

Holcim

Country	Switzerland
Meeting date	04 May 2023 10:00
Meeting location	Bossard Arena, General-Guisan-Strasse 4, 6300 Zug
Meeting type	Annual General Meeting
Securities	ISIN CH0012214059, Valor number 1221405

General Meeting Highlights

In light of the changes to Swiss corporate law that became effective from 1 January 2023, Holcim is proposing several changes to its articles of association at this general meeting (see [ITEMS 4.1 to 4.5](#)).

ITEM 1.2 - Advisory vote on the remuneration report. The remuneration structure is not in line with Ethos' guidelines. The remuneration report is not in line with Ethos' guidelines. Ethos recommends to OPPOSE (point 5.2.a of Ethos' guidelines).

ITEM 4.3 - Amend articles of association: general meeting and auditors. Several amendments are submitted to shareholder approval under a bundled vote and the negative impacts of the amendments are predominant. The amendment allows the company to organise a virtual general meeting without any adequate justification. Ethos recommends to OPPOSE (points 8.1.f and 8.1.g of Ethos' guidelines).

ITEM 6.2 - Binding prospective vote on the total remuneration of the executive management. The information provided is insufficient. The maximum amount that can be potentially paid out is significantly higher than the amount requested at the general meeting. The remuneration structure is not in line with Ethos' guidelines. Ethos recommends to OPPOSE (points 5.6.a, 5.6.c and 5.6.d of Ethos' guidelines).

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1. General Meeting Overview

1.1 Voting positions at this general meeting

Item	Proposal		Ethos voting position	Board recommendation
I	General instruction	●	ABSTAIN	
II	Transact any other business	●	OPPOSE	
1.1	Approve annual report, financial statements and accounts		FOR	FOR
1.2	Advisory vote on the remuneration report	●	OPPOSE	FOR
2	Discharge board members and executive management		FOR	FOR
3	Approve allocation of income and dividend			
3.1	Approve allocation of income		FOR	FOR
3.2	Approve dividend from capital contributions reserves		FOR	FOR
4	Amend articles of association			
4.1	Amend articles of association: company purpose		FOR	FOR
4.2	Amend articles of association: shares and capital structure		FOR	FOR
4.3	Amend articles of association: general meeting and auditors	●	OPPOSE	FOR
4.4	Amend articles of association: share register		FOR	FOR
4.5	Amend articles of association: board of directors and remuneration		FOR	FOR
5.1	Elections to the board of directors			
5.1.1	Re-elect Mr. Jan Jenisch as board member and new chairman of the board		FOR	FOR
5.1.2	Re-elect Prof. Dr. Philippe Block		FOR	FOR
5.1.3	Re-elect Mr. Kim Fausing		FOR	FOR
5.1.4	Re-elect Ms. Leanne Geale		FOR	FOR
5.1.5	Re-elect Ms. Naina Lal Kidwai		FOR	FOR
5.1.6	Re-elect Dr. Ilias Läber		FOR	FOR
5.1.7	Re-elect Mr. Jürg Oleas		FOR	FOR
5.1.8	Re-elect Ms. Claudia Sender Ramirez		FOR	FOR
5.1.9	Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen		FOR	FOR
5.2	Elections to the nomination and remuneration committee			
5.2.1	Re-elect Dr. Ilias Läber to the nomination and remuneration committee		FOR	FOR
5.2.2	Re-elect Mr. Jürg Oleas to the nomination and remuneration committee		FOR	FOR

5.2.3	Re-elect Ms. Claudia Sender Ramirez to the nomination and remuneration committee		FOR	FOR
5.2.4	Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen to the nomination and remuneration committee		FOR	FOR
5.3.1	Re-elect Ernst & Young as auditors		FOR	FOR
5.3.2	Re-elect Dr. Sabine Burkhalter Kaimakliotis as independent proxy		FOR	FOR
6.1	Binding prospective vote on the total remuneration of the board of directors		FOR	FOR
6.2	Binding prospective vote on the total remuneration of the executive management	●	OPPOSE	FOR
7	Reduce share capital via cancellation of shares		FOR	FOR
8	Advisory vote on the climate report		FOR	FOR

1.2 Voting results of the general meeting of 04 May 2022

Item	Proposal	% For	Result	Ethos voting position	Board recommendation
	Organisational notes		-		
I	General instruction for announced proposals		-	● <i>ABSTAIN</i>	<i>FOR</i>
II	General instruction for unannounced proposals		-	● <i>OPPOSE</i>	
III	Specific instructions for announced proposals		-		
1.1	Approve annual report, financial statements and accounts	99%	Accepted	<i>FOR</i>	<i>FOR</i>
1.2	Advisory vote on the remuneration report	90%	Accepted	● <i>OPPOSE</i>	<i>FOR</i>
2	Discharge board members and executive management	95%	Accepted	<i>FOR</i>	<i>FOR</i>
3	Approve allocation of income and dividend		-		
3.1	Approve allocation of income	100%	Accepted	<i>FOR</i>	<i>FOR</i>
3.2	Approve dividend distribution out of capital contribution reserves	100%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1-4.2	Elections to the board of directors		-		
4.1.1	Re-elect Dr. Beat W. Hess as board member and chairman	99%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.2	Re-elect Prof. Dr. Philippe Block	99%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.3	Re-elect Mr. Kim Fausing	99%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.4	Re-elect Mr. Jan Jenisch	94%	Accepted	● <i>OPPOSE</i>	<i>FOR</i>
4.1.5	Re-elect Ms. Naina Lal Kidwai	96%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.6	Re-elect Mr. Patrick Kron	83%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.7	Re-elect Mr. Jürg Oleas	99%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.8	Re-elect Ms. Claudia Sender Ramirez	78%	Accepted	<i>FOR</i>	<i>FOR</i>
4.1.9	Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen	82%	Accepted	<i>FOR</i>	<i>FOR</i>

Voting Positions

4.2.1	Elect Ms. Leanne Geale	99%	Accepted		<i>FOR</i>	<i>FOR</i>
4.2.2	Elect Dr. Ilias Läber	99%	Accepted		<i>FOR</i>	<i>FOR</i>
4.3-4.4	Elections to the nomination and remuneration committee		-			
4.3.1	Re-elect Ms. Claudia Sender Ramirez to the nomination and remuneration committee	77%	Accepted		<i>FOR</i>	<i>FOR</i>
4.3.2	Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen to the nomination and remuneration committee	81%	Accepted		<i>FOR</i>	<i>FOR</i>
4.4.1	Elect Dr. Ilias Läber to the nomination and remuneration committee	99%	Accepted		<i>FOR</i>	<i>FOR</i>
4.4.2	Elect Mr. Jürg Oleas to the nomination and remuneration committee	98%	Accepted		<i>FOR</i>	<i>FOR</i>
4.5.1	Elect Ernst & Young as auditors	99%	Accepted		<i>FOR</i>	<i>FOR</i>
4.5.2	Re-elect Dr. Sabine Burkhalter Kaimakliotis as independent proxy	100%	Accepted		<i>FOR</i>	<i>FOR</i>
5.1	Binding prospective vote on the total remuneration of the board of directors	96%	Accepted		<i>FOR</i>	<i>FOR</i>
5.2	Binding prospective vote on the total remuneration of the executive management	92%	Accepted	●	<i>OPPOSE</i>	<i>FOR</i>
6	Advisory vote on the climate report	90%	Accepted	●	<i>OPPOSE</i>	<i>FOR</i>

Attendance details

The attendance rate at the 2022 AGM was 57% of the shares issued. The votes were represented as follows:

