SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1.5ºC SCIENCE BASED TARGET SETTING IN THE CEMENT SECTOR

PUBLIC CONSULTATION WEBINAR

16 March 2022

Karl Downey, Senior Technical Manager

PARTNER ORGANIZATIONS

CDP DISCLOSURE INSIGHT ACTION

United Nations Global Compact

WORLD RESOURCES INSTITUTE

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IN COLLABORATION WITH

WE MEAN BUSINESS COALITION

VIDEO-CONFERENCE GUIDELINES

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- This is a **zoom webinar**. Your camera and microphone are automatically muted.
- Participants can **send questions via the Q&A button**.
- **Slides from this meeting will be shared** after this call.
- Please note that this webinar will be **recorded** for the benefit of those who cannot attend.

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AGENDA

1. **Welcome and introduction - Karl Downey - 5 mins**
2. Introduction to the SBTi and background - Karl Downey - 10 mins
3. SBTs and the Net-Zero Standard - Emma Watson/Andres Chang - 10 mins
4. Cement Science Based Target Setting Guidance development process - Karl Downey - 35 mins
5. The value of SBTs - Antonio Carrillo, Holcim - 10 mins
6. Q&A session - 15 mins

TODAY'S WEBINAR TEAM

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SBTi

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INTRODUCTION TO THE SBTi

What is the Science Based Targets initiative?

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is a **global body** enabling businesses and financial institutions to set **ambitious emissions reductions** targets in line with the **latest climate science**.

Founding Partners

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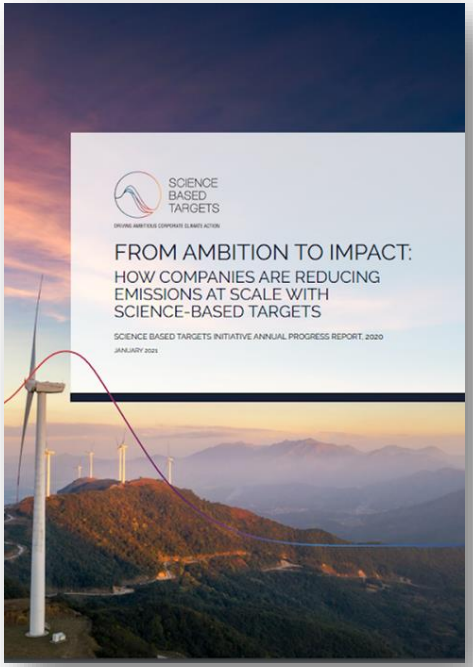
INTRODUCTION TO THE SBTi

Progress to date



1226
companies with science-based targets

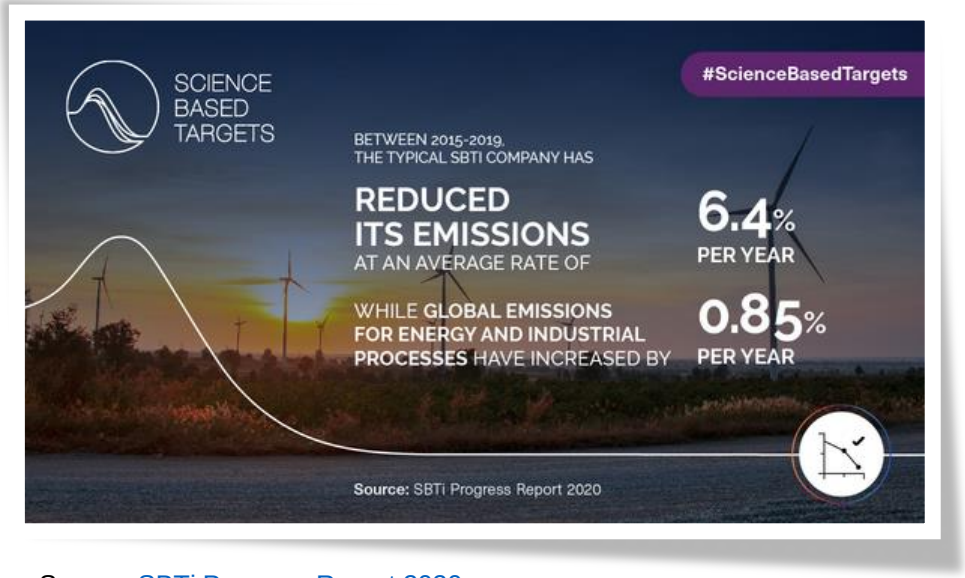
2643
companies taking action

700+
companies committed To Net-Zero

To learn more about the progress of the initiative, consult the SBTi Progress Report.

INTRODUCTION TO THE SBTi

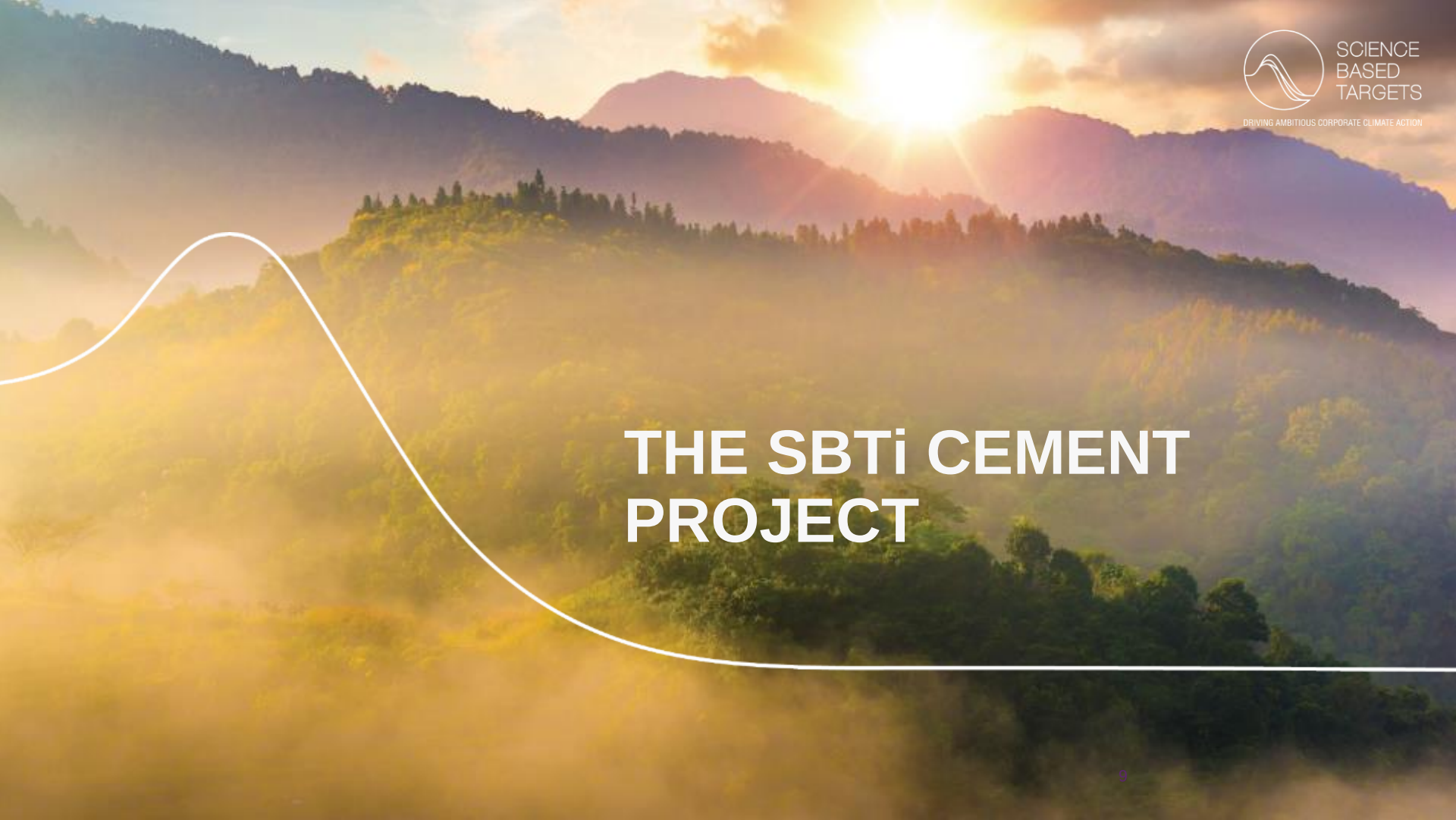
Progress to date



Source: SBTi Progress Report 2020.

Companies with science-based targets are delivering emissions reductions at scale.

