

# RESPONSIBLE SOURCING IN OUR SUPPLY CHAIN

CODE OF BUSINESS CONDUCT FOR SUPPLIERS | 2021



**We are building progress for people and the planet.**

**We partner with suppliers to address climate change, drive a circular economy, push the boundaries of digitalization and improve living standards for all.**



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# 1. INTRODUCTION TO SUSTAINABLE PROCUREMENT AT HOLCIM

Holcim is committed to creating value for all its stakeholders. The principles of sustainable development – value creation, environmental performance, and respect for human and labour rights – are integral to our business strategy.

Our approach to sustainable development includes how we work with our Suppliers.

Sustainable procurement at Holcim is based on the standards and principles enshrined in the UN Global Compact Ten Principles, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We integrate sustainable development into our procurement strategy, our day-to-day operations and relationships with Suppliers. All Holcim group companies are required to identify, prevent and manage risks pertaining to Climate change, Health, Safety and Environment (HSE), Security and Resilience (S&R), Social responsibility, Human rights, Business ethics and Legal compliance in their supply chain. Relevant Holcim policies and directives are available on the Holcim Website, under ESG resource page.

All Holcim Suppliers are required to adhere to the standards described in this document and to apply the same principles in their supply chain.

## 2. OUR COMMITMENT TO SUPPLIERS

→ Holcim seeks to engage in long-term relationships with Suppliers that are committed to sustainable development. Our goal is to partner with Suppliers to deliver value-for-cost procurement for the Group and our customers and to demonstrate responsible supply chain management.



### **Business Conduct**

When carrying out procurement duties and responsibilities, all Holcim employees that are in contact with Suppliers, are expected to share with them the company's commitments to high legal, ethical and moral standards. Our inter-

nal guidance sets norms of behavior in procurement activities in the areas of courtesies, conflict of interest, corruption, competition law, data protection and confidential information. Holcim employees are encouraged to continually consider and discuss issues of ethical behavior.



### **Grievance mechanisms**

Holcim offers an independent channel for employees and external stakeholders, including suppliers, to raise questions and concerns about Holcim's business practices.

<https://integrityline.holcim.com/>

Our site-level grievance mechanisms, human rights assessments and local stakeholder engagement also cover suppliers at a local level. We respect the right of all workers to speak up and raise grievances without fear of retaliation.

### **Category Management and Supplier Relationship Management**

Holcim has established methodologies to conduct category management and to guide relationships with suppliers. These guidelines ensure a fair, competitive and transparent negotiation process, according to our policies and values.

### **Contractual Terms & Conditions included in Contracts and Purchase Orders**

Compliance to the requirements listed in this document is bonded through the implementation of contractual terms & conditions aligned to SA8000 (Standard of Social Accountability).

### **Security & Resilience**

We apply a strict risk-based methodology and stringent rules of professionalism and integrity to foster a strong, productive and lasting relationship with our security service providers (Private and Public forces).

We are committed to respect the fundamental Human rights of the contracted Security Guards working for us on our premises by providing them adequate accommodations, environment free from harassment and discrimination and access to fresh water, shelters, clean toilets, exactly as we would do for our own staff.

# 3. OUR EXPECTATIONS OF SUPPLIERS

→ Holcim is committed to meeting high social, human rights, environmental, health, safety and security standards and we expect our Suppliers to do likewise.

Suppliers must comply with local and national laws and regulations to conduct their business. Furthermore, we expect Suppliers to adhere to environmental, social and other regulatory requirements on all levels (local, national and international), and in particular to the following standards.





### Health and Safety

Suppliers shall provide a safe and healthy workplace for their employees, contractors and other stakeholders. Suppliers must be compliant with local and national laws and regulations on occupational Health and Safety, and have the required permits, licenses and permissions granted by local and national authorities. Suppliers must have documented health and safety policies and/or procedures in place together with appropriate safety infrastructure and equipment.

Suppliers identified as being moderate to high risk for Health and Safety (based on the hazard of jobs and locations) shall take action and bring proof of continuous improvement towards a recognized Health and Safety management system in place. When on Holcim sites, Suppliers must comply fully with applicable Holcim policies, directives and standards. When transporting our products, suppliers shall adhere to Holcim road safety standards.

### Security & Resilience

Suppliers shall demonstrate compliance to the international Code of Conduct (ICoC) for Private Security Service Providers (ICoCA), and shall adhere to the Voluntary Principles on Security and Human Rights (VPSHR), and any other mandatory national regulations and standards on Security and Human Rights in our markets of operation.