- Independent proxy: 100%
- Shareholders in the room: 0%

2. Proxy Analysis

I	General instruction	ABSTAIN																								
<p>The formal meeting agenda does not include this proposal, which is only included in the proxy card. This item is a general instruction given to the independent proxy in case of a blank vote in the specific instructions. According to the proxy card, if no general instruction is given, the independent proxy will vote FOR in case no specific instructions are given on the proxy card. In line with article 689b of the Swiss Code of Obligations, which stipulates that the independent proxy shall ABSTAIN when uninstructed, Ethos recommends to ABSTAIN.</p>																										
II	Transact any other business	OPPOSE																								
<p>Ethos recommends to oppose any unannounced additional proposals made during the AGM either by the board or by a shareholder. The formal meeting agenda does not include this proposal, which is only included in the proxy card, on the first page, under "II. Instructions générales concernant les propositions non inscrites à l'ordre du jour/nouveaux objets à l'ordre du jour". Ethos, in accordance with point 10.1 of its voting guidelines, recommends to OPPOSE.</p>																										
1.1	Approve annual report, financial statements and accounts	FOR																								
<p>The board of directors requests shareholder approval of the company's annual report and of the statutory and consolidated accounts for the fiscal year 2022, which are prepared in accordance with IFRS.</p> <p>Company performance in 2022 (see detailed figures in section 3.3 of this report)</p> <table border="0"> <tr> <td>- Total revenues variation in 2022</td> <td style="text-align: right;">+8.8%</td> </tr> <tr> <td>- Total revenues variation (3-year annualised)</td> <td style="text-align: right;">+3.0%</td> </tr> <tr> <td>- Operating margin 2022</td> <td style="text-align: right;">11.0%</td> </tr> <tr> <td>- Operating margin 2021</td> <td style="text-align: right;">16.4%</td> </tr> <tr> <td>- Net income variation</td> <td style="text-align: right;">+44.0%</td> </tr> <tr> <td>- Return on equity 2022</td> <td style="text-align: right;">11.7%</td> </tr> <tr> <td>- Return on equity 2021</td> <td style="text-align: right;">8.5%</td> </tr> <tr> <td>- Total Shareholder Return (TSR)</td> <td style="text-align: right;">+7.7%</td> </tr> <tr> <td>- 3-year TSR</td> <td style="text-align: right;">+0.7%</td> </tr> </table> <p>Despite a 8.8% revenues growth, the EBIT margin decreased to 11% due to the CHF 767 million financial penalty decided by the U.S. Department of Justice for the former operations of Lafarge SA in Syria (see ITEM 2 below). As a result, the EBIT decreased by 27% to CHF 3'221 million. When removing non-operational elements, the recurring EBIT improved by 7.2% to CHF 4'752 million due to significant margin improvement in the roofing business and considerable price increases implemented across all segments, delivering a positive price over cost for cement, aggregates and ready-mix businesses combined. Net income grew by 44.0% to CHF 4'555 million following the divestment of the Indian business, which resulted in a gain on disposal of CHF 2'052 million (see "2022 Company milestones" below).</p> <p>Key indicators on sustainability reporting and climate change strategy</p> <table border="0"> <tr> <td>Publication of a sustainability report</td> <td style="text-align: right;">Yes, in the annual report</td> </tr> <tr> <td>Timing of publication of the sustainability report</td> <td style="text-align: right;">Before the AGM</td> </tr> <tr> <td>Sustainability reporting prepared in accordance with the GRI standards</td> <td style="text-align: right;">Yes</td> </tr> </table>			- Total revenues variation in 2022	+8.8%	- Total revenues variation (3-year annualised)	+3.0%	- Operating margin 2022	11.0%	- Operating margin 2021	16.4%	- Net income variation	+44.0%	- Return on equity 2022	11.7%	- Return on equity 2021	8.5%	- Total Shareholder Return (TSR)	+7.7%	- 3-year TSR	+0.7%	Publication of a sustainability report	Yes, in the annual report	Timing of publication of the sustainability report	Before the AGM	Sustainability reporting prepared in accordance with the GRI standards	Yes
- Total revenues variation in 2022	+8.8%																									
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Publication of a sustainability report	Yes, in the annual report																									
Timing of publication of the sustainability report	Before the AGM																									
Sustainability reporting prepared in accordance with the GRI standards	Yes																									

External verification of the sustainability reporting	Yes (limited)
CO2 emission reduction targets set	Yes
CO2 emission reduction targets approved by the Science Based Target Initiative (SBTi)	Yes (1.5°C)
Ambition net-zero by 2050 or sooner	Yes
Publication of a net-zero roadmap	Yes

For more details regarding Holcim's climate strategy, please refer to ITEM 8 below.

2022 Company milestones

- On 28 February, Holcim completed the acquisition of Malarkey Roofing Products, a US residential roofing company, for a total consideration of USD 1'315 million, including CHF 960 million of goodwill. Malarkey contributed CHF 395 million to the net sales in 2022 (CHF 472 million on a full-year basis).
- In 2022, Holcim also acquired 14 smaller companies representing a total cash outflows of CHF 1.3 billion. The additional goodwill recognised as part of these transactions amounted to CHF 612 million.
- Effective 1 March, Mr. Toufic Tabbara, previously CEO of US Cement has been appointed as new Region Head North America, succeeding René Thibault who has decided to pursue new opportunities outside of the company.
- On 6 September, the group sold its business unit in Brazil to Companhia Siderurgica Nacional for CHF 935 million, resulting in a net loss before taxes of CHF 188 million.
- On 15 September, the group sold its business in India to the Adani Group for a total consideration of CHF 6'138 million, resulting in a net gain before taxes of CHF 2'052 million. While the exact number is not disclosed in the annual report, Ethos notes that this divestment had a significant impact on the number of employees: comparing figures at year-end 2021 and year-end 2022, the number of employees decreased from 15'972 to 4'969 for the region Asia-Pacific and from 69'672 to 60'422 at group level (-13.3%).
- Following the divestment of the Indian business, a new Asia Middle East & Africa (AMEA) Region has been created. Mr. Martin Kriegner, formerly Head of Region Asia Pacific has taken over responsibility for the new Region AMEA as of 1 November. On the same date, Mr. Miljan Gutovic, former Head of Region Europe, Middle East & Africa has in addition to leading the Europe Region taken over responsibility of the group's Operational Excellence organization, with a focus on decarbonization.
- On 10 November, Holcim announced the launch of its upgraded 2030 climate targets, validated by the SBTi, in line with its sector's new 1.5°C science-based framework (more details under ITEM 8 below).
- On 18 November, the company announced that Mr. Steffen Kindler would take over the CFO position as of 1 May 2023, following the departure of Ms. Géraldine Picaud.
- On 21 November, Holcim announced the delisting of its shares from Euronext Paris to simplify its trading structure, effective 30 December 2022. This decision will focus the trading of Holcim shares in its primary market, the SIX Swiss Exchange and further reduce administrative requirements and costs.
- On 13 December, Holcim signed an agreement to sell its business in Russia to the local management team. The transaction is expected to close within one year and the assets and the related liabilities are therefore considered as held for sale in the consolidated balance sheet. The assets to be divested mainly consist of three integrated cement plants and one grinding station in the reportable segment Europe. An impairment of CHF 623 million of which CHF 580 million in property, plant and equipment, CHF 9 million in intangible assets and CHF 34 million in current assets has been recognized in the 2022 financial statements.

Ethos' recommendation

In line with the provisions of the International Standards on Auditing (ISA), the audit report mentions 3 key audit matters that were most significant in the audit of the 2022 consolidated financial statements and how these key audit matters were addressed by Ernst & Young. However, the audit report does not mention the materiality threshold used by Ernst & Young or the scope of the audit, which Ethos regrets.

Ethos has no special concerns regarding the accuracy of the company's financial statements and accounts and, in accordance with its voting guidelines, recommends to vote FOR.

1.2 Advisory vote on the remuneration report

OPPOSE

The board of directors requests an advisory vote on the remuneration report included in the annual report. The remuneration report describes the remuneration policy and discloses the remuneration paid to both non-executive board members and members of the executive management. Section 4 of this report includes the description and detailed figures of the 2022 remuneration of the board of directors and of the members of the executive management of the company.

A) Changes implemented

Due to the divestment of the operating activities in India and Brazil, and the derecognition of Russia from the key performance indicators, the sustainability targets for the outstanding performance shares granted in 2020 and 2021 had to be adjusted in order to comply with the "Sustainability Framework Guidelines" of the Global Cement and Concrete Association for CO₂ reporting. Those require the deconsolidation of divestments for the full year and the restatement of historic emissions, which are the baseline to measure the emission reductions. Consequently, India, Brazil and Russia are fully excluded from the 2022 reported figures and the baselines (historic data) and targets have been adjusted accordingly. The new baselines were externally validated by Ernst & Young. For consistency reasons, Holcim applied the same methodology for waste recycling and water consumption figures (the two other performance criteria of the long-term incentive plan granted in performance shares). The remuneration report presents the targets prior and after restatement.