- Companies with science-based targets reduced emissions by **25% between 2015-2020**, compared with **an increase of 3.4%** in global emissions from energy and industry.
- The typical company with SBTs reduced direct (scope 1 and 2) emissions at a linear annual rate of **6.4%**. This **exceeds** the rate required by the SBTi criteria to meet 1.5°C scenarios (4.2%).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THE SBTi CEMENT
PROJECT

SBTi CEMENT PROJECT

- Cement companies can already set well-below 2ºC-aligned targets using the SBTi tools

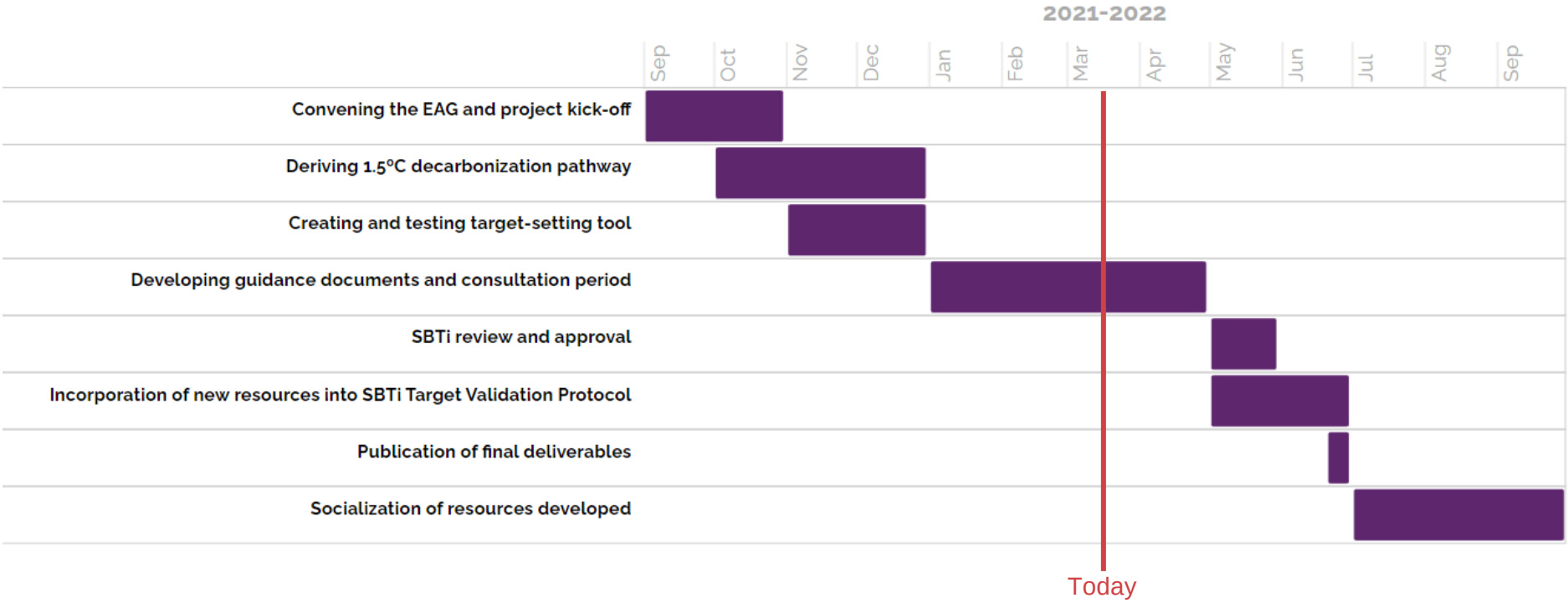
- SBTi has launched this project to provide resources for companies to set 1.5ºC-aligned targets:
  - 1.5ºC pathway
  - Detailed target-setting rules
  - Near and long term targets

SBTi would like to thank Holcim for funding of the cement project

HOLCIM

TIMELINE OF SBTi CEMENT PROJECT

Can be viewed in real time on the project webpage



SBTi's 1.5ºC ambition update in effect from 15 July 2022

CEMENT PROJECT - EXPERT ADVISORY GROUP

Bellona	Holcim Ltd.
Cementos Argos	Institute for European Environmental Policy (IEEP)
Cemex	Potsdam Institute for Climate Impact Research
CRH	RMI
Dangote Cement Plc	Siam Cement Public Company Limited (SCG)
European Climate Foundation	UltraTech Cement Limited
Global Cement & Concrete Association (GCCA)	VDZ/ECRA
Grupo Cementos Chihuahua	Votorantim Cimentos
HeidelbergCement	WWF

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WHAT ARE SCIENCE BASED TARGETS?

THE FOUNDATIONS FOR SCIENCE BASED TARGETS: THE PARIS AGREEMENT

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In 2015, 195 countries agreed to:

- **Limit global temperature increase** to well below 2°C and pursue efforts to limit it to 1.5°C
- Increase the world's ability to adapt to the adverse impacts of climate change and foster more **carbon efficient development**
- Make finance flows consistent with a **low-emissions and climate-resilien**t future

STARTING POINT: GLOBAL EMISSIONS BUDGET

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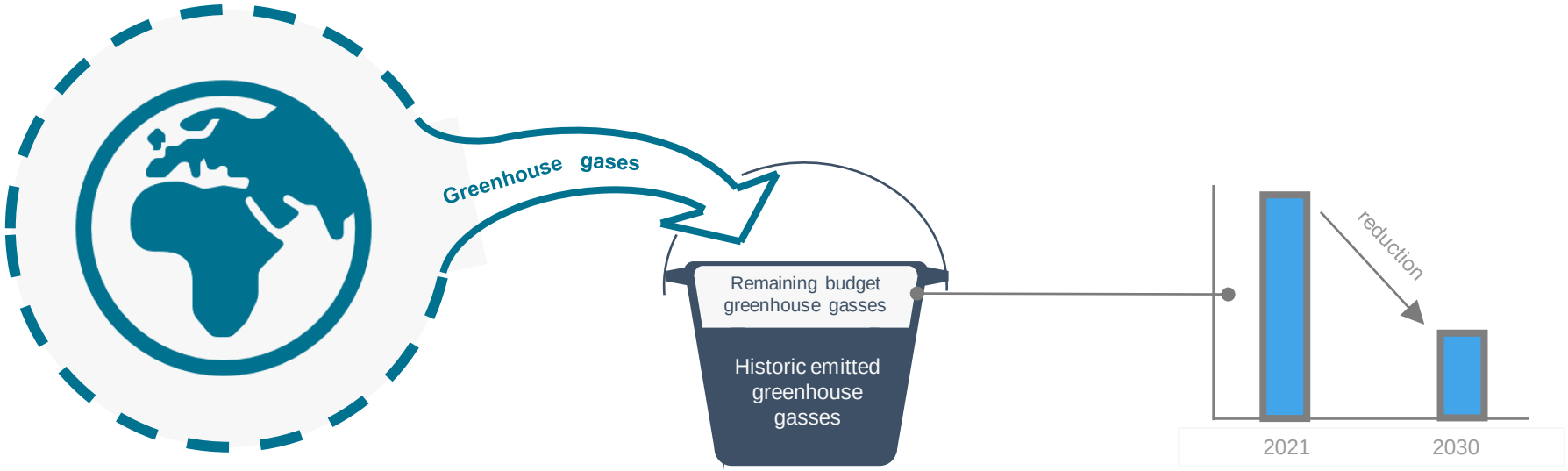
SCIENCE	BUDGET	ALLOCATION/TARGET
Develop global climate scenarios to stay below 2°C and 1.5°C global warming	Determine global and sector budget greenhouse gases to stay below 2°C and 1.5°C global warming	What's my share of the budget? How much can I emit, now and in the future?



A GHG budget is an estimate of the cumulative CO2 , methane, and other Kyoto gases that can be emitted over a period of time, while limiting temperature rise to a specific amount. Budget calculations are highly sensitive to assumptions regarding climate sensitivity and likelihood of temperature outcome, despite the apparent simplicity.

SECTORAL TARGET-SETTING APPROACHES

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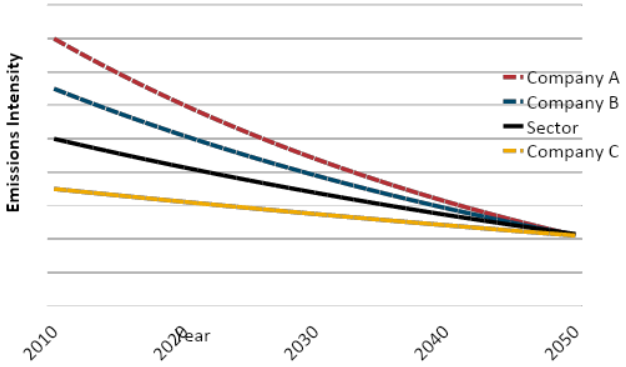
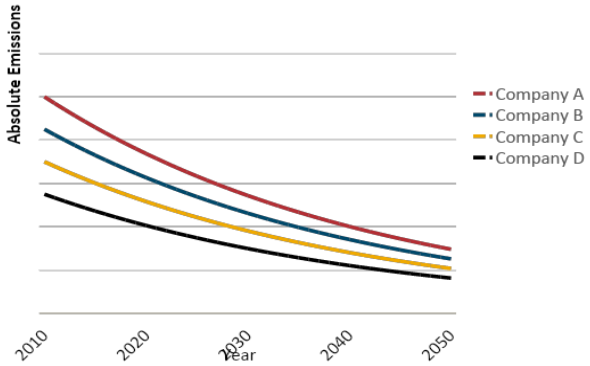
Carbon intensity convergence



Homogeneous sectors:

- Power
- **Cement**
- Iron & Steel
- Aluminium
- Pulp & Paper
- Transport (some sectors)
- Buildings

Carbon emissions contraction



Heterogeneous sectors:

- Other industry

Note: an absolute contraction pathway for 1.5ºC has already been derived by the SBTi and requires a minimum 4.2% linear annual reduction or a 42% reduction over 2020-2030, whichever is higher.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SBTi NET-ZERO
STANDARD

NEW! THE SBTi NET-ZERO STANDARD

Since the release of the IPCC Special Report on 1.5°C, there has been rapid growth in the adoption of net-zero pledges.