Suppliers shall train their staff to the internationally recognized standard such as:

- ICoC from ICoCA,
- VPSHR,
- material from the Geneva Centre for Security Sector Governance/ International Committee of the Red Cross (DCAF/ICRC),
- ANSI/ASIS PSC1 management standard,
- ISO 18788 management standard,

and to their national regulations and standards. When no international standard is applied, suppliers will be vetted in accordance with the Sustainable Procurement audit checklist and protocol – Security section.

In addition, Suppliers are required to adapt their Business Resilience plans and processes (Emergency Response, Crisis Management and Business Continuity) to Holcim's Business Resilience plans at site level, in order to protect effectively and at all times People, Environment, Assets and Reputation.

### Working Conditions and Welfare at Work

Suppliers shall apply fair and decent working conditions, labour standards and welfare at work, implementing local and national laws, in compensating and providing contracts for all employees and





their suppliers. Suppliers shall care about their workforce and respect the dignity, privacy and rights of each individual, including vulnerable minorities.

Workers shall be paid at least the local industry rate or minimum wage stipulated by national law, whichever is higher, and benefit from social security schemes according to national legal standards. Should there be no legal minimum wage in the country of operation, fair and decent conditions imply suppliers shall pay their workers considering the general level of wages in the country, the cost of living, social security benefits and the relative living standards.

Suppliers shall respect working time in accordance with internationally recognized minimum standards of 48 regular hours of work per week, a rest period of at least 24 hours every seven days and a maximum of 12 hours of voluntary overtime per week.

### **Freedom of Association and Non-retaliation**

Suppliers shall not interfere with worker's freedom of association and right to collective bargaining. Employee representatives shall not be subject to discrimination, harassment or termination of contract in retaliation for exercising employee rights, submitting grievances, participating in union activities, or reporting suspected legal violations. Freedom of association and collective bargaining in situations where they are restricted by local law shall be still guaranteed through other mechanisms as described by the ILO (e.g. works councils).

### **Forced Labor and Modern Slavery**

Suppliers shall not use labour provided involuntarily under threat of penalty, including, but not limited to: forced overtime, human trafficking, slavery or servitude, debt bondage, forced prison labor. Suppliers shall not withhold migrant workers' identification documents.

## Child Labor

Holcim's commitment is aligned with the principles outlined in the International Labour Standards on Child Labour, which includes the Minimum Age Convention and the Worst Forms of Child Labour Convention. Suppliers are expected to adhere to the same standard or to local law, whichever is more stringent. Suppliers shall prevent all forms of child labour. The minimum working age is the age of completion of compulsory schooling, but never less than 15 years old. Young Employees between the ages of 15 – 18 years shall not be exposed to work that is likely to harm their physical or mental health, safety or morals.

## Discrimination, Harassment or abusive behavior

Employment-related decisions shall be based on relevant and objective criteria. Suppliers shall make no distinctions on grounds including, but not limited to: age, disability, gender, sexual orientation,

political or other opinion, ethnic, indigenous or social origin or religion. Employment-related decisions include, but are not limited to: hiring, promotion, lay-off and relocation of workers, training and skills development, health and safety, any policy related to working conditions like working hours and remuneration.

Supplier shall not use corporal punishment, disciplinary practices and any form of harassment or abusive behavior, including, but not limited to: physical, sexual or psychological compulsion, exploitation or coercion.

## Environmental Regulatory Compliance

Suppliers shall respect and comply with environmental regulatory requirements on all levels (local, national and international). In all their activities, they shall be covered by required environmental permits, licenses, land rights, and support a precautionary approach to environmental challenges.



## Management of Environmental Impacts

Suppliers shall systematically manage their environmental impacts with respect, but not limited to: climate and energy, water, waste, chemicals, air pollution and biodiversity and set objectives and targets to reduce such impacts. Suppliers identified as having a high environmental impact shall take action and demonstrate proof of continuous improvement towards having a recognized Environmental Management System in place.



## Bribery and Corruption

Suppliers shall comply with all applicable anti-corruption laws and regulations and, to this effect, have a zero tolerance policy towards any form of bribery, corruption, extortion and embezzlement. In particular, Suppliers and their extended supply chain, shall not pay bribes or make any other inducement (including kickbacks, facilitation payments, excessive gifts and hospitality, grants or donations) in relation to their business dealings with customers, suppliers, public officials and any other stakeholder. Suppliers are expected to perform all business dealings transparently and these dealings shall be accurately reflected on their business books and records.

## Competition Laws

Suppliers shall comply with all applicable competition laws in the performance of their contract with Holcim and, to this effect, have a zero tolerance policy towards any form of violation of such rules. Suppliers shall not, in particular, attempt to introduce in their contractual agreements with Holcim and with its suppliers, and other stakeholders, any conditions that would be in breach of competition laws. Suppliers are also expected to take

all necessary precautions in order to avoid the disclosure of any commercially sensitive information about their supply relationship with Holcim to third parties and vice versa.