When disclosing the level of vesting of the long-term incentive plan that vested in the year under review, Holcim now discloses in the remuneration report the performance targets that were set at the beginning of the performance period so shareholders have all the required information in the current remuneration report, which Ethos welcomes. However, regarding the EPS performance criterion, the target is expressed in a growth percentage (i.e. EPS growth of 7%), while the level of achievement is expressed in Swiss francs (i.e. EPS of CHF 4.96), which does not allow shareholders to assess the level of achievement without looking for the EPS value at the beginning of the performance period in the 2020 annual report.

B) Ethos' appraisal of the remuneration system**B.1) Disclosure****Positive features**

- The company discloses the performance conditions for the annual bonus, as well as the target and maximum bonus as a percentage of the base salary. In addition, the precise performance targets, their level of achievement and the resulting level of payout are disclosed ex-post.
- For the long-term incentive plan, specific performance targets are disclosed ex-ante, as well as the corresponding vesting scale. In addition, the level of vesting after the performance period is disclosed (as a percentage of the initial grant), as well as the performance targets that were initially set.

Concerns

- In the annual bonus, recurring EBIT growth is used as an absolute performance criterion and as a relative performance criterion. It is not clear how the relative EBIT growth is calculated and if the calculation defers from the calculation of the absolute recurring EBIT growth targets. Ethos considers that the company should better explain the calculation of this metric which accounts for a significant part of the annual bonus calculation.
- The realised remuneration is not disclosed.

B.2) Remuneration structure: Board members

During the year under review, the chairman of the board, Dr. Hess, received CHF 1'720'000 (unchanged), while the other members of the board received on average CHF 308'831 (-0.3%). The chairman's remuneration is 5.6 times the average remuneration of the other members of the board.

Amounts paid compared to peers

Holcim discloses the peer group of Swiss companies that was used to benchmark the remuneration of the board of directors and of the executive management: ABB, Geberit, Givaudan, Lonza, Nestlé, Novartis, Richemont, Roche, SGS and Sika. Ethos usually elaborates its own peer group with Swiss companies comparable to Holcim in terms of market capitalisation, number of employees and total revenues. As the peer group used by Holcim seems adequate (i.e. Holcim is 13% below the median for the market capitalisation, at the median for the number of employees and 31% above the median for total revenues), Ethos will refer to the same peer group in its analysis this year.

In 2021 (most recent figures available), the remuneration paid to the members of the board of directors of companies similar to Holcim (peers) was as follows:

Median remuneration of non-executive chairmen	CHF	1'720'000
Median remuneration of other board members	CHF	303'273

In 2022, the board remuneration at Holcim was as follows:

Chairman	CHF	1'720'000
Other board members (average)	CHF	308'831

The remuneration of the chairman is at the median of the peer group (2% below for the other board members).

Positive features

- The non-executive directors do not receive any performance-related remuneration or options, which is compliant with best practice.
- Half of their base fees (excl. committee fees) are paid in shares blocked for 5 years, which helps to align the interests of the board members with those of the shareholders.
- The amounts paid are acceptable in view of the size and complexity of the company.

B.3) Remuneration structure: Executive management

The members of the executive management, including the CEO, have a base salary and can receive variable remuneration under 3 incentive plans, which are described in detail under section 4.5 of this report. For the year under review, the company CEO, Mr. Jenisch, received a total remuneration of CHF 9'157'109 (+1.2%), of which 76% is variable. His total variable remuneration at grant corresponds to 3.87 times his base salary. The other members of the management received on average CHF 2'609'988 (-10.7%), of which 57% is variable. Their total variable remuneration at grant corresponds to 2.15 times their average base salary.

As mentioned above, the company does not disclose the realised remuneration (including the actual bonus and the actual number of shares received under the 2020-2022 long-term incentive plan at the time of vesting). Based on the information provided in the 2020 and 2022 remuneration reports and taking into consideration the vesting level of the performance share plan 2020 at 190.6% of the initial grant, Ethos estimates that the realised remuneration of the CEO is approx. CHF 10.27 million, of which 79% is variable. His estimated total variable remuneration at vesting corresponds to 4.5 times his base salary. Ethos notes that the remuneration realised in 2022 only includes part of the long-term incentive plan, as the first performance options will vest only in March 2023. The company however already indicates that the final number of options to be delivered based on the relative TSR of Holcim for the performance period 2018-2022 will likely stand at 0 due to Holcim current TSR underperformance compared to the peer group.

Amounts paid compared to peers

In 2021 (most recent figures available), the remuneration paid to the members of the executive management of companies similar to Holcim (peers) was as follows:

Median base salary of CEOs	CHF	1'700'000
Median base salary of other executives	CHF	746'061
Median total remuneration of CEOs	CHF	7'430'648
Median total remuneration of other executives	CHF	2'923'215

NB: the peer group is the same as the one used for board remuneration (see above).

In 2022, the executive remuneration at Holcim was as follows:

Base salary of the CEO	CHF	1'800'000
Base salary of the other executives (average)	CHF	694'946
Total remuneration of the CEO	CHF	9'157'109
Total remuneration of the other executives (average)	CHF	2'609'988

The base salary of the CEO is 6% higher than the median of the peer group and his total remuneration is 23% above. The base salary of the other executives is on average 7% below the median of the peer group and their total remuneration 11% below.

Pay-for-performance connection

In order to assess the pay-for-performance connection, and thus the relevance of the level of variable remuneration paid, Ethos reviews the performance of the company compared to 15 other companies, including 6 cement producers, 5 companies active in the building materials industry and 4 companies active in the construction industry, which form the peer group used by Holcim to compare its performance. Ethos considers that the sales growth, the evolution of EBITDA (relative to the sales at the beginning of the period) and the total shareholder return (TSR) give a good overview of the performance of the company.

For the 2022 financial year, the company ranks at the following percentiles (100 is best) for each of the indicators:

Sales growth	38th
Evolution of EBITDA	75th
TSR	94th

Based on the above indicators, the 2022 performance of the company is above the median of the peer group. Ethos considers that the target bonus should reward median performance. Therefore, Ethos considers that the payment of a bonus above target would be appropriate. For 2022, the actual bonus corresponds to 170% of the target bonus for the CEO and 169% of the target bonus on average for the other executives, while the annual bonus is capped at 200% of the target. Therefore, Ethos considers that the pay-for-performance connection of the annual bonus is adequate in the year under review.

For the 2020-2022 performance period, the company ranks at the following percentiles (100 is best) for each of the indicators:

Sales growth	19th
Evolution of EBITDA	56th
TSR	50th

Based on the above indicators, the performance of the company over the past 3 years is below the median of the peer group. The performance shares granted in 2020 vested in March 2023 at 190.6% of the initial grant:

- EPS growth (33% weighting): adjusted EPS was CHF 4.96 in 2022, representing a 34% growth on the 2019 EPS, significantly higher than the EPS growth of 9% that triggered the maximum vesting.
- ROIC (33% weighting): 9.5%, slightly higher than the ROIC of 9% that triggered the maximum vesting.

The last third of the performance shares vest based on sustainability metrics. As mentioned above, the sustainability targets related to the performance shares granted in 2020 and 2021 had to be amended following the divestment of the operating activities in India and Brazil, and the derecognition of Russia from the key performance indicators. The vesting of shares under the new conditions were as follows:

- CO2 emission measured in kg CO2/t cem. (50% weight): the target of 550 and the maximum cap of 542 have been amended to respectively 569 and 561. With CO2 emissions of 561.5 kg CO2/t cem. in 2022, the target was exceeded and vested almost at the maximum level.
- Quantity of waste re-used in million tons (25% weight): the target of 60 and the maximum cap of 65 have been amended to respectively 34 and 37. With 34 million of waste re-used in 2022, the vesting is at target.
- Freshwater withdrawn in liters freshwater/t cem. (25% weight): the target of 291 and the maximum cap of 281 have been amended to respectively 360 and 347. With 303.7 liters of freshwater /t cem., the vesting is at the maximum.

Based on these three metrics, the vesting of the sustainability performance is 171.9%.

Ethos considers that a payout of 190.6% for the performance shares is not in line with the relative performance of the company over the 2020-2022 period and is therefore excessive.

The company also has another long-term incentive plan in the form of performance options based on relative TSR measured over a 5-year performance period. However, this plan was granted for the first time in 2018 with a vesting in March 2023 based on the performance achieved during the 2018-2022 period. The remuneration report states that the vesting level is not final at the time of publication of the annual report but is expected to be below threshold (0% payout).