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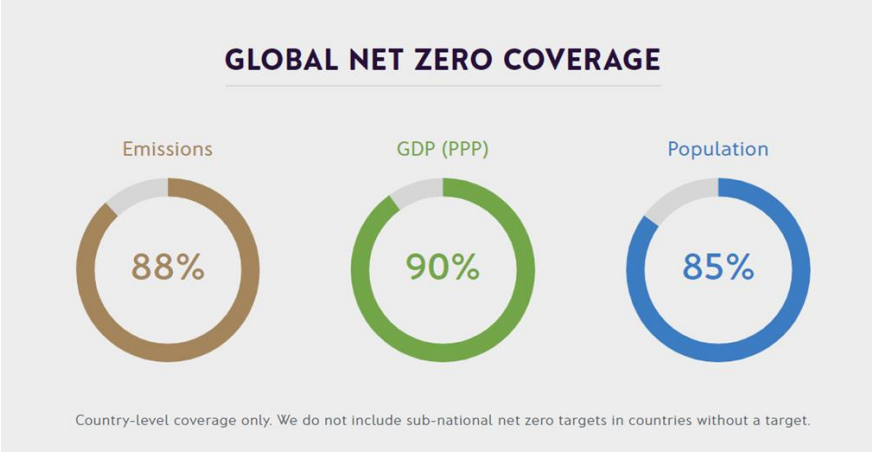
Net-zero coverage



1 in 3 of the largest listed companies in G20 countries now have net-zero targets, up from 1 in 5 last year

Source: ECIU, November, 2021

Growth in UNFCCC Race to Zero campaign

Source: Race to Zero, Sep, 2021

WHY HAS THE SBTi DEVELOPED A NET-ZERO STANDARD?

Net-zero targets differ across four key dimensions:

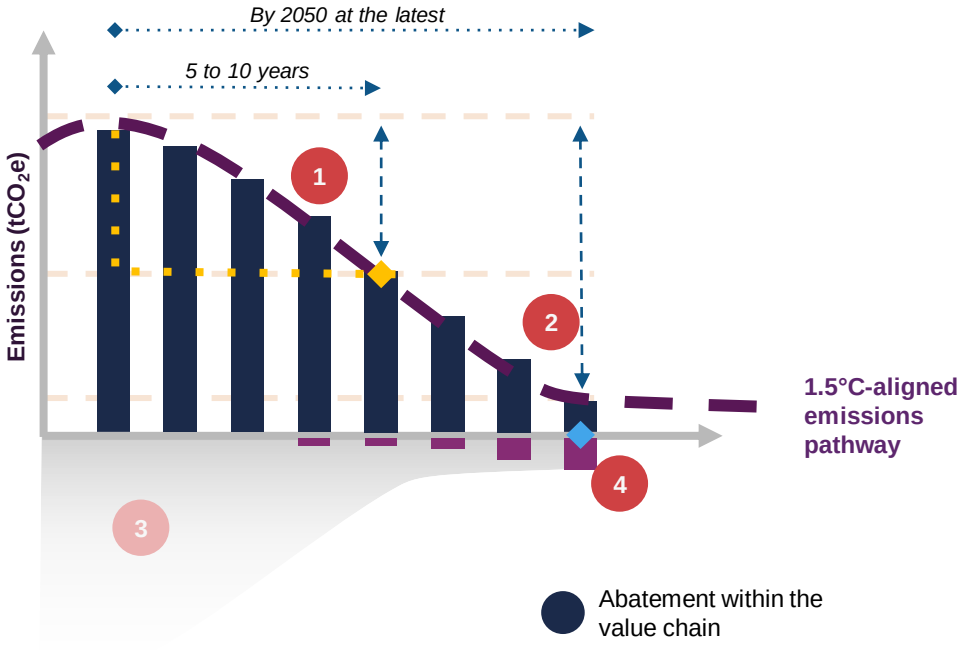
Dimension	Options (non-exhaustive)			
Scope of climate impact	CO_2	All GHGs	GHG & other	
Scope of activities	Operations	Value chain	Products	Others
Mitigation strategy	Emission reduction	Negative emissions	Carbon finance	Avoided emissions
Timeframe	Short-term	Long-term		

Corporate net-zero targets can play a critical role in addressing the climate emergency, but the lack of a robust benchmark has triggered scepticism around net-zero as a concept.

Common criticisms include:

- **Incomplete boundary:** Selective inclusion of emission sources in corporate net-zero targets
- **Delayed action:** Lack of interim milestones for long-term targets.
- **Mitigation deterrence:** Focus on offsetting instead of on reducing emissions.
- **Poor accountability:** Lack of scrutiny and accountability on voluntary commitments.

FOUR KEY ELEMENTS MAKE UP THE NET-ZERO STANDARD FRAMEWORK



Abatement within the value chain

Removals

Abatement or removals beyond a company's value chain

Net-zero emissions

*Note: it is still possible to set a near-term SBT only, without a long-term target

1. **To set near-term science-based targets**: 5-10 year emission reduction targets in line with 1.5°C pathways*

2. **To set long-term science-based targets:** Target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050

3. **Beyond value chain mitigation:** In the transition to net-zero, companies should take action to mitigate emissions beyond their value chains. For example, purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage

4. **Neutralization of residual emissions:** GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere

Required

Recommended

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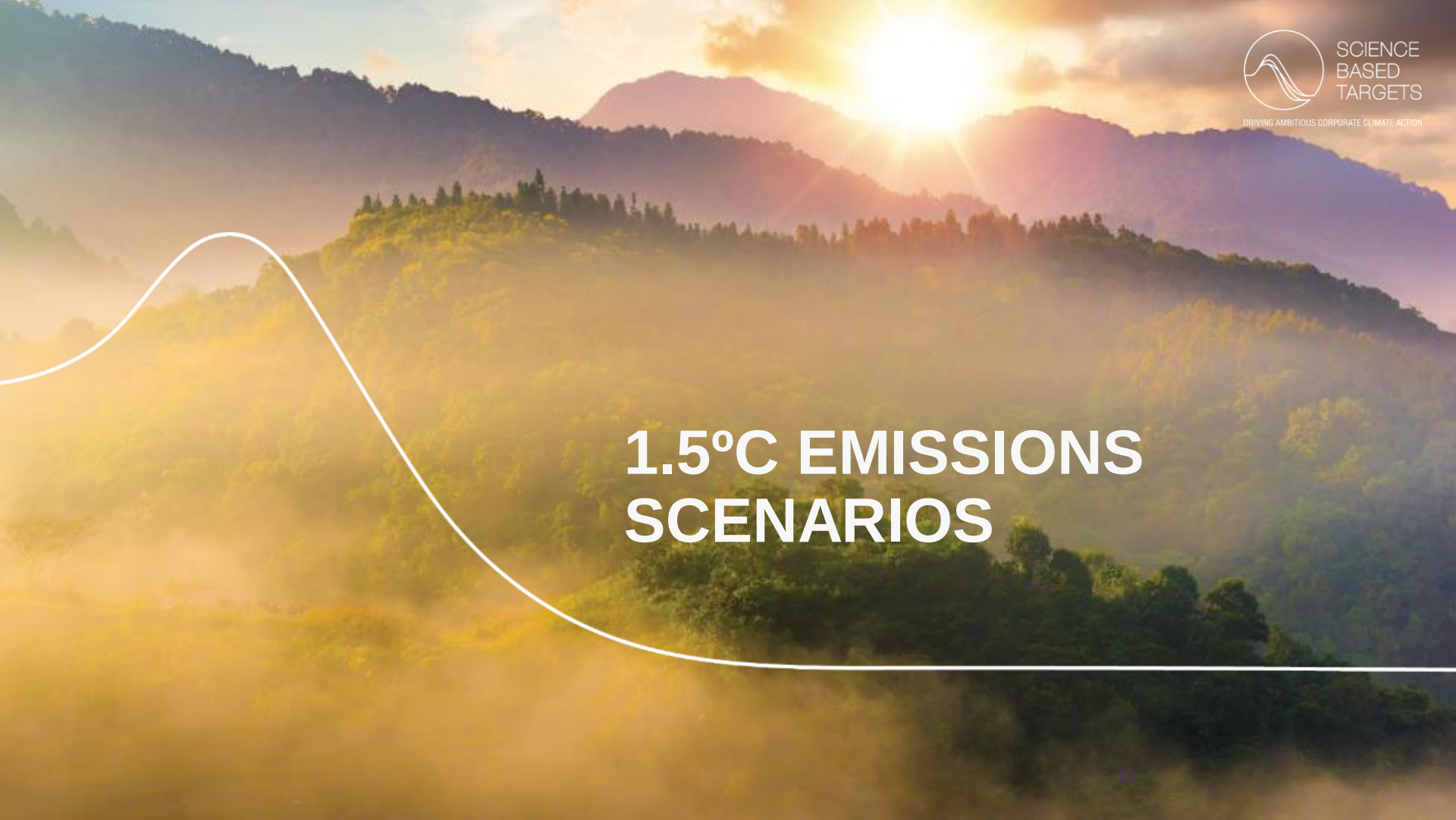
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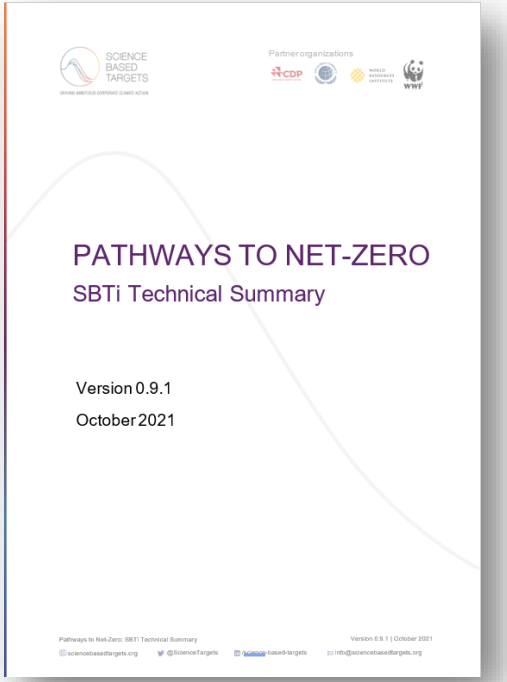
1.5ºC EMISSIONS
SCENARIOS

