce and include majority owned entities and managed assets.

Among other aspects, the social survey collects data on employees, headcounts and labor relations and includes questions to verify that child labor is not used.

Stakeholder engagement indicators

In 2019, Stakeholder data were collected through the LafargeHolcim's reporting system & respective protocol – iCare@LH | Stakeholder questionnaire

Data are gathered at Country/Group Reporting Unit level and covers all business segments and their industrial production sites.

The 2019 Stakeholder data are derived from a survey covering 56 entities representing more than 93% of the total Group workforce and include majority owned entities and managed assets. Among other aspects, the stakeholder survey collects data on CSR spending and beneficiaries, volunteering activities, political donations and subsidies, human rights management (other than labor related human rights), stakeholder engagement activities and community engagement structures.

A direct beneficiary is defined as a person who was directly involved in the project or benefited from its implementation. Regarding the calculation of beneficiaries, when the number of beneficiaries cannot be measured precisely, assumptions are

being applied. The type and extent of benefit varies significantly depending on the project. LafargeHolcim differentiates Strategic Social Investment projects, Inclusive Business projects and donations. The five focus areas for Strategic Social Investments are:

- Health projects include: Health awareness campaigns, vaccinations programs, general healthcare service provided to the community
- Employment projects include: livelihood programs, income generation programs, professional training targeting the community
- Education projects include: road safety, lectures in partnership with schools and universities
- Environment projects include: Environmental management and awareness, reforestation, water supply to communities
- Infrastructure projects include: Building or improving community facilities (parks, public squares etc)

Reporting cycle

The LafargeHolcim Group will continue to report annually.

ASSURANCE STATEMENT

INDEPENDENT ASSURANCE REPORT ON A SELECTION OF NON-FINANCIAL INFORMATION

To the Executive Committee,

Further to the request made by the entity LafargeHolcim (hereafter "Entity"), and in our quality as an independent verifier, we present our report on a selection of non-financial information established for the year ended on 31 December 2019, presented in the Sustainability Performance Report, consisting in selected consolidated environmental, communities, and health & safety indicators ("the Sustainability Indicators") and other non-financial reporting processes ("the Non-Financial Reporting Processes") listed in Appendix 1.

The Entity's responsibility

It is the responsibility of the Entity to prepare the Sustainability Indicators and to implement the Non-Financial Reporting Processes in accordance with the protocols used by the Entity.

Independence and quality control

Our independence is defined by the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system, including documented policies and procedures regarding compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, in response to the Entity's request, based on our work, to:

- Attest that the Non-Financial Reporting Processes were implemented as described in the "Methodology and consolidation" section and in accordance with the 2019 Entity social and stakeholder engagement questionnaires and definitions.
- Express a limited assurance conclusion, that the Sustainability Indicators, have been prepared, in all material aspects, in accordance with the reporting criteria applicable in 2019 (the "Reporting Criteria"), consisting in external standards elaborated by the Global Concrete and Cement Association (previously the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI)) completed with Entity specific procedures, a summary of which is provided in the "Methodology and consolidation" section.

1. Review of the non-financial reporting processes

We undertook interviews with the people responsible for the collection and preparation of the information at the headquarters of the Entity in Holderbank, Switzerland and in Paris, France and at the country level for a selection of entities, in order to:

- Assess the suitability of the questionnaires and definitions used in the surveys, in relation to their relevance, completeness, reliability, neutrality, and understandability;
- Verify the implementation of the process for the collection and compilation of the Information.

Based on this work, we confirm that we have no comment on the fact that the Non-Financial Reporting Processes were implemented as described in the "Methodology and consolidation" section and in accordance with the 2019 Entity social and stakeholder engagement questionnaires and definitions.

2. Limited assurance on a selection of sustainability indicators

We conducted the work described below in accordance with the international standard ISAE 3000¹ (International Standard on Assurance Engagements).

Nature and scope of the work

We undertook interviews with people responsible for the preparation of the Sustainability Indicators in the Sustainable Development and Health & Safety Departments, in charge of the data collection process and, when applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Reporting Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, the best practices of the industry;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the Sustainability Indicators and identify the procedures for internal control and risk management related to the preparation of the Sustainability Indicators.

We determined the nature and extent of our tests and inspections based on the nature and importance of the Sustainability Indicators, in relation to the characteristics of the Entity, its social and environmental issues, its strategy in relation to sustainable development and industry best practices:

- At the Entity level, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the Sustainability Performance Report;

¹ ISAE 3000: "Assurance Engagements other than audits or reviews of historical information", International Federation of Accountants.

ASSURANCE STATEMENT CONTINUED

- At the level of the representative selection of sites and entities that we selected², based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 18% of the hours worked used for the calculation of safety indicators, and between 5% and 30% of the environmental information³.

We consider that the work we have done by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the Sustainability Indicators cannot be entirely eliminated.

Comments

Without qualifying our conclusion, we have the following comment on the indicator "Total number of beneficiaries": the methods applied locally to estimate the number of beneficiaries from community programs that the Entity implements or contributes to are not homogenous across the reporting countries.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Indicators, taken as a whole, have not been fairly presented, in compliance with the Reporting Criteria.

Paris-La Défense, the 26th February 2020



Independent Verifier
EY & Associés

Partner, Sustainable Development
Christophe Schmeitzky

Partner
Jean-François Belorgey

² Four cement plants: CMU-Ambujanagar 2 (India), Planta Guayaquil (Ecuador), Oggaz Plant (Algeria) and Shurovsky Cement (Russia) and four Group Reporting Units (GRU): Ambuja Cement, Algeria, Russia and Ecuador.