Concerns

- As mentioned above, Ethos considers that the level of variable remuneration actually paid out is too high. The realised variable remuneration of the CEO (as estimated by Ethos) corresponds to 4.5 times his base salary, which exceeds the limits of 3 times the base salary stipulated in Ethos' guidelines for outstanding performance.
- 35% of the annual bonus is based on recurring figures, which is a non-GAAP financial measure that does not take into account restructuring, litigation and other non-recurring costs or impairments of operational assets. In 2022, reported EBIT was CHF 3'221 million while recurring EBIT was CHF 4'752 million. The CHF 1'531 million difference includes non-recurring costs of CHF 846 million (incl. restructuring and litigations costs) and impairments of CHF 685 million. Ethos considers that a large litigation and restructuring costs or goodwill impairment should impact the variable remuneration. Ethos therefore considers that part of the performance criteria should also include IFRS measures that would take into account non-recurring costs such as litigation, restructuring and goodwill impairment.
- 15% of the annual bonus depends on the company's health and safety performance as measured by a scorecard including the implementation of the health and safety improvement plan, critical risk elimination and lost-time injury frequency rate. Ethos considers that the health and safety scorecard should include a zero fatalities target. In fact, in 2022, the Health and Safety indicator was at 171% despite of the fact that Holcim reported 4 fatalities.
- Ethos welcomes the fact that the vesting of part of the long-term incentive plan depends on the achievement of quantitative environmental targets (CO2 emission reduction, recycled waste and freshwater withdrawal). However, Ethos considers that the threshold level of environmental performance that triggers the vesting is not sufficiently challenging for the performance shares granted in 2022 for the performance period 2022-2024, in particular regarding freshwater withdrawal: shares start to vest if the quantity of freshwater is 314 liters/t cem, while it was already achieved in 2022 with 304 liters/t cem. The target is set at 302 liters/t cem.

C) Ethos' recommendation

While Ethos considers the transparency of the report as adequate and the main features of the remuneration system as adequate, Ethos considers that the effective and potential level of variable remuneration far exceeds Ethos' limit of 300% of the base salary. Therefore, Ethos, in accordance with point 5.2.a of its voting guidelines, recommends to OPPOSE.

2	Discharge board members and executive management	FOR
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The board of directors requests shareholders to discharge its members as well as those of the executive management of their responsibilities for their management of the company for the fiscal year 2022.

In line with the Swiss Code of Obligations, shareholders are requested to release the members of the board of directors from liability for their activities during the fiscal year under review. Shareholders that grant the discharge lose their right to file claims against the members of the board of directors for activities carried out during the year relating to facts that have been disclosed to shareholders. Nevertheless, all shareholders maintain their rights to file claims for facts that have not been disclosed to shareholders when the discharge was granted.

Ethos notes the following:

- On 18 October 2022, Lafarge SA resolved a previously disclosed inquiry by the U.S. Department of Justice (“DOJ”) into legacy operations in Syria during the country's civil war. Under the terms of the resolution, Lafarge SA and its long-defunct subsidiary Lafarge Cement Syria paid a financial penalty of CHF 767 million and pleaded guilty to one count of conspiring to provide material support to designated foreign terrorist organizations in Syria from August 2013 to October 2014, by which time Lafarge Cement Syria had ceased operations in the country. The resolution provides for a 3-year term of probation with certain conditions. The DOJ determined that appointment of an independent compliance monitor was unnecessary based on Lafarge SA's remediation and Holcim's compliance program and internal controls.
- The criminal proceedings in France against Lafarge SA related to the same matter are pending with the investigating judges in Paris. The Court of Appeal decided on 7 November 2019 to drop one of the charges, complicity in crimes against humanity. The Supreme Court reviewed the Court of Appeal's decision and decided on 7 September 2021 to refer the case back to the Court of Appeal who decided on 18 May 2022 to uphold the charge. Lafarge SA appealed the decision which is now again being reviewed by the Supreme Court. These decisions are not rulings on the merits of the case, which is still at the investigation phase and the annual report states that Lafarge SA continues to cooperate fully with the French judicial authorities.
- In December 2022 and January 2023, two civil lawsuits were filed in the U.S. District Court for the Eastern District of New York against Lafarge SA and Lafarge Cement Syria by the heirs and family members of U.S. nationals who were killed in terrorist attacks in Syria, Iraq, Libya, Jordan, France and Spain from 2015 to 2016. The lawsuits assert claims under the U.S. Antiterrorism Act alleging that Lafarge SA and Lafarge Cement Syria aided and abetted the terrorist organizations that committed, planned or authorized these attacks. Neither of the lawsuits have specified the amount of the damages claimed. The annual report states that it is difficult to predict at this early stage the outcome of these matters, including the timing or any possible impact on Lafarge SA. There is also a risk that additional plaintiffs will join these lawsuits or commence separate actions based on the same conduct.

Ethos notes that the Syrian case was revealed in 2016 and Ethos recommended at the 2017 AGM to oppose the discharge for the financial year 2016. The discharge was approved by only 60% of the shareholders. In light of the numerous changes in the board and management since then and the fact that no other revealed facts would give reason to oppose the discharge in 2022, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

3 Approve allocation of income and dividend

The board of directors proposes to pay a total dividend of CHF 2.5 per share, which corresponds to a total cash outflow of CHF 1'472 million.

The Federal Act on Tax Reform and AHV Financing (TRAF) entered into force on 1 January 2020. As a consequence, companies listed on a Swiss stock exchange can in principle only distribute capital contributions reserves free of withholding tax if a corresponding amount of reserves subject to withholding tax is distributed (50/50 rule). However, the 50/50 rule does not apply to capital contributions reserves made after 24 February 2008 in the context of concentrations that are economically equivalent to mergers, through the contribution of participation or membership rights in a foreign capital company or cooperative society, or in the case of a cross-border transfer into a Swiss company. The capital contributions reserves that are not subject to the 50/50 rule are called "foreign capital contributions reserves". The company has foreign capital contributions reserves of CHF 13'567 million mainly resulting from the merger with Lafarge in 2015. Therefore, the board proposes that the entire dividend be distributed from capital contributions reserves under ITEM 3.2.

The board of directors proposes that the amount at the disposal of the AGM be allocated as follows:

Available earnings brought forward	CHF	15'828 million
2022 income of the parent company	CHF	1'804 million
At the disposal of the AGM	CHF	17'632 million
Allocation to reserves	CHF	-
Carry forward to statutory accounts	CHF	17'632 million

As mentioned above, the board proposes to pay the dividend out of the capital contributions reserves. This procedure allows shareholders, whether subject to Swiss taxes or not, not to pay the withholding tax on dividend. In order to proceed with the dividend payment, the company needs to transfer the amount of the dividend to be paid from the reserves from capital contributions to free reserves:

Capital contributions reserves (domestic)	CHF	1'298 million
Capital contributions reserves (foreign)	CHF	13'567 million
Transfer to free reserves for dividend payment of CHF 2.5 per share	CHF	-1'472 million
Capital contributions reserves available for future tax-free distributions	CHF	13'393 million

Key indicators

Consolidated net income attributable to the shareholders of the parent company	CHF	3'308 million
Free cash flow	CHF	2'765 million
Dividend per share	CHF	2.5 (2021: 2.2)
Payout ratio		44.5%
Dividend yield (based on the share price at year-end)		5.2%
Net debt (Current and non-current debt - Cash and cash equivalents - Marketable securities)	CHF	6'306 million
Net debt to EBITDA ratio		0.96x

Subject to shareholder approval, the dividend will be paid on 12 May 2023 and the shares will be traded ex-dividend from 9 May 2023. Given the company's results, Ethos considers that the proposed dividend is acceptable:

3.1 Approve allocation of income FOR

The board of directors proposes to carry forward to the statutory accounts CHF 17'632 million. As mentioned above, Ethos has no concerns regarding the proposal and, in accordance with its voting guidelines, recommends to vote FOR.

3.2 Approve dividend from capital contributions reserves FOR

The board of directors proposes to pay a dividend from capital contribution reserves of CHF 2.5 per share. As mentioned above, Ethos considers that the proposed dividend is acceptable and, in accordance with its voting guidelines, recommends to vote FOR.

4 Amend articles of association

On 1 January 2023, the revised Code of Obligations (Swiss company law) entered into force. As a consequence, the board of directors proposes an extensive revision of the company's articles of association (see ITEMS 4.1 to 4.5 below). In accordance with article 700 paragraph 3 of the Swiss Code of Obligations, the board proposes several votes to respect the principle of unity of subject matter, which Ethos welcomes.