CROSS-SECTOR PATHWAY

Our cross-sector pathway research aims to increase the consistency and rigor of business climate action

- Advance a **common understanding** of what it takes to align with 1.5°C via near-term and long-term climate targets.
- Ensure that, in aggregate, sector pathways used to calculate targets **do not exceed the cumulative emissions budgets**.
- Chart a clear direction for **new sector-based research**, roadmaps, and collaborations that fulfill a specific ambition range.



HOW ARE 1.5°C PATHWAYS DETERMINED BY THE SBTi? (1/2)

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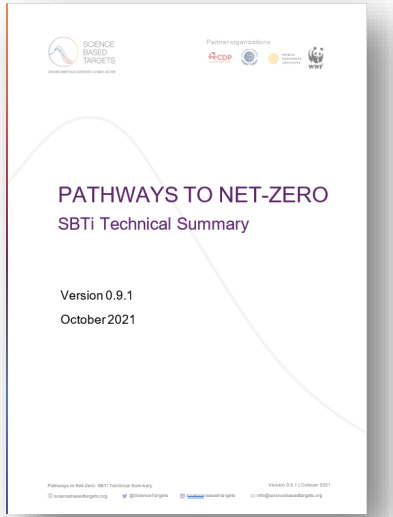
Pathways used by the SBTi aim to **steer voluntary climate action** and contribute to **achieving the 1.5°C objective** of the Paris Agreement and the Sustainable Development Goals (SDGs), **reaching net-zero** CO_2 emissions at the global level **by 2050** and net-zero greenhouse gas (GHG) emissions in 2050 or later.

Key literature informing the SBTi's 1.5ºC pathways approach



HOW ARE 1.5°C PATHWAYS DETERMINED BY THE SBTi? (2/2)

The SBTi offers a cross-sector “one-size-fits-all” pathway and sector-specific pathways

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In aggregate, these pathways:

- Stay within the remaining carbon budget for a 50% likelihood of limiting warming to 1.5°C (500 GT CO_2);
- Reduce energy and industrial process CO_2 and CH_4 emissions by an amount roughly consistent with the IEA’s Net Zero Emissions scenario;
- Reduce forestry, land-use and agriculture (FLAG) sector GHG emissions by an amount consistent with the detailed land-sector roadmap in Roe et al. (2019);
- In aggregate, reach net-zero CO_2 at the global level by 2050, assuming at least low/medium CO_2 removal (1-4 GT CO_2/year), and net-zero GHG emissions in 2050 or later, depending on CO_2 removal levels and different mitigation choices across pathways.

Sector-specific pathways are typically developed under the SBTi’s sector development process, which fosters stakeholder collaboration and innovation through convening an advisory group and inviting feedback through public consultations:

- Because these projects operate with different advisory groups and timelines, sector-specific CO_2 budget ranges have been established in the *Pathways to Net-Zero* report to ensure that an aggregate CO_2 budget is not exceeded.

EMISSIONS ALLOCATION ACROSS SECTORS (1/2)

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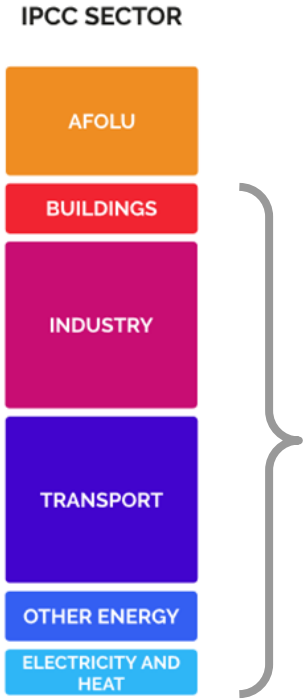
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



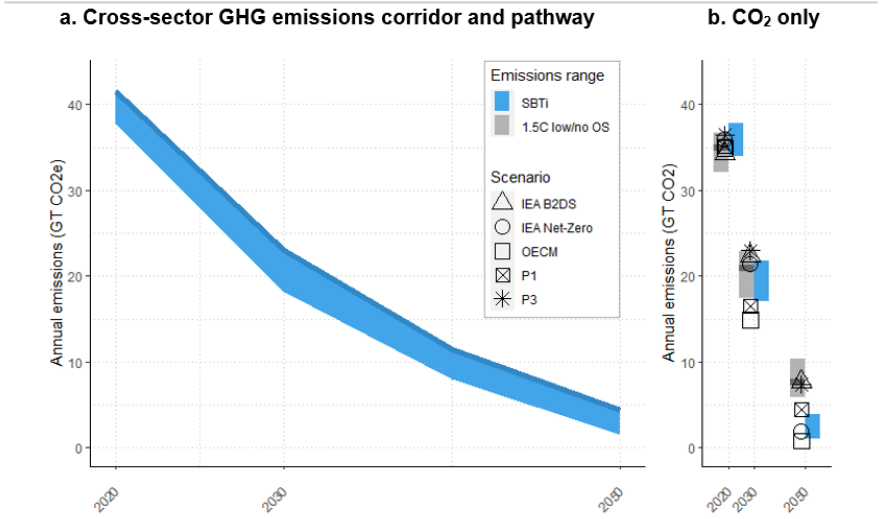


Figure 2. *SBTi emissions corridors (light blue) for* ***a.*** *cross-sector GHG emissions and* ***b.*** *CO_2 only with comparison to the median (dark grey line) and interquartile range of 1.5ºC low/no overshoot scenarios (grey bars) and individual scenarios (black icons). GHG emissions from forestry, land-use, and agriculture; landfill waste; and fluorinated gases are excluded from both corridors. The SBTi's cross-sector emissions pathway (dark blue line), used to define the minimum ambition of many SBTs, is based on the upper bound of the cross-sector GHG emissions corridor*

Step 1. Disaggregate the remaining CO_2 budget into emissions corridors for energy and industrial process CO_2 emissions (**Figure 2b**), deforestation and land-use change CO_2 emissions, and CO_2 removal based on a comparative assessment of top-down mitigation scenarios and sectoral studies, and principled judgements.

In our pathways, the remaining CO_2 budget for energy and industrial process CO_2 emissions aligned with 1.5C is 450-480 GT CO_2

Note: Non-CO_2 GHG emissions are added in a separate step

EMISSIONS ALLOCATION ACROSS SECTORS (2/2)

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Sector	2019 CO_2 emissions (GT CO_2)	2020-2050 CO_2 budget used by the SBTi to assess 1.5°C pathways (GT CO_2)	Share of 2020-2050 energy and industrial processes CO_2 budget relative to sector's share in 2019 (%)
Energy supply	**15.3**	**115-146**	**59-75**
Electricity and heat	13.8	102-133	58-76
Transport	**8.3**	**100-129**	**95-123**
Road transport	6.1	73-91	92-117
Maritime transport	0.9	12-16	101-143
Aviation	1.0	15-19	110-147
Industry	**8.9**	**134-153**	**116-135**
Iron and steel	2.5	20-40	62-126
Cement	2.5	35-41	109-131
Chemicals	1.3	13-26	73-153
Buildings	**3.0**	**30-41**	**75-107**
Residential buildings	2.0	20-30	74-117
Service buildings	1.0	10-11	76-89
Cross-sector total (CO_2 only)	**35.5**	**450-480**	**-**

Table 1. *2020-2050 CO_2 emissions budgets used by the SBTi for the energy supply, transportation, industry, and buildings sectors. Budgets cover direct emissions only (i.e., scope 1) but when setting SBTs, companies must set targets that also cover indirect emissions (i.e., scopes 2 and 3). Due to expected mitigation trade-offs across sectors, the lower bound of "Total" CO_2 emissions is higher than aggregating the lower bound of all sectors. 2019 CO_2 emissions data are sourced from IEA (2021). Sector-specific pathways in-line with the budget ranges in this table do not automatically qualify for use by the SBTi.*

Step 2. NZE and Roe et al. (2019) are used to derive carbon budget allocation across sectors for the maximum remaining budget of 500 GT CO_2. In other words, these studies **define the upper bound of sectoral carbon budgets that must not be exceeded by target-setting pathways.**

- Under the FLAG sector project, sector-specific pathways meeting this condition are being developed based on a combination of Roe et al. (2019) and updated commodity-specific pathways from Smith et al. (2016), 'Science based GHG Emissions targets for agriculture and forestry commodities.'

