

DELIVERING WHAT WE PROMISED





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Sport Hall Dolni Brezany, Czech Republic built with Firestone's UltraPly TPO waterproofing membrane.

“It is not enough to simply talk about better or more efficient steps to take within the existing systems; it is time for a real paradigm shift.”

LORD NORMAN FOSTER

Speaking at the Rematerializing Housing Workshop sponsored by the Holcim Foundation

A NEW LEVEL OF STRENGTH

In 2021 we over-achieved the financial targets of “Strategy 2022 – Building for Growth” one year in advance, with record profitability.

“Strategy 2022 – Building for Growth” was introduced in 2018 to drive profitable growth and simplify our business to deliver resilient returns and attractive value to stakeholders. The strategy played to our unique strengths as a company and in full view of the trends in our marketplace. The strategy laid out four value drivers – Growth, Simplification & Performance, Financial Strength and Vision & People – which have delivered record results ahead of plan.

GROWTH

Switching gears to growth was the most fundamental principle of Strategy 2022. Through this value driver, we aimed to utilize our strong asset base to invest in markets with greater opportunities while being more selective in other markets. At segment level we executed more aggressive strategies for Aggregates and Ready-Mix Concrete alongside the already strong Cement business while building our fourth business segment, Solutions & Products. Pursuing a diverse array of

agile, country-based growth strategies, we achieved 28 value-enhancing bolt-on acquisitions over the next four years to leverage scale and margins.

The Solutions & Products segment has been fully established as the growth engine of our company and the cornerstone of “Strategy 2025 – Accelerating Green Growth”. Growth is on a new trajectory, with net sales over the target period growing at an average annual rate of over 3% like-for-like, while Recurring EBIT grew over-proportionally at over 9%.

SIMPLIFICATION & PERFORMANCE

The value driver Simplification & Performance created a cost-disciplined operating model and a corporate-light structure. We put a greater focus on countries, with local markets empowered and fully profit and loss accountable. Through the target period we delivered continuous savings in non-operational costs. By 2021 our net financial expenses were down nearly 40% compared to 2017, and corporate costs were down by one-third.



*Firestone Building Products
Applying membrane*

FINANCIAL STRENGTH

We also pursued an agenda of Financial Strength to ensure disciplined value creation. Growth was largely funded through divestments of selected assets worth CHF 3.1 billion. Capex remained well below CHF 2 billion per annum and excess free cash flow was used to pay attractive annual dividends. By the end of 2021 our leverage ratio was at 1.4x (compared to 2.4x at the end of 2017 pre-IFRS 16) and return on invested capital was up from 5.8% for 2017 to 8.9% for 2021.

VISION & PEOPLE

The value driver Vision & People helped us to further develop our company values of trust and integrity, our commitment to Health & Safety and the desire to be at the forefront of sustainable construction solutions and innovation. We have fostered these values with an entrepreneurial leadership style and a focus on Holcim's long-term success. These successful efforts are symbolized under the new Holcim name and identity, which reflects our shared purpose to build progress for people and the planet.

Research Engineer and Lab Technician performing a concrete slump test at Holcim's R&D center in Lyon, France



LEADING CEMENT'S GREEN TRANSFORMATION

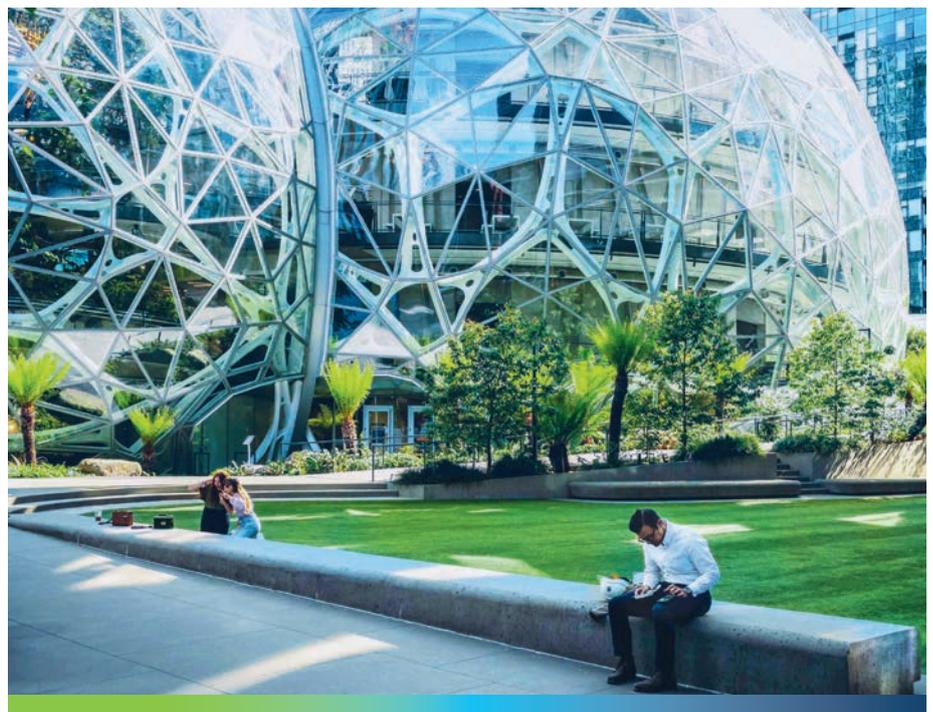
Following our pledge to net zero, our ambition is to lead the industry in reducing carbon emissions and shifting towards low-carbon construction – focusing on our core business of cement.