4.1 Amend articles of association: company purpose FOR

The board of directors proposes to amend article 2 to change the company's purpose. In fact, the board proposes to supplement the purpose of the company with a sustainability provision. The paragraph to be added states that the company pursues sustainable and long-term value creation, which is in the interest of all the company's stakeholders. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.2 Amend articles of association: shares and capital structure FOR

The board of directors proposes to amend several provisions of the company's articles of association in relation to shares and capital structure (article 3 paragraph 3, article 3bis, article 4 paragraphs 1 and 3 and article 5 paragraphs 1 and 5).

The proposed amendments have no negative impact of shareholders' rights and Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.3 Amend articles of association: general meeting and auditors OPPOSE

The board of directors proposes to amend several provisions of the company's articles of association in relation to general meeting and auditors (article 8 paragraph 2, article 9 paragraph 1, article 10 paragraph 1, article 11, article 12, article 12a, article 13, article 22 paragraph 2, article 29 paragraphs 1 and 3, article 30 and article 31).

These amendments have no significant impact on shareholders' rights, except:

- The threshold to request the convocation of a general meeting is reduced from 10% to 5% of the share capital and voting rights. The proposed amendment is a formal adaptation to the revised Swiss company law and is in line with the interests of shareholders.
- According to the revised Swiss Code of Obligations that entered into force on 1 January 2023, holding virtual general meetings (i.e. by electronic means without a meeting venue) will be authorised, provided that the articles of association allow it. Upon approval of this item, Holcim will have the possibility to hold its general meetings virtually, provided that they are broadcast live and that any participant can make proposals and take part to the debates. Ethos considers that it is essential to maintain a physical meeting place while allowing shareholders to vote and intervene remotely (hybrid format) in order to give shareholders a free choice as to the meeting place and to guarantee a direct contact between the board of directors and the shareholders of the company at least once a year. The introduction in the articles of association of the possibility of holding virtual general meetings is therefore not in the interest of shareholders.

In view of the introduction of the possibility to hold virtual-only meetings without adequate justification, Ethos in accordance with points 8.1.f and 8.1.g of its voting guidelines, recommends to OPPOSE.

4.4 Amend articles of association: share register FOR

The board of directors proposes to amend articles 5 and 10 of the company's articles of association. In particular, the board proposes that shareholders can be entered in the share register as shareholder with voting rights only if there is no agreement on the redemption of the shares and if they bear the economic risk associated with the registered shares. In doing so, the board intends to limit the misuse of securities lending and similar legal transactions for the purpose of influencing the votes at the general meeting. This change is in line with the Swiss law (art. 700 al.2 of the CO) and shareholders' interests.

Ethos is of the opinion that the proposed changes have no negative impact on shareholders' rights and, in accordance with its voting guidelines, recommends to vote FOR.

4.5 Amend articles of association: board of directors and remuneration FOR

The board of directors proposes to amend several provisions of the company's articles of association in relation to organisation of the board and remuneration (article 16 paragraphs 1, 3 and 4, article 17 paragraphs 2 and 4, article 24, article 26 paragraph 3 and article 27 paragraph 4).

The proposed amendments have no negative impact of shareholders' rights and Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.1 Elections to the board of directors

The board of directors proposes that all its directors be re-elected to serve for another 1-year term, except Dr. Beat Hess (chairman) and Mr. Patrick Kron who are not standing for re-election at this AGM.

Mr. Jan Jenisch, CEO since 2017 and board member since 2021 is proposed as new chairman of the board. The meeting agenda states that the combination of functions is for a limited duration and that a new CEO will be announced within 12 months. Ms. Hanne Birgitte Breinbjerg Sørensen, vice-chairman, will additionally assume the newly-created role of lead independent director.

Main features of board composition after the AGM (for more details, see section 6 of this report)

Board size	9
Combination of the functions of Chairman and CEO	Yes
% independent directors	77.8%
% representatives of Dr. Thomas Schmidheiny*	11.1%
% executive directors**	11.1%
% women directors	44.4%
% independent directors in the audit committee	75.0%
% independent directors in the nomination committee	75.0%
Average age of directors	56.1
Average board tenure	4.1 years

* Dr. Schmidheiny holds 8.1% of the capital and voting rights. He has 1 representative on the board, Dr. Ilias Läber.

** The CEO of the company, Mr. Jan Jenisch, has been sitting on the board of directors since 2021. Ethos' voting guidelines stipulate that the re-election of permanent members of the executive management to the board of directors cannot be approved. This rule reflects the principle of separation of functions between the board of directors and the executive management. Ethos regrets that the board has not better anticipated the succession plan of Dr. Hess to avoid the combination of functions of chairman of CEO. However, as the company has announced that Mr. Jenisch will relinquish his CEO position and that his successor will be announced within 12 months, Ethos can make an exception to its voting guidelines and approve his re-election this year.

Ethos voting guidelines stipulate that the re-election of the chairman of the sustainability committee cannot be approved in companies with high greenhouse gas (GHG) emissions if no convincing climate strategy is in place. Ethos notes that Holcim is among the largest GHG emitters in the SPI index (in absolute terms and in terms of carbon intensity). Ethos notes that the company made further progress in its climate strategy in 2022 following last year Say on Climate vote. The company is submitted its new climate report to the vote of shareholders under ITEM 8. Ethos has therefore no reason to oppose the chair of the sustainability committee, Mr. Block, and will convey its concerns, if any, over the advisory vote.

Ethos notes that several board members have a number of mandates in other listed companies that could raise concerns regarding their aggregate commitments. While the annual report mentions that all board members attended the 5 regular board meetings, no information is provided regarding the 6 special board meetings that were held in the year under review. Ethos urges the board to provide that information in the future as it is critical to assess whether board members have sufficient availability to fulfil their role in the board of Holcim.

Besides the executive role of Mr. Jenisch (see above), the composition of the board is consistent with Ethos' guidelines in terms of independence and diversity. Thus, the re-election of all proposed directors can be approved.

5.1.1 Re-elect Mr. Jan Jenisch as board member and new chairman of the board FOR

The board proposes to re-elect Mr. Jan Jenisch (German, 57) for a further 1-year term as board member. Under the same vote, the board of directors proposes to appoint Mr. Jenisch as new chairman of the board. As explained under ITEM 5.1, Ethos can make an exception to its voting guidelines this year to accept the re-election of Mr. Jenisch and recommends to vote FOR.

- 5.1.2 Re-elect Prof. Dr. Philippe Block** **FOR**
- The board proposes to re-elect Prof. Dr. Philippe Block (Belgian, 43) for a further 1-year term. He has been board member since 2020 and is currently chairman of the sustainability committee. Prof. Block is considered independent and Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.3 Re-elect Mr. Kim Fausing** **FOR**
- The board proposes to re-elect Mr. Kim Fausing (Danish, 59) for a further 1-year term. He has been board member since 2020 and is currently member of the audit committee. Mr. Fausing is considered independent and Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.4 Re-elect Ms. Leanne Geale** **FOR**
- The board proposes to re-elect Ms. Leanne Geale (Canadian, 58) for a further 1-year term. She has been board member since 2022 and is currently member of the sustainability committee. She is considered independent and Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.5 Re-elect Ms. Naina Lal Kidwai** **FOR**
- The board proposes to re-elect Ms. Naina Lal Kidwai (Indian, 66) for a further 1-year term. She has been board member since 2019 and is currently member of the sustainability committee. After the AGM, she will join the audit committee and chair it, replacing Mr. Kron who is stepping down from the board. Ms. Kidwai is considered independent. Ethos notes that she holds 3 additional board mandates in listed companies, which remains within Ethos' limit. In view of her appointment as chair of the audit committee, Ethos will closely monitor her attendance rate. Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.6 Re-elect Dr. Ilias Läber** **FOR**
- The board proposes to re-elect Dr. Ilias Läber (Swiss, 49) for a further 1-year term. He has been board member since 2022 and is currently member of the audit committee and of the nomination and remuneration committee. He is CEO of Spectrum Value Management, the family office of Dr. Thomas Schmidheiny, Holcim's largest shareholder with 8.1% of the capital and voting rights. Dr. Ilias Läber is therefore considered affiliated.
- Ethos considers that as the company's largest shareholder, Dr. Schmidheiny is entitled to have a representative on the board. In addition, the overall board independence is sufficient. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.7 Re-elect Mr. Jürg Oleas** **FOR**
- The board proposes to re-elect Mr. Jürg Oleas (Swiss, 66) for a further 1-year term. He has been board member since 2014 and is currently member of the audit committee and of the nomination and remuneration committee. Mr. Oleas is considered independent and Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.8 Re-elect Ms. Claudia Sender Ramirez** **FOR**
- The board proposes to re-elect Ms. Claudia Sender Ramirez (Brazilian, 49) for a further 1-year term. She has been board member since 2019 and is currently member of the nomination and remuneration committee and of the sustainability committee. Ms. Sender Ramirez is considered independent. Ethos notes that she holds 3 additional board mandates in listed companies, which remains within Ethos' limit. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.
- 5.1.9 Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen** **FOR**
- The board proposes to re-elect Ms. Hanne Birgitte Breinbjerg Sørensen (Danish, 58) for a further 1-year term. She has been board member since 2013, vice-chairman since 2022 and is currently chairman of the nomination and remuneration committee. In February 2023, she was additionally nominated lead independent director of the board to ensure independent checks and balances during the time Mr. Jenisch will be chairman and CEO.