- For the energy supply, transport, industry, and buildings sectors, sector-specific pathways are being developed under projects with different advisory groups and timelines. For these sectors, we have estimated a lower bound on sectoral carbon budgets based on a review of relevant studies, in addition to defining an upper bound from NZE.

METHOD CONTRIBUTIONS AND REVIEW FROM THE SBTI SCIENTIFIC ADVISORY GROUP

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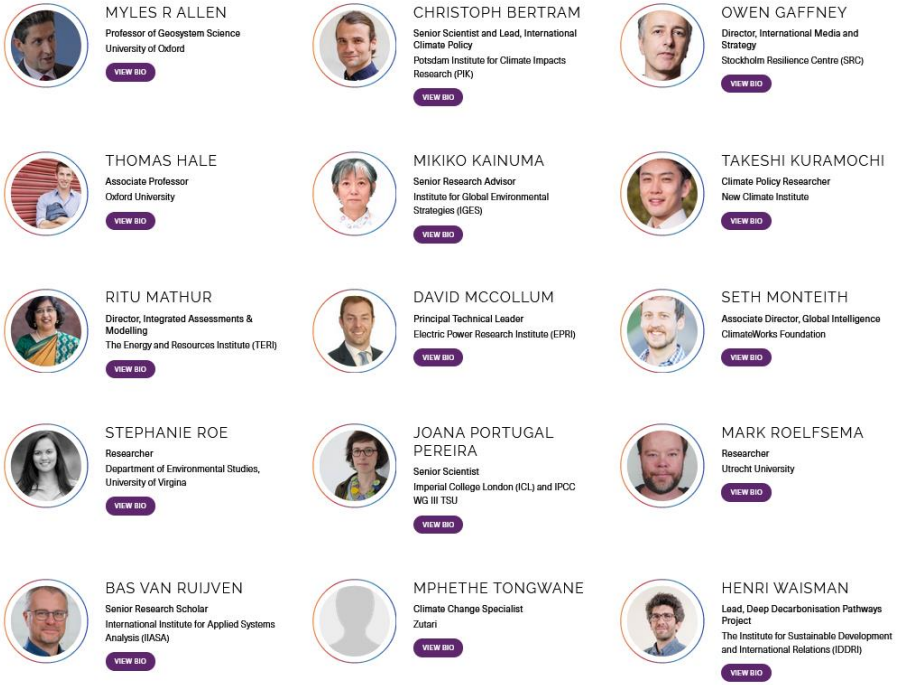
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

About the Scientific Advisory Group

- 15 experts – including several IPCC lead authors and other pioneering academics
- Diverse expertise in climate science, energy system modeling, land sector mitigation, and regional pathways
- Meets quarterly, actively involved with shaping our approaches

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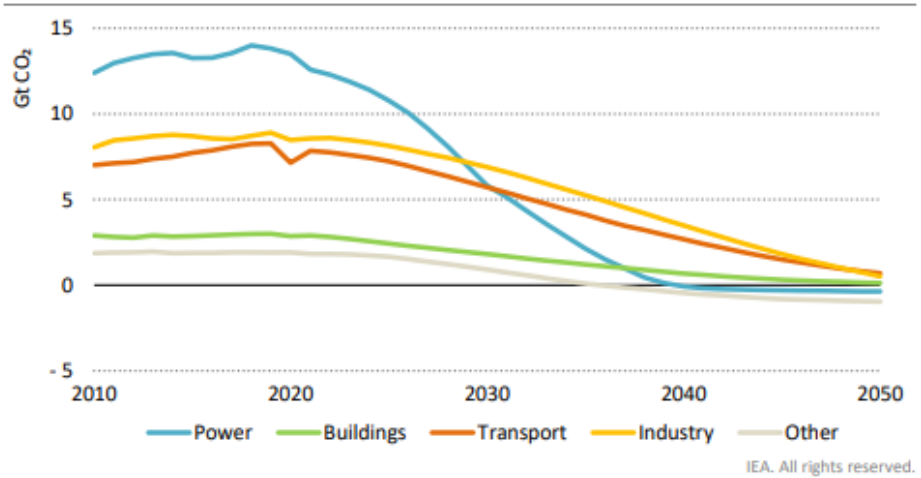
CHOOSING A 1.5ºC
EMISSIONS SCENARIO
FOR CEMENT

DOES CEMENT WARRANT A DEDICATED PATHWAY AND GUIDANCE?

- Cement is a large industrial sector and source of emissions
- Modeling and data on cement is available
- Allocation of carbon budget to sectors aims at a **cost-optimal** scenario across sectors. The *size* of the allocation to each sector depends on decarbonisation levers available and their cost
  - Due to its process (geogenic) emissions, the rate cement sector can decarbonise may differ from rate for society as a whole



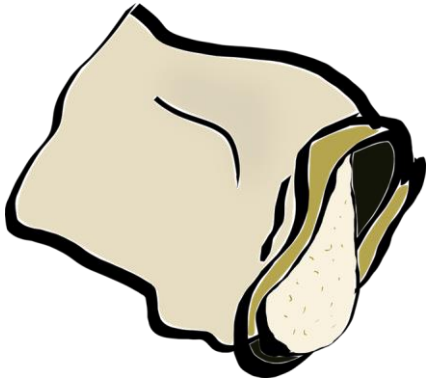
CO_2 emission by sector in IEA Net Zero scenario

IEA (2021), Net Zero by 2050, IEA, Paris https://www.iea.org/reports/net-zero-by-2050

IS “CEMENT” THE CORRECT SECTOR DEFINITION?

Why not a pathway for concrete?

- Largest share of cement/concrete sector emissions from cement
- Only small part of large cement companies’ cement goes into own concrete. Independent concrete producers tend to be small
- Emissions from concrete production come from fuels and electricity - as with the cross-sector target-setting method
- Optimisation of cement demand is captured by the SDA target setting method
- **Concrete is still included:** the guidance explains how concrete companies can can set SBTs using these tools



Cement
or
concrete

CHOICE OF EMISSIONS SCENARIO FOR CEMENT

SCIENCE BASED TARGETS
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Options considered:

1. IEA Net Zero Report (2021)
2. One Earth Climate Model (2020)*
3. Modified version of IEA Net Zero Report

The **ideal SBT scenario should maximize** the characteristics of

- **plausibility**,
- **responsibility**,
- **objectivity** and
- **consistency.**

The published IEA Net Zero Report was chosen as the scenario for transparency, clarity and consistency.

*Teske, S., Niklas, S., Atherton, A., Kelly, S., Herring, J., 2020. *Sectoral pathways to net zero emissions. Report prepared by the University of Technology Sydney for the Net Zero Asset Owners Alliance.*

WHAT DOES THE 1.5ºC PATHWAY LOOK LIKE?

SCOPE 1

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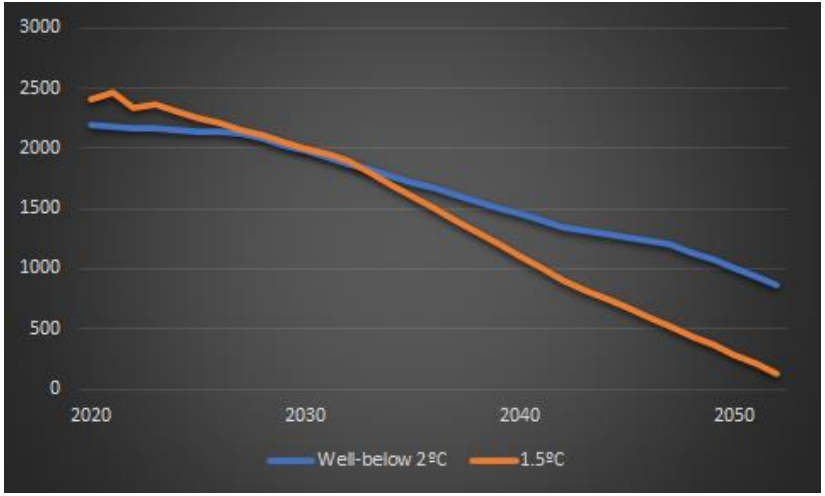
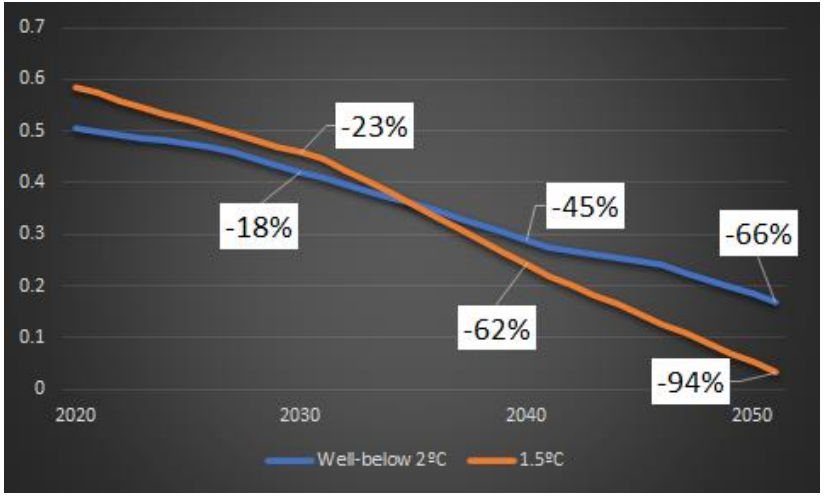
Scope 1 emissions (Mt CO_2) pathways for global cement industry