³ On average 9% of production (cement (21%), aggregates (2%), RMX (3%)), 21% of cement net CO₂ emissions (scope 1), 21% of absolute gross scope 1 emissions, 17% of absolute scope 2 emissions, 18% of waste derived resources, 17% of other atmospheric emissions, 20% of cement energy consumption, 30% of other segments energy consumption, 5% of quarries operated and 12% of cement freshwater withdrawal.

ASSURANCE STATEMENT CONTINUED

APPENDIX 1: SELECTION OF NON-FINANCIAL INFORMATION

THE SUSTAINABILITY INDICATORS

Products and solutions

- Total raw material consumption – all segments
- Clinker produced
- Cement produced
- Aggregates produced
- RMX produced
- Clinker factor (average % of clinker in cements)

Recycling and waste

- Waste derived resources - all segments

CO₂ and energy

- CEM specific CO₂ emissions - net (Scope 1)
- CEM specific CO₂ emissions - electricity (Scope 2)
- CEM CO₂ emissions - gross (Scope 1)
- CEM CO₂ emissions - net (Scope 1)
- Absolute gross emissions (Scope 1)
- Absolute emissions (Scope 2)
- CEM energy consumption total
- Other segments thermal energy
- Other segments electrical energy

Water

- CEM Specific freshwater withdrawal (L/ton of cementitious)
- Total water withdrawal – all segment

Environmental Management Systems

- Cement sites with an ISO 14001 certification

Biodiversity

- Quarries with rehabilitation plan in place
- Quarries with biodiversity importance with biodiversity management plans in place

Air emissions

- % clinker produced with continuous monitoring of dust, NO_x and SO₂ emissions
- % clinker produced with monitoring of dust, NO_x and SO₂ emissions
- Total emissions: dust, NO_x, SO₂, VOC, mercury, dioxins/furans
- Specific emissions: dust, NO_x, SO₂, VOC, mercury, dioxins/furans

Communities

- Total number of beneficiaries

Health and safety

- Fatalities (employees and contractors)
 - Lost Time Injury Frequency Rate (employees and contractors)
 - Total Injury Frequency Rate (employees and contractors)
-

THE NON-FINANCIAL REPORTING PROCESSES

Reporting processes covering:

- Group employees by region and per employment contract and age, Employee turnover, Diversity, Employee satisfaction, Social dialogue, and Individual development
 - CSR Spend, Beneficiaries, Stakeholder engagement plan
 - Scope 3 CO₂ emissions
-

GLOBAL CITIZENSHIP

GLOBAL REPORTING INITIATIVE

The indicators contained in this document reference the Global Reporting Initiative (GRI) Standard.

For a detailed explanation of the GRI indicators and for more information on the GRI Standard, go to www.globalreporting.org.

UN GLOBAL COMPACT (UNGC)

With our integrated approach to sustainable development, LafargeHolcim aims to embrace the

UNGC principles. We strive to implement the ten principles of the Compact and to use it as a basis for advancing responsible corporate citizenship. At the same time, the Compact provides LafargeHolcim with the opportunity to further push our own ongoing programs and processes in the areas of human rights, labor standards, the environment, and anti-corruption.

In order to demonstrate our commitment, we publish a yearly Communication of Progress

(COP). All our COP reports are available on the Global Compact website through the following link: <https://www.unglobalcompact.org/what-is-gc/participants/6028>.

This year, our Integrated Annual Report and this document provide information and data on key actions implemented in 2019 against many of the Compact's principles as well as confirming our sustainability priorities and performance targets.

RECOGNITION AND MEMBERSHIP



FTSE4Good

LafargeHolcim was again included in the FTSE4Good index in 2019. The FTSE4Good Series is designed to help investors integrate environmental, social, and governance (ESG) factors into their investment decisions. The indexes identify companies that better manage ESG risks and are used as a basis for tracker funds, structured products and as a performance benchmark.



In 2019, LafargeHolcim's targets to reduce its global carbon emissions were validated by the Science-Based Targets initiative (SBTi). The SBTi is a global collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF).



LafargeHolcim has been a supporter of the TCFD since July 2017. The TCFD is developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.



LafargeHolcim is a founder member of the Value Balancing Alliance. The value balancing model makes multicapital value drivers transparent for leading companies that want to make decisions optimizing good growth. This non-profit organization aims to create a standardized model for measuring and disclosing the environmental, human, social and financial value companies provide to society.



In the results of the 2019 Carbon Disclosure Project (CDP) assessment, LafargeHolcim received a score of A minus, which places LafargeHolcim in the CDP's Leadership band. This score recognizes LafargeHolcim's implementation of current best practices with regard to climate governance, performance and transparency. And in 2019, LafargeHolcim has entered the CDP rating for water for the first time, receiving a score of B.



LafargeHolcim is a member of the GRI Community and supports the mission of GRI to empower decision makers everywhere, through GRI Sustainability Reporting Standards and its multi-stakeholder network, to take action toward a more sustainable economy and world.



LafargeHolcim, together with eight other leading companies in the cement and concrete sector, launched the Global Cement & Concrete Association in early 2018. The GCCA is a progressive new association, dedicated to developing and strengthening the sector's contribution to construction.

The association will focus on driving advancements in sustainable construction, working to enhance the cement and concrete industry's contribution to a variety of global social and developmental challenges.

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