Ms. Breinbjerg Sørensen is considered independent. Ethos notes that she holds 3 additional board mandates in listed companies, which remains within Ethos' limit, especially since two mandates are in companies included in the Tata conglomerate. However, in view of her new role as lead independent director of the board at Holcim, Ethos will closely monitor her attendance rate. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.2 Elections to the nomination and remuneration committee

The board of directors proposes that Dr. Läber, Mr. Oleas, Ms. Sender Ramirez and Ms. Birgitte Sørensen be re-elected to the nomination and remuneration committee to serve for another 1-year term.

Main features of the nomination and remuneration committee composition after the AGM

Committee size	4
% independent members	75.0%
Number of executive members	0
Number of members with executive functions in other listed companies	0

The composition of the committee being in line with Ethos' guidelines, the re-election of the proposed nominees can be approved.

5.2.1 Re-elect Dr. Ilias Läber to the nomination and remuneration committee FOR

The board proposes to re-elect Dr. Ilias Läber to the nomination and remuneration committee for a further 1-year term. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.2.2 Re-elect Mr. Jürg Oleas to the nomination and remuneration committee FOR

The board proposes to re-elect Mr. Jürg Oleas to the nomination and remuneration committee for a further 1-year term. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.2.3 Re-elect Ms. Claudia Sender Ramirez to the nomination and remuneration committee FOR

The board proposes to re-elect Ms. Claudia Sender Ramirez to the nomination and remuneration committee for a further 1-year term. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.2.4 Re-elect Ms. Hanne Birgitte Breinbjerg Sørensen to the nomination and remuneration committee FOR

The board proposes to re-elect Ms. Hanne Birgitte Breinbjerg Sørensen to the nomination and remuneration committee for a further 1-year term. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.3.1 Re-elect Ernst & Young as auditors FOR

The board of directors recommends that shareholders ratify the re-appointment of Ernst & Young as the company's external auditors for a further 1-year term.

Audit versus non-audit fees

Non-audit fees / Audit fees (2022)	31.5%
Non-audit fees / Audit fees (3-year aggregate)	NR*

* the ratio over 3 years is not relevant as Ernst & Young has been the company's external auditor since 2022.

The breakdown of fees paid to the external auditor is adequately disclosed (see section 3.4 of this report). Ethos notes that the amount of non-audit services is within the range accepted by Ethos but are still high for a first year of mandate, in particular as they mainly relate to due diligence services. In light of the ratio of non-audit fees paid by the company to its external auditor, the re-appointment of the auditor can however be accepted. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.3.2	Re-elect Dr. Sabine Burkhalter Kaimakliotis as independent proxy	FOR
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The board of directors proposes to re-elect Dr. Sabine Burkhalter Kaimakliotis, attorney-at-law at the law firm Voser, as independent proxy for a further 1-year term. Ethos is not aware of any potential conflict of interest and, in accordance with its voting guidelines, recommends to vote FOR.

6.1	Binding prospective vote on the total remuneration of the board of directors	FOR
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the board of directors for the period from the 2023 AGM to the 2024 AGM (prospective vote).

The board requests a maximum total amount of CHF 3 million for its 8 non-executive members (see section 5 of this report for details). The CEO, Mr. Jenisch, will also chair the board and will not receive any additional remuneration for his board function. As mentioned above, the board of directors has created in February 2023 a lead independent director role that is endorsed by Ms. Breinbjerg Sørensen, vice-chairman of the board. She will not receive any additional compensation for the role of lead independent director.

In 2022, the 13 non-executive members of the board (corresponding to 10.4 full-year terms) received CHF 4'633'817, including CHF 1.72 million for the chairman. The requested amount includes a buffer that can be used to cover the remuneration of potential additional committee member or exceptional remuneration for additional tasks.

As mentioned under ITEM 1.2, the remuneration of the chairman is at the median of the peer group (2% below for the other board members).

The members of the board of directors do not receive options or variable remuneration, which is in line with best practice, and part of their fees are paid in shares blocked for 5 years. In addition, in view of the company's size and complexity, Ethos considers that the proposed board remuneration is acceptable. Therefore, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

6.2	Binding prospective vote on the total remuneration of the executive management	OPPOSE
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the executive management for the 2024 financial year (prospective vote).

A) Board proposal

The board requests a maximum amount of CHF 36 million to be paid to the 10 members of the executive management, including the CEO (see section 5 of this report for details). The invitation to the AGM mentions that the amount that will be paid if the performance targets are achieved at 100% is CHF 28.5 million.

Ethos notes that the company changed the way it requests the approval of the long term-plan in the form of performance shares. While it used to request the maximum potential value of the shares (including the 200% leverage), the company now values the shares at their target value, which does not correspond to the maximum potential amount. The requested amount is therefore undervalued by approx. CHF 7 million (when keeping the same portion of the grant in shares with a 200% leverage and options with no leverage).

B) Ethos' appraisal of the amount requested

B.1) Fixed remuneration (CHF 11 million)

In 2022, the 11 members of the executive management (corresponding to 10.8 full-time equivalents) received CHF 13'170'938 as fixed remuneration, consisting of CHF 8'631'324 of base salaries, CHF 2'559'647 of pension and social security contributions and CHF 1'979'967 of other fixed remuneration. The decrease in the fixed remuneration requested is not explained in the meeting agenda, which Ethos regrets.

As mentioned under ITEM 1.2, the base salary of the CEO is 6% higher than the median of the peer group (on average 7% below the median for the other executives). Ethos has no concerns regarding the amounts paid for pension and social security contributions and for other fixed remuneration.

B.2) Short-term incentive (annual bonus, CHF 15 million)

The amount requested for the annual bonus corresponds to the maximum amount that can potentially be paid out in early 2025 in connection with the performance achieved in 2024 in case of overachievement of targets.

The invitation to the AGM mentions that the annual bonus that will be paid upon achievement of targets at 100% is CHF 7.5 million.

The invitation to the AGM provides no further information on the bonus system that will apply in 2023. In particular, the target and maximum annual bonus as a percentage of the base salary are not disclosed.

B.3) Long-term incentive (LTIP, CHF 10 million)

The requested amount includes the maximum that can be granted under the LTIP in the financial year 2024. However, the portion granted in performance shares is leveraged: if the performance targets are overachieved, up to 200% of the initial grant can vest in 2027. Ethos strongly regrets that the company does not include the leverage potential in the requested amount anymore, which goes against best practice. The invitation to the AGM mentions that the LTIP that will be paid upon achievement of targets at 100% is CHF 10.0 million.

The invitation to the AGM provides no further information on the LTIP system that will apply in 2023. In particular, the target and maximum LTIP as a percentage of the base salary, the type of awards and the performance conditions are not disclosed.

C) Ethos' recommendation

Ethos considers that the information provided in the invitation to the AGM is not sufficient to assess whether the amount requested is adequate. In addition, as the potential leverage of the performance shares is not included in the requested amount anymore, the maximum amount that can be potentially paid out is significantly higher than the amount requested. Moreover, as mentioned under ITEM 1.2, Ethos estimates that the realised variable remuneration of the CEO represented 4.5 times his base salary in 2022, which exceeds Ethos' limits (i.e. maximum 3 times for the CEO and 2 times for the other executives). Therefore, Ethos, in accordance with points 5.6.a, 5.6.c and 5.6.d of its voting guidelines, recommends to OPPOSE.