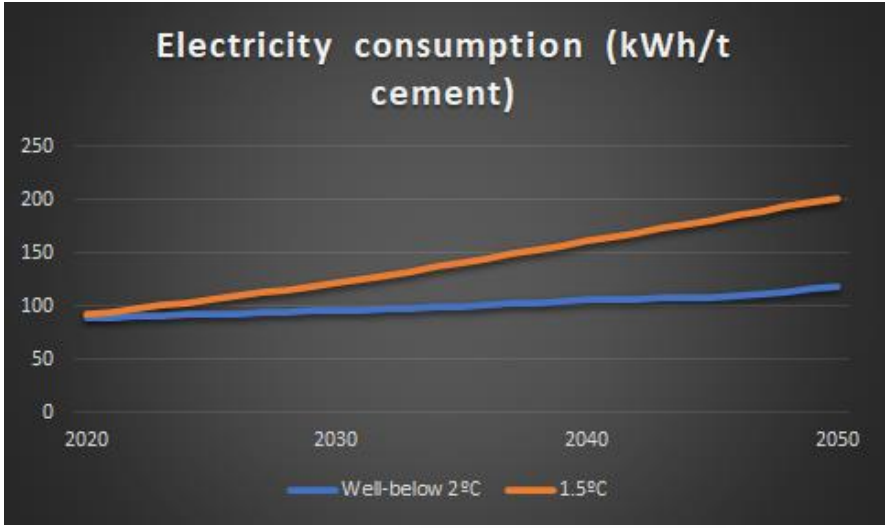
Scope 1 emissions intensity (t CO_2/t cement) for global cement industry

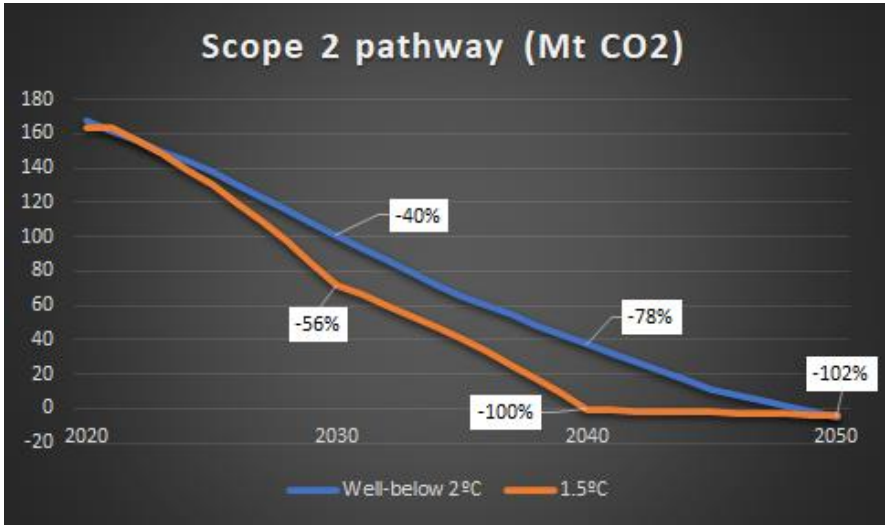


Note: Sector convergence approach means a company's target depends on the company starting point

WHAT DOES THE 1.5ºC PATHWAY LOOK LIKE?

SCOPE 2





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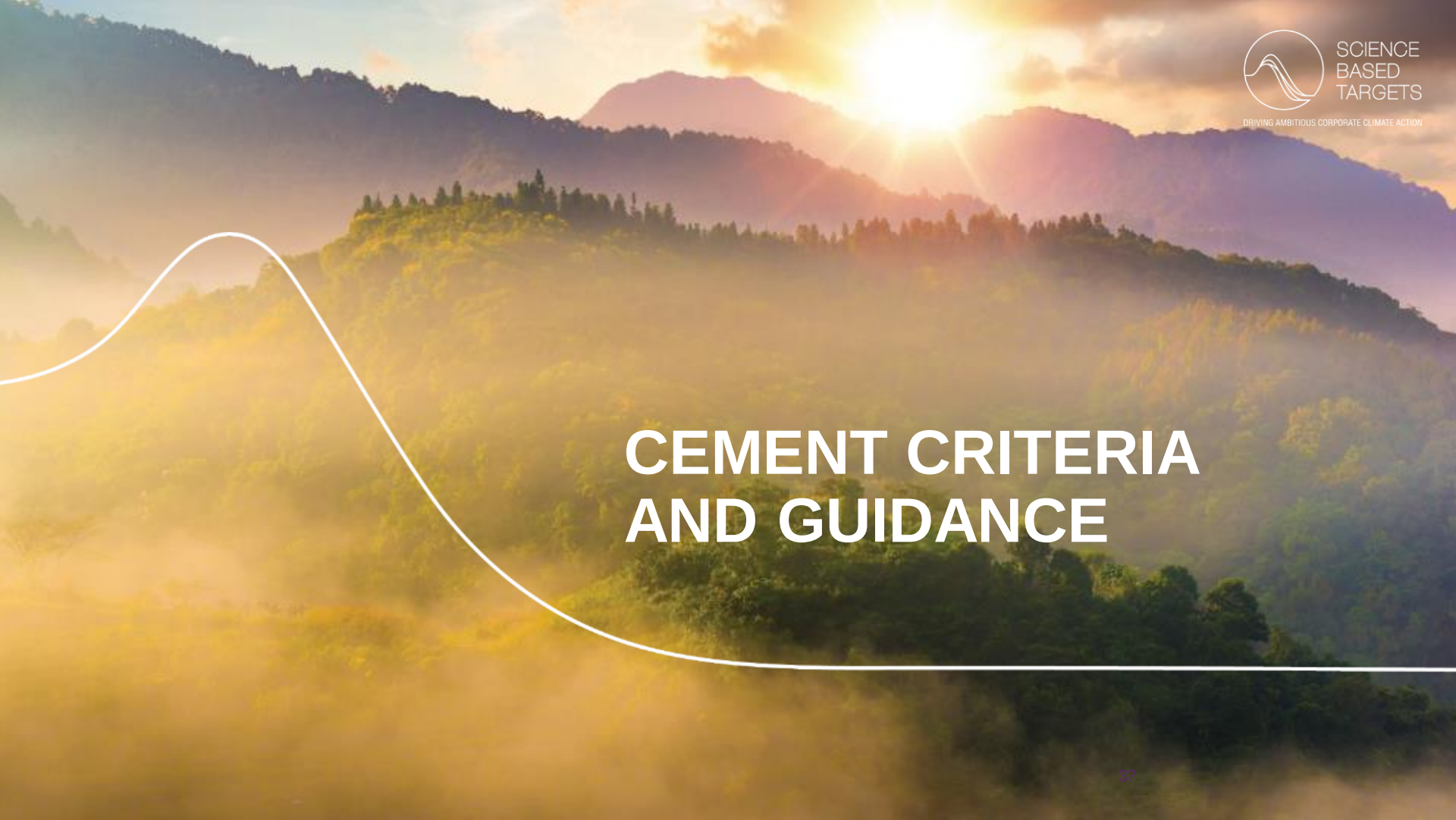
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

QUESTIONS IN THE OPEN CONSULTATION

- Do you agree with the choice of IEA Net Zero Report as the source of 1.5ºC pathways for cement?
- If you disagree, why?



CEMENT CRITERIA AND GUIDANCE

PRINCIPLES FOR GHG ACCOUNTING

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- All greenhouse gas accounting for target-setting shall follow the GHG Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard

- Further accounting definitions for cement can be found in the Cement CO_2 Protocol

SPECIFIC TARGET-SETTING RULES

Waste-derived fuels

- Near- and long-term targets shall be in terms of “**gross**” **emissions**, i.e. emissions from combustion of waste-derived fuels shall be included in the emissions covered by Scope 1 for all years.