## Sanctions

Suppliers shall comply with all applicable trade and economic sanctions rules and regulations, including the applicable export controls. Suppliers shall not procure or purchase products or parts of these products, or services destined to be used by or sold to Holcim from a party that is subject to Sanctions or it is a sanctioned party. Suppliers shall conduct all required checks and shall perform appropriate due diligence to determine that any such party is not subject to Sanctions.

## Data Privacy

Suppliers shall properly use personal data only per Holcim's instructions, and safeguard it from accidental or unlawful destruction, loss, alteration, or unauthorised disclosure of or access to such data. Suppliers must ensure that personal data about individuals is collected, stored, used, processed or shared in accordance with all applicable data privacy laws.

# 4. TERMS OF ENGAGEMENT

→ This Code of Conduct applies to all Holcim Suppliers and it is communicated to potential and existing Suppliers.

All Holcim Suppliers, prioritized based on the potential ESG/H&S impact related to the goods and services provided, are required to demonstrate compliance to the standards described in this document (in their operation and their supply chain) by taking part in the supplier qualification process.





The supplier qualification process consists of regular risk and performance evaluation in the form of third party due diligence, self-assessments, fact finding or audits, according to Group standards and as determined by local procurement function.

Holcim provides guidelines to Suppliers on how to meet our expectations, on how Suppliers will be evaluated and on what are the “zero tolerance” breaches to the requirements.

When a Supplier does not meet Holcim’s requirements, corrective action plans are to be established within a specified timeframe (depending on the severity of the issue) and Holcim will monitor progress.

Holcim may support Suppliers in developing their capabilities and improving their performance.

Holcim may immediately terminate the relationship with Suppliers that breach “zero tolerance” requirements and/or suppliers that repeatedly and knowingly violate the present Code of Conduct and refuse to implement improvement plans. During the tendering process Holcim reserves the right to exclude Suppliers that are not compliant with local, national or international laws and regulations or who do not fulfill the expected requirements listed in this document.

# 5. DEFINITIONS

<b>Suppliers</b>	<p>The term Suppliers refers to suppliers of goods and services (which includes Contractors and its Subcontractors performing works for or on behalf of Holcim and its associated companies). More stringent provisions might apply to some Contractors, to Transportation companies, to Security Service Providers (Private and Public forces), to suppliers of extractive materials and to suppliers that have a government intermediary function. Provisions are outlined in our governance documents (associated with the risk exposure related to the services and products provided) and communicated to suppliers accordingly. Nothing in this Code is meant to supersede any more specific provision.</p>
<b>Standards for Suppliers (section 3 of the Code)</b>	<p>Standards are based on the United Nations Global Compact Ten Principles, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.</p>
<b>ESG/H&amp;S</b>	<p>Environment, Social, Governance, Health and Safety: These are the areas where standards are established and expected suppliers to adhere and demonstrate performance. “Governance” also includes aspects related to bribery, corruption, competition law, data protection and adherence to local, national and international legislation.</p>
<b>Welfare</b>	<p>The provision of facilities, clean and in good conditions, that are necessary for the well-being of employees, such as washing, toilet, rest and changing facilities and somewhere to eat and drink during breaks. The supply of potable drinking water is provided according to local water quality standards, as well as the World Health Organization (WHO) Guidelines for Drinking-Water Quality; and maintained at suitable points accessible to all employees and contractors in a clean and safe place.</p>

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<b>ILO</b>	<p>The International Labour Organization is a United Nations agency whose mandate is to advance social and economic justice through setting international labour standards.</p>
<b>Prioritized suppliers</b>	<p>Holcim identifies potential ESG/H&amp;S impact in the supply chain, by applying a risk-based screening methodology on the supplier base. A 3-steps approach based on:</p> <ol style="list-style-type: none"><li>1. ESG/H&amp;S risks related to the product/services provided</li><li>2. Risks exposure related to business relationship (volumes and spend)</li><li>3. Country risk level, according to the UN Human Development Index and the Freedom House Index, used as an indication of the business risk environment.</li></ol>
<b>Zero Tolerance breaches</b>	<p>Breaches to the Holcim Code of Conduct requirements that are not tolerated (e.g. Child Labour) and lead to an immediate termination of the business relationship.</p> <p>Breaches to non-zero tolerance requirements do not lead to immediate termination of business relationships but are to be addressed via action plans and ongoing performance evaluation (e.g. poor water management system in place).</p>

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MEMBRE DU  
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