7

Reduce share capital via cancellation of shares

FOR

The board of directors proposes to reduce the company's share capital by up to CHF 80 million via the cancellation of a maximum of 40'000'000 registered shares with a nominal value of CHF 2. This corresponds to a 6.5% reduction of the issued share capital. The new share capital shall amount to CHF 1'151'858'118 divided into 575'929'059 registered shares with a nominal value of CHF 2.

The proposal is in connection with the share repurchase programme announced by the company in October 2022 and to be completed by May 2023. The purpose of such programmes is to return cash to shareholders.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

8 Advisory vote on the climate report FOR

The board of directors requests an advisory vote on Holcim's climate report, which was published on 31 March 2023 and presents the company's climate strategy and key actions to reach net zero emissions by 2050. While the vote is not binding, it allows shareholders to send a message to the board that could help shape Holcim's commitment and strategy on climate change. Ethos welcomes the board's proposal which follows a formal request made by Ethos in December 2020. This is the second year that the board is submitting its climate report. Last year, Ethos opposed the report mainly as the reduction targets were not aligned with a 1.5°C warming scenario. Ethos notes that Holcim has addressed most of the concerns expressed by Ethos last year.

A) Key indicators on the climate strategy

Near-term targets cover scope 1, 2 and at least 80% of scope 3	No*
Near-term targets are compatible with the 1.5° warming scenario according to the SBTi	Yes
Long-term targets cover scope 1, 2 and at least 80% of scope 3	No*
Long-term targets are compatible with the 1.5° warming scenario according to the SBTi	Yes
Intermediary reduction targets are set	Yes
Each reduction measure is adequate and precisely quantified	Yes

* Holcim's targets on scope 3 do not include its investments, which represent 47% of the company's scope 3 emissions in 2022 with 22.5 million tons CO2 eq. (i.e. 17.3% of the total emissions).

B) Current climate impact

As the world's largest cement producer, Holcim is one of the largest emitters of greenhouse gas (GHG) in the world. The company uses 2018 as a baseline to assess the evolution of its emissions. In 2018 and 2022, Holcim's carbon emissions were as follows (in million tons):

	2022	2018*
Scope 1 emissions (gross)*	78	122
Scope 2 emissions	5	7
Scope 3 emissions	47	20
Total	130	149

* the emissions from alternate fuels are taken into account for gross emissions (except from biomass).

The absolute emissions for the baseline year are not comparable as they take into account the activities in India and Brazil (divested in 2022). In addition, the 2018 figures include 6 sources of emissions for the scope 3 (Purchased goods and services, Fuel-and-energy-related activities, Upstream transportation and distribution, Business travel, Employee commuting, Downstream transportation and distribution), while the company now reports on all sources.

Ethos notes that Holcim reports for the first time in 2022 the CO2 emissions associated with its joint ventures, which are reported as scope 3 emissions from investment in accordance with the GHG protocol (mainly the scopes 1 and 2 emissions from its main investments and joint ventures in proportion to the interest it owns). In view of the important amount of emissions arising from these investments (i.e. 22.5 million tons CO2 eq. in 2022, corresponding to 17% of the total absolute emissions), Ethos contacted the company to have further information on the calculation as Holcim has four principal joint ventures: Cement Australia (50.0% interest), Huaxin Cement in China (41.5% interest), Lafarge Maroc in Morocco (50.0% interest) and Readymix Qatar (49.0% interest). A representative of the company confirmed that most of the emissions are related to Huaxin Cement.

In terms of carbon intensity measured in kg of CO₂ per ton of cementitious materials (ton cem.), Holcim's scope 1 and 2 emissions were as follows in 2018 and 2022:

	2022	2018
Scope 1 (gross)	602	623
Scope 2	37	46

Ethos notes that the baseline has been restated following the divestment of India and Brazil.

C) Emissions reduction targets

In accordance with the SBTi, the reduction targets for the cement industry have to be set in terms of kg of CO₂e per ton of cementitious materials (gross). Holcim has set the following reduction targets compared to the 2018 baseline (see above) for scope 1 (which accounts for 60% of the company's total emissions) and 2 (which accounts for 4% of the company's total emissions):

- Intensity reduction target of 25% in scope 1 and 2 intensity by 2030 compared to the 2018 baseline (22.4% reduction in scope 1 intensity and 65% reduction in scope 2 intensity). This target implies achieving a scope 1 carbon intensity of 483 kg CO₂/ton cem. and a scope 2 intensity of 16.1 kg CO₂/ton cem. by 2030. Intensity reduction target of 65% in scope 2 intensity by 2030 compared to the 2018 baseline. This target implies achieving a scope 2 intensity of 16.1 kg CO₂/ton cem. by 2030.
- Intensity reduction target of 95% in scope 1 and 2 intensity by 2050 compared to the 2018 baseline. This target implies achieving a scope 1 and 2 carbon intensity of 33.5 kg CO₂/ton cem. by 2050. The company does not disclose the 2050 targets separately for scope 1 and 2.
- Absolute net zero emissions by 2050.

The Science Based Targets Initiative (SBTi) has approved all above-mentioned targets. The SBTi considers that the 2025 and 2030 targets are aligned with the 1.5°C scenario.

Between 2018 and 2022, Holcim's scope 1 and 2 intensity decreased by 4.5% while its absolute scope 1 and 2 emissions decreased by 35.7% (following the divestment of the businesses in India and Brazil).

While the company is required by the SBTi to set targets for scope 1 and 2 emissions only, Holcim has set the following reduction targets for scope 3 (which accounts for 36% of the company's total emissions):

- Intensity reduction target of 25.1% of the emissions from purchased clinker and cement per ton of purchased clinker and cement by 2030 compared to the 2020 baseline. This target implies achieving an intensity of 531.8 kg CO₂e/t purchased (versus 709 in 2022).
- Intensity reduction target of 20% of emissions from fuel and energy-related activities per ton of purchased fuels by 2030 compared to the 2020 baseline. This target implies achieving an intensity of 228.8 kg CO₂e/t purchased (versus 285 in 2022).
- Intensity reduction target of 24.3% of emissions from downstream transportation and distribution per ton of materials transported by 2030 compared to the 2020 baseline. This target implies achieving an intensity of 8.3 kg CO₂e/t materials transported (versus 10 in 2022).
- Absolute reduction target of 90% of scope 3 emissions by 2050 compared to the 2020 baseline. This target is only related to 6 sources of emissions: Purchased goods and services, Fuel-and-energy-related activities, Upstream transportation and distribution, Business travel, Employee commuting, Downstream transportation and distribution.

Ethos welcomes the disclosure of the 2020 baseline figures for the scope 3 emissions, as the information was not provided last year.

Ethos notes that the company has not yet set any reduction targets on the scope 3 emissions relating to its investments. Ethos has contacted the company which confirmed that they are working towards including all scope 3 emissions within its targets. Most emissions from investments are associated with the Chinese joint venture Huaxin Cement.

D) Emissions reduction measures

The company mentions several key actions that are being or will be implemented to reduce the company's scope 1, 2 and 3 emissions. To reach its near-term targets (2030), Holcim is mainly using levers such as the use of alternative raw material to produce the clinker, reducing the portion of clinker in the cement from 73% to 68% in particular by using calcined clay and using alternative fuels and improving energy efficiency. The company invested CHF 403 million of capital expenditures (CAPEX) in 2022 and aims at increasing its annual green CAPEX to CHF 500 million by 2025.

Holcim presents a graph that shows the estimated impact of each measure in order to reach net-zero emissions by 2050. The key actions mentioned by the company to reduce scope 1 and 2 emissions are as follows:

- 16% contribution from efficiency gains in design, construction and concrete, i.e. using less construction materials to create the same functional units, use of alternative sources of materials such as waste material and by products.
- 10% contribution from efficiency gains in concrete.
- 5% contribution from decarbonisation of electricity, i.e. improving energy efficiency, increasing the use of waste heat recovery systems, increasing consumption of local decarbonised energy through power purchase agreements and integration of low-carbon sources in the grid.
- 10% contribution from less clinker in cement by replacing clinker by alternative mineral components.
- 10% contribution by less CO₂ in clinker by increasing the use of alternative raw materials, increasing the thermal substitution rate and efficiency.
- 44% contribution by carbon capture, utilisation and storage (CCUS) and other technologies.
- 5% contribution by passive recarbonation.