- “**Net**” **emissions**, i.e. excluding emissions from the combustion of waste-derived fuels in clinker production, are not acceptable as the basis for target-setting, as “avoided emissions” cannot count as emissions reduction in SBTs.

SPECIFIC TARGET-SETTING RULES

Scope 3

- Currently, Scope 3 targets are only required for near-term targets when Scope 3 emissions make up more than 40% of Scope 1, 2 and 3.

- To harmonize with other sectors, this guidance introduces **mandatory** near-term Scope 3 targets covering **upstream emissions from fuels** for cement companies.

- To harmonize between companies that produce most of their clinker/cement and those that mostly buy it, and avoid invisible “leakage” of emissions from Scope 1 to Scope 3, this guidance introduces **recommended** near-term Scope 3 targets covering emissions from **purchased clinker and cement.**

QUESTIONS IN THE OPEN CONSULTATION

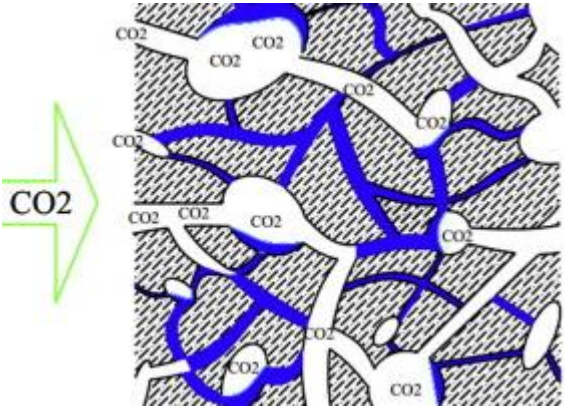
- Do you agree with the new criteria and recommendations on Scope 3 emissions?
- Should targets covering purchased cement and clinker be mandatory or recommended?

GUIDANCE ON SECTOR-SPECIFIC PROCESSES

- Natural carbonation
- Industrial mineralisation
- CCS, BECCS and CCU
- Optimisation of cement in concrete

NATURAL CARBONATION OF CONCRETE

- Natural carbonation is process where **cement-based products absorb CO_2 from the air.**
- In structural concrete, carbonation is **carefully controlled to avoid corrosion** of reinforcement which would reduce life of structure.
- Carbonation is **not included in** national or corporate **GHG accounting**.
- In the draft guidance, natural carbonation is excluded as a potential emissions reduction as **it risks weakening climate action**:
  - SBTs are intended to incentivise additional decarbonisation action. Including *natural* carbonation would change accounting rules (by e.g. lowering baseline and target), but not change cement companies' challenge or opportunity to decarbonise.
  - There is no way to link natural carbonation in structures or waste to a specific producer, and so there is a risk of several companies claiming same CO_2 uptake as part of their target.
- Carbonation **can be the subject of further work.**



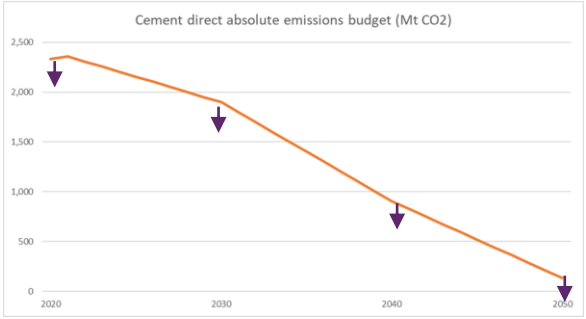


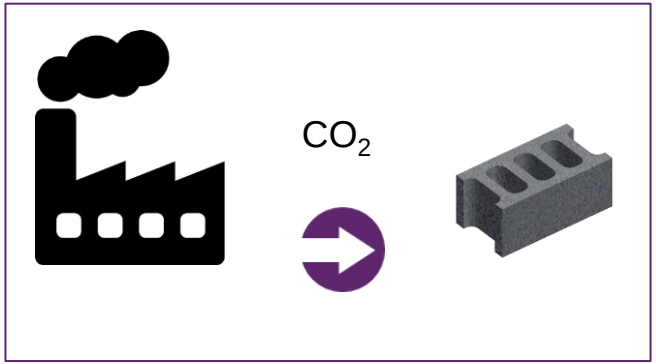
Image source: Branko Šavija, Mladena Luković, Carbonation of cement paste: Understanding, challenges, and opportunities, Construction and Building Materials, Volume 117, 2016, Pages 285-301

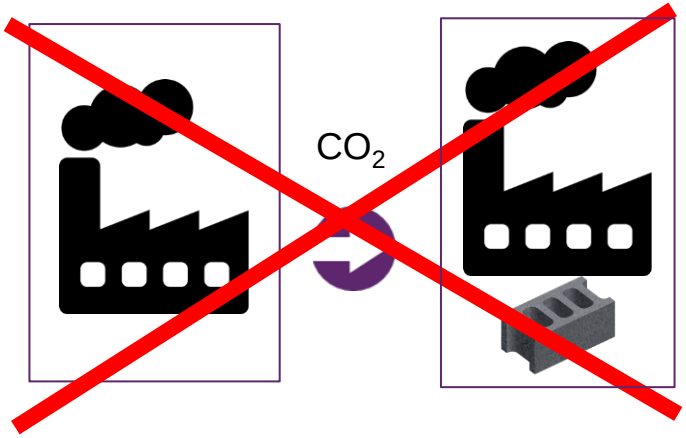
INDUSTRIAL MINERALISATION

- Industrial mineralisation taken here to mean **industrial processes where CO_2 is taken up during manufacture**:
  - CO_2 injected/absorbed during the manufacture of ready-mix or precast concrete
  - Treatment of concrete demolition waste, spent lime etc. to absorb CO_2 to create aggregates products

- Industrial mineralisation **may count as an emission reduction towards an SBT in one case**:
  - (Cement) company capturing CO_2 and mineralising it on site

- Other cases, were CO_2 transfer involved, should be the subject of further work.



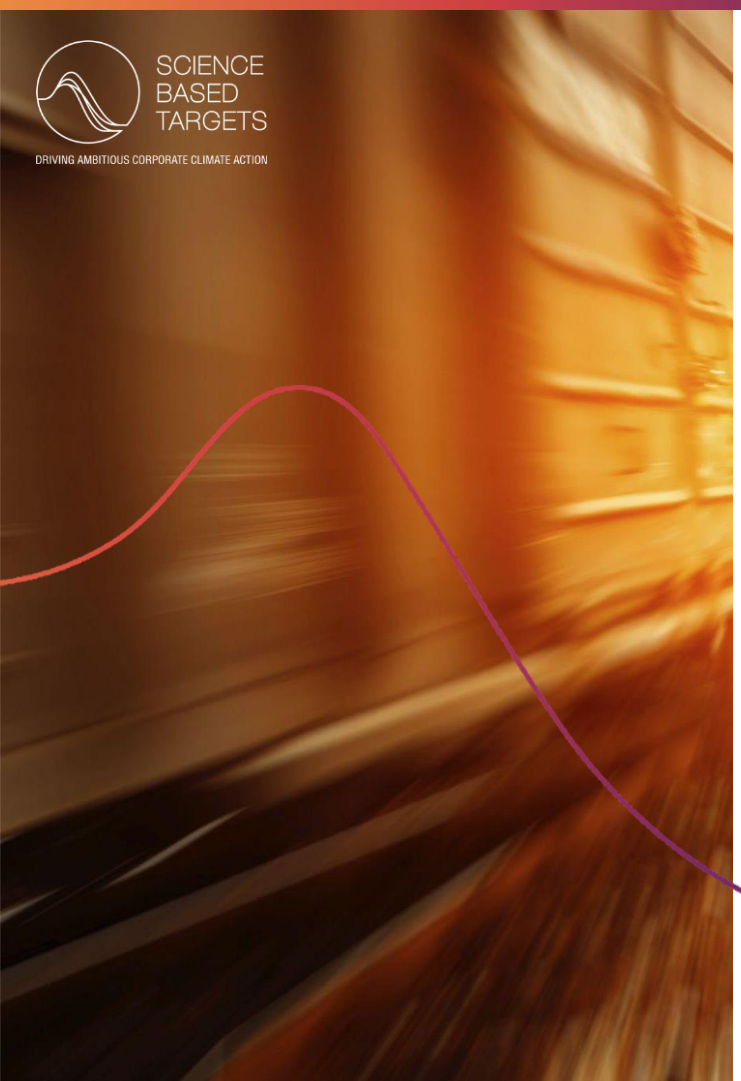


CCU, CCS AND BECCS

- **Carbon capture and use (CCU)** in short lived products such as e-fuels cannot count as emission reduction for SBTs.
- **Carbon capture and permanent geological storage (CCS)** can count as emission reduction for SBTs.
- **Bioenergy, carbon capture and storage (BECCS)** can count as an emission reduction but must follow SBTi general rules on bioenergy. It shall in no case be counted as “net negative” emissions (i.e. bioenergy emissions must always be greater than or equal to zero).
- Cross-sector SBTi guidance to be developed on these.