We are setting the pace of green transformation in the cement industry, becoming the first company in our industry to set 2050 targets validated by the Science Based Targets initiative. We will reach net zero largely through adaptations to our key cement segment while maintaining market-leading positions and strong profitability.

ECOPlanet, our global range of green cement, delivers at least 30% lower carbon footprint with equal to superior performance compared to ordinary (CEM I/OPC) cement to enable low-carbon construction at scale.

Holcim's green cements contain less clinker and emit less CO₂ while achieving a high level of mechanical performance and great workability. They can contribute to the achievement of world-class environmental certifications (LEED®, BREEAM® and HQE®), for all types of constructions and infrastructure, including large structures with very specific requirements, such as stadiums, bridges, dams and high-rise buildings.

In Switzerland, for example, our Susteno cement is made with recycled construction & demolition waste, which we process into a high-quality cement additive, leaving a smaller environmental footprint. For more details on how we are leading cement's green transformation, see the upcoming 2021 Climate Report, available on our website in April 2022.



GREEN CEMENT FOR AMAZON HEADQUARTERS

With ECOPlanet – our global range of green cements – we enable low-carbon construction, making cities greener around the world. A good example is its use in Amazon's new headquarters in Seattle, USA – a LEED Gold-certified project at the cutting edge of sustainable building.

Our ECOPlanet solution with an 80% lower CO₂ footprint and high performance profile connects majestic glass spherical domes together, enabling a luminous rainforest atmosphere inside. This inspirational space offers people a natural environment to live and work while surrounded by 40,000 plants.

ATTRACTIVE BUSINESS FUNDAMENTALS

Our aggregates business offers tremendous growth and circular construction opportunities, with high recycling rates.

We are continuously expanding our reach to strengthen our position in this segment to best respond to rising urbanization trends with sustainable solutions.

Expanding our reach we completed seven bolt-on acquisitions this year to fuel our growth in this attractive business segment.

This is underpinned by our commitment to developing more innovative and sustainable solutions (see box), and to continuously invest to strengthen our footprint and margins.

FASTCARB

We are progressing well on FastCarb, a research project on which we are playing a key role in collaboration with the French Government.

FastCarb's objective is twofold. Firstly, to improve the properties of recycled aggregates so they can be used more widely. This is achieved via a process called mineral carbonation, where CO₂ is reacted with the calcium in the recycled materials to produce an inert, high-quality aggregate.

The second element of FastCarb relates to the CO₂ needed for the carbonation reaction. We are working to capture it from our facilities with pilots in France, Canada and Austria which further decarbonizes our solutions.

Over its lifetime, concrete will soak up >20% of the CO₂ emitted during cement production. FastCarb can potentially add 30% reabsorption to this in just a few hours. It therefore represents a significant opportunity to build a greener and smarter world.

Zurich North America's headquarters, which achieved LEED Platinum® certification with our True Lite Lightweight Aggregate™ and NewCem® cement.



THE GREEN CONCRETE COMPANY

Concrete is the most-consumed man-made product in the world. We are making it net zero to build a world that works for people and the planet.

INTRODUCING DYNAMAX

The latest global concrete innovation coming out of Holcim's R&D Center is **DYNAMax**: a sustainable, high-performance concrete, delivering strength, rigidity and durability. Launched in 2021, **DYNAMax** is the ultimate performance concrete for demanding construction projects.

With optimal material use, it allows more usable space and greater variability in floor plans. Its durability minimizes the maintenance and lifecycle costs of a building.

And its sustainable footprint is driven by reduced material use, local production and short transport routes, as well as its circular and fully recyclable profile. In 2022, **DYNAMax** will be launched in markets across Asia Pacific, Europe, Latin America and North America.

DYNAMax

Concrete is the building material for a growing, urbanizing world. No other material matches its performance benefits. It is resilient, protecting our cities and infrastructure from natural disasters such as effects from flooding. It is durable, fire- and quake-resistant as well as versatile, affordable, insulating and available everywhere. It is infinitely recyclable and, with our green concrete, we are making it low-carbon. Acting as a carbon sink, it reabsorbs >20% of the CO₂ emitted in its production throughout its lifespan.

Today we offer the industry's broadest range of green concrete with **ECOPact**, delivering high-performing, sustainable and circular benefits, with no compromise on performance.

ECOPact green concrete is sold at a range of low-carbon levels, with a 30% lower carbon footprint than a local industry benchmark for conventional concrete. Its sustainability profile is driven by low-emission raw materials and decarbonized operations, including the use of alternative fuels. As part of "Strategy 2025 – Accelerating Green Growth" and our commitment to leading the way with our green building solutions, we aim for **ECOPact** to account for 25% of our ready-mix concrete sales by 2025.

*Miro, the BREEAM-excellence certified office complex in Bucharest will be built with **DYNAMax**, the Ultimate Performance Concrete*





HYDROMEDIA

As the world's most vital resource, we focus on preserving water through our nature strategy – but also through our product innovation, with solutions like Hydromedia, permeable concrete.

More than a product, Hydromedia is a water management system that rapidly absorbs rainwater off streets, parking surfaces, driveways and walkways. Hydromedia helps to recharge groundwater and reduce the risk of flooding.

In Aubervilliers, France, Hydromedia also helps fight hot summers. The studio Fieldwork Architecture used Hydromedia to fight the heat-island effect by providing the community with a quality public space that brought nature into the city (pictured above).

Studies conducted over the summer revealed the combination of Hydromedia and surrounding vegetation lowered the felt temperature by -2.5°C on average over 24 hours.

Lisière d'une Tierce Forêt ('Tertiary Forest') with Hydromedia permeable concrete in Aubervilliers, France