OPTIMISATION OF CEMENT IN CONCRETE

- A key lever to reduce global GHG emissions from cement is demand reduction, through the **optimisation of cement use in concrete**, and **concrete use in buildings and structures.**
- Cement companies wishing to demonstrate progress through this decarbonisation lever should consider also **publishing the production volumes** associated with their target.
- Cement companies may also consider publishing **absolute reduction SBTs**, where demand optimization would become a clear lever in reducing emissions to meet the target.



QUESTION IN THE OPEN CONSULTATION

- Do the guidance and pathway chosen sufficiently incentivise near-term emissions reductions in the cement industry?
- Please indicate your view on how/if natural carbonation could be dealt with (see cement guidance document for details):
  - Do not allow for accounting for natural recarbonation as part of science-based target-setting of companies.
  - Do not allow for accounting for natural recarbonation as an emission reduction to meet SBTs, but instead allow it to be cited by cement companies as a way to neutralize residual emissions to reach net zero once a long-term target is met.

SBTs FOR CONCRETE PRODUCERS AND OTHER TYPES OF COMPANIES

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- The draft explains **how SBTs can be set by all types of cement, concrete and related companies**:
  - Cement companies that also make concrete or other products
  - Non-clinker-producing cement companies
  - Non-clinker/cement-producing concrete companies
  - Other potential users of cement: e.g. construction companies
- Cement pathway is used to **cover cement emissions**, and cross-sector pathways to cover other production, with cut-off rules to reduce the calculation burden on companies.
- The guidance also explains **how the cement pathway**, instead of cross-sector methods, **can be used to set Scope 3 targets** for all types of purchasers of cement.

THE SCIENCE BASED TARGET SETTING TOOL

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- The cement pathway is integrated in the **near-term** SBT draft tool (please see consultation documents) and the **SBTi Net-Zero tool**
- The draft guidance document has examples of using the tools
- Please test **both** tools during the consultation

Section 1. Input data

Target setting method	Sectoral Decarbonization Approach	*Select method*
SDA scenario	SBTi 1.5C	
SDA sector	Cement	*Select a sector. More 1.5C sector pathways will become available through 2022*
Base year	2020	*Select a base year*
Base year | Activity output	10,000,000	*Tonnes of cement*
Base year | Scope 1 emissions	6,500,000	*tCO2e (S1 intensity: 0.65 tCO2/t)*
Base year | Scope 2 emissions	500,000	*tCO2e*
Target year	2030	*Select a target year*
Target year | Type of activity projection	Fixed market share	*Dropdown*
No input required		*Activity growth aligned with sector*
Most recent year (MRY)	2020	*Select most recent year of available emissions&activity data*

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

AGENDA

1. Welcome and introduction - Karl Downey - 5 mins
2. Introduction to the SBTi and background - Karl Downey - 10 mins
3. SBTs and the Net-Zero Standard - Emma Watson/Andres Chang - 10 mins
4. Cement Science Based Target Setting Guidance development process - Karl Downey - 35 mins
5. **The value of SBTs - Antonio Carrillo, Holcim - 10 mins**
6. Q&A session - 15 mins

The Value of Science Based Targets for the Cement Sector

ANTONIO CARRILLO | HEAD OF CLIMATE & ENERGY
16th MARCH 2022

HOLCIM

CREATING SUSTAINABLE VALUE

Sustainability is at the core of our company strategy, closely linked to our new company purpose – **greener, smarter, for all**!

FOUR STRATEGIC SUSTAINABILITY PILLARS

- **CLIMATE & ENERGY**
- **CIRCULAR ECONOMY**
- **NATURE**
- **PEOPLE**

HOLCIM

HOLCIM CO_2 FOOTPRINT

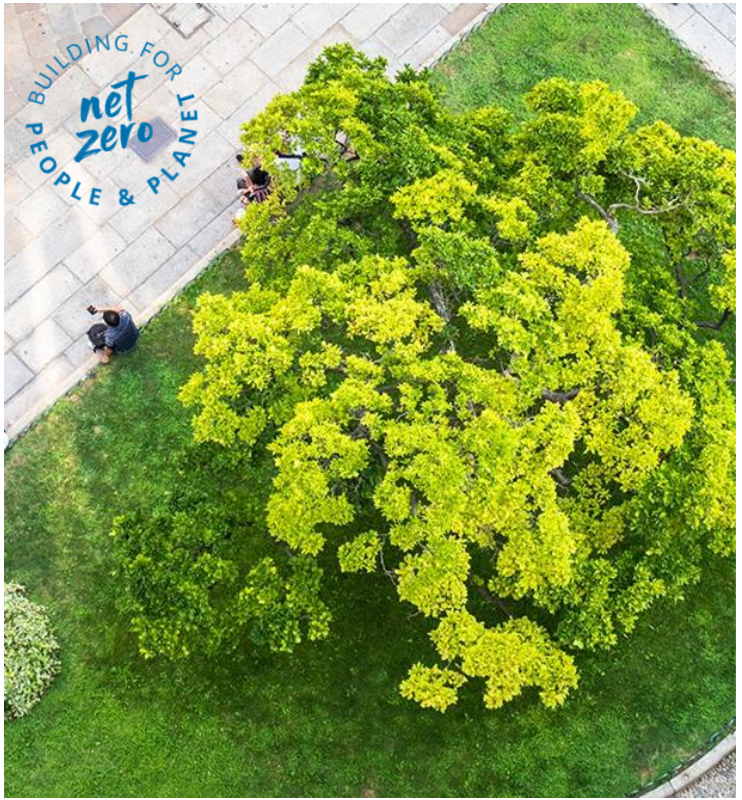
SCOPE 1		SCOPE 2			SCOPE 3	
47%	25%	2.5%	0.5%	5%	20%	
Raw materials decarbonation Cement production	Fuels combustion Cement production	Energy generation	Aggregates and RMX operations		All indirect emissions	Purchased electricity

BUILDING FOR net zero PEOPLE & PLANET

HOLCIM

BUILDING A NET ZERO FUTURE WITH SCIENCE-BASED TARGETS

- As a global leader in the industry key role to play to **address today's climate crisis**
- **1st global building materials company** to sign the **Business Ambition for 1.5°C** pledge with **science-based approved near-term 2030 targets aligned** with a net zero pathway
- Holcim is **among the first companies worldwide to set 2050 net-zero targets validated by the SBTi**
- With these goals, Holcim has:
  - 2030 and 2050 net-zero targets validated by SBTi, and
  - Cutting across its operations and value chain, including Scope 1, Scope 2 and Scope 3



SBTi VALIDATION HAVE BEEN FUNDAMENTAL TO FURTHER STRENGTHENING HOLCIM'S SUSTAINABILITY AMBITION

ESG RATINGS

SUSTAINALYTICS RATED

MSCI

CDP DISCLOSURE INSIGHT ACTION

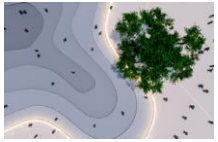
vigeo eiris Rating

PARTNERSHIPS

Founding Member of the MIT Climate and Sustainability Consortium

MIT Climate & Sustainability Consortium

SUSTAINABLE FINANCE



sustainability-linked bonds

INVESTORS

Increasing number of request to align with SBTs

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

CUSTOMERS

ECOPact The Green Concrete

Customers demand on SBTs and decarbonisation pathways

HOLCIM

SUSTAINABILITY AT THE CORE OF WHAT WE DO
> 40% SUSTAINABLE FINANCING BY 2025

1. **FIRST SUSTAINABILITY LINKED BONDS IN CHF MARKET**
   CHF 425 m issued in January 2022 based on **CO2 reduction targets**
2. **SYNDICATED EUR 3BN RCF**
   EUR 3 bn syndicated credit line linked to **Climate** and **Safety. Cost of facility** will depend on **achievement of annual targets**
3. **SUSTAINABILITY LINKED BONDS**
   EUR 850 m issued in November 2020 and **USD 100 m** in September 2021, based on **2030 CO2 reduction target**
4. **COMMITTED BILATERAL LINES**
   All committed Corporate bilateral facilities amended to **link cost with our ESG Sustainalytics performance**
5. **COMMERCIAL PAPER PROGRAM**
   EUR 3 bn commercial paper program established for **issuance of ESG notes**

Holcim's Sustainability Framework is aligned with:

The Sustainability-Linked Bond Principles

Sustainability Linked Loan Principles

2030 decarbonization targets had to be externally validated by:

SCIENCE BASED TARGETS

Second Party Opinion provided by:

ISS ESG

HOLCIM

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
Q&A SESSION

FEEDBACK

- We invite you to **provide feedback** on the SBTi Cement Guidance until 15 April.
- The guidance and materials can be found on the **SBTi cement webpage:** https://sciencebasedtargets.org/sectors/cement
- A **recording of this webinar** will be available on the **SBTi cement webpage.**

Feedback will be considered by the SBTi project team and EAG, however, the SBTi does not guarantee all perspectives will be reflected in the final materials

CONTACT US

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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THANK YOU!

PARTNER ORGANIZATIONS

CDP DISCLOSURE INSIGHT ACTION

United Nations Global Compact

WORLD RESOURCES INSTITUTE

WWF

IN COLLABORATION WITH

WE MEAN BUSINESS COALITION

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info@sciencebasedtargets.org