Therefore, the company mainly relies on CCUS and other technologies (44%) to reach net-zero emissions by 2050. Last year, Ethos rose concerns regarding the fact that the main part of the net zero plan after 2030 relies on CCUS technology and that no investment were mentioned in the climate report. This year, the company has significantly improved its disclosure regarding its investment in CCUS. Holcim mentions in its report that it currently has several CCUS projects which will require approx. CHF 2 billion cumulative CAPEX by 2030 which could enable Holcim to capture more than 5 million tons of CO₂ per year before 2030.

Regarding scope 3 emissions, the company mentions the following reduction measures:

- To reduce emissions from fuel and energy-related activities (12% of scope 3 emissions), the company is working on replacing traditional fossil fuels with locally sourced, alternative and non-extractive fuels derived from waste.
- To reduce emissions from downstream transportation and distribution (13% of scope 3 emissions), the company is optimising routes and loads, increasing transport by waterways and rail compared to road, as well as deploying fleets powered by electricity and more eco-friendly fuels.
- To reduce emissions from purchased clinker and cement (9% of scope 3 emissions), the company is introducing a requirement that its clinker and cement suppliers provide the CO₂ information related to their products (e.g. through Environmental Products Declaration) to accelerate the purchase of low-carbon products.
- To reduce emissions from other purchased products and services (19% of scope 3 emissions), the company is introducing CO₂ requirements in the tendering process and integrating CO₂ as a parameter in the "Total Cost of Ownership" models used to drive purchasing decisions.

E) Other commitments and measures

In addition to the above-mentioned quantitative emissions reduction targets, the company has made the following commitments and taken the following measures that are aimed at helping to improve the carbon footprint of the company:

- Expanding the Solutions and Products segment to 30% of group net sales by 2025 (19% in 2022). This segment, which currently includes integrated solutions and systems in the areas of construction and efficiency, will be expanded to the areas of repair and refurbishment.
- Expanding sales from the ECOPact product range to 25% of the ready-mix sales by 2025. Ready-mix sales represented 13% of the Group net sales in 2022. The company does not mention the 2025 target share of ECOPact product range in the total group net sales. ECOPact is one of the company's green building solutions, which has a CO₂ footprint ranging from 30% to 90% lower than the local market reference according to Holcim.
- Investing CHF 500 million per year in CO₂, environment or people-related projects by 2025 (compared to CHF 350 million in 2021 and CHF 403 million in 2022).
- Having at least 40% of financing agreements linked to sustainability goals by 2025 (compared to 30% in 2021 and 38% in 2022).

- Since 2021, part of the long-term incentive plan of the members of the executive management is based on the achievement of environmental targets.
- Holcim committed to invest CHF 2 billion by 2030 in mature technologies to capture more than 5 million tons of CO₂ per year (see above).
- Recycling at least 10 million of tons of construction and demolition waste (CDW) per year by 2025. In 2022, Holcim recycled 6.8 million tons of CDW into new building solutions.

F) Ethos' assessment of Holcim's climate strategy

Ethos welcomes the progress made by Holcim in terms of transparency of its climate report as well as in terms of its climate strategy. Ethos has however the following concerns regarding the climate report:

- As mentioned last year, Ethos would welcome more details regarding Holcim's strategy on net sales derived from low-carbon solutions, in particular the methodology used to determine whether a product is low-carbon and the percentage of the sales that should be derived from such products (and not only related to a specific segment). Ethos would therefore expect that Holcim uses minimum CO₂ intensity standard such as the one provided by the EU Taxonomy to qualify its cement and ready mix product as "green".
- The percentage impact of each measure that will allow Holcim to reach net-zero emissions (scopes 1 and 2) by 2050 does not provide enough information on the link between the proposed measures and the expected decrease of CO₂ emissions. Ethos would welcome the same disclosure of percentage impact for the levers listed on page 31 of the climate report (related to the scope 1 emissions of Holcim) and for nearer targets (2025 and/or 2030).
- The scope 3 emissions arising from Holcim's investments are not included in its reduction targets yet. This is of particular concern as these emissions account for 47% of the company's scope 3 emissions (and 17% of the total emissions) in 2022.

Nevertheless, Ethos acknowledges that Holcim discloses for the first time all its scope 3 emissions in 2022 and that it is not reasonable to expect emissions from investments to already be included in the abovementioned targets. In addition, Ethos welcomes the various improvements made by Holcim in the year under review, in particular the introduction of 1.5°C reduction targets for its CO₂ emissions validated by the SBTi and the commitment to invest additional capital expenditures of CHF 2 billion for CCUS and technologies by 2030. Moreover, several elements of transparency that were missing in the 2021 climate report have been added by the company this year (baseline of scope 3 targets, estimation of the contribution of each measure to reduce CO₂ emissions or the estimated CO₂ captured in association with the different CCUS projects).

Based on the above, Ethos considers that the climate report can be accepted this year, but will re-assess its voting position next year. In particular, Ethos urges the company to provide more details regarding the significant CO₂ emissions arising from Huaxin Cement and the other joint ventures and to clearly link them to reduction targets. Holcim should also be more precise on the expected impact on CO₂ emissions of each lever that was identified to reduce scope 1 emissions, by 2025 and/or 2030.

Ethos will continue its constructive engagement with the company and convey its above concerns. In light of the progress made, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

3. Company Information

3.1 General Information

Headquarters	Zug (ZG), Switzerland
Activities	<p>Holcim is a worldwide supplier of building materials and solutions. The Group was created through the merger of Lafarge and Holcim in July 2015 and is the world leader in the building materials industry. It is present in around 80 countries on all continents:</p> <ul style="list-style-type: none"> - North America (34.8% of 2022 total net sales) - Europe (29.3%) - Asia Pacific (16.7%) - Latin America (10.2%) - Middle East Africa (9.0%) <p>The Group has 4 product lines:</p> <ul style="list-style-type: none"> - Cement (50.9% of 2022 total net sales) - Aggregates (10.6%) - Ready-mix concrete (19.6%) - Solutions and products (18.9%) <p>On 30 December 2022, the company delisted its shares from Euronext Paris to simplify its trading structure and is yet only listed at the SIX Swiss Exchange.</p>
Employees	Total number on 31.12.2022: 60'422 (-13.3%)
Chairman	Jan Jenisch (since 2023), German, aged 57
CEO	Jan Jenisch (since 2017), German, aged 57
	<p>Dr. Beat Hess, board member since 2010 and chairman since 2016, will not stand for re-election at the AGM 2023. Mr. Jan Jenisch is proposed as new chairman of the board.</p> <p>On 24 February 2023, the company announced that the combination of functions will be limited as the nomination of a new CEO will be communicated within 12 months.</p>
Listing	SIX Swiss Exchange

3.2 Capital

Issued Capital on 31.12.2022	In CHF	Number	Nominal Value	Issued Capital	
		Registered shares	615'929'059	2.00	1'231'858'118
		Total issued capital			1'231'858'118

Under ITEM 7, the board of directors proposes to reduce the share capital by CHF 80'000'000 via the cancellation of 40'000'000 registered shares with a nominal value of CHF 2. Upon approval, the new share capital will amount to CHF 1'151'858'118 divided into 575'929'059 registered shares with a nominal value of CHF 2.

Authorisation to issue shares without guaranteed pre-emptive rights on 31.12.2022	In CHF	Equity Type	Number	% of Issued Capital	
		Conditional capital for the conversion of convertible bonds	Registered shares	1'422'350	0.2%
		Total authorisation			0.2%

At year-end 2022, there were no convertible bonds outstanding.

Conditions to file a shareholder resolution	Date	31.12.2022	In CHF	Nominal value required	1'000'000
				Market value required	23'950'000
				% of listed voting capital	0.08%

The articles of association set the threshold to add an item to the agenda at CHF 1'000'000 nominal.

Restriction on registration of shares or voting rights: None, except for nominees, who can be entered in the share register if a nominee agreement has been signed with the company and if they are subject to a recognised banking or financial markets supervisory authority.

Important shareholders	Shareholder	% of Voting Rights	% of Capital	Comments
	Schweizerische Cement-Industrie AG	8.1%	8.1%	controlled by Dr. Thomas Schmidheiny
	BlackRock	4.9%	4.9%	
	Dodge & Cox	3.0%	3.0%	
	Holcim	0.0%	4.4%	Treasury shares
	Total	16.0%	20.5%	

The above shareholdings are as of 13 April 2023.

3.3 Financials and Key Figures

Year end 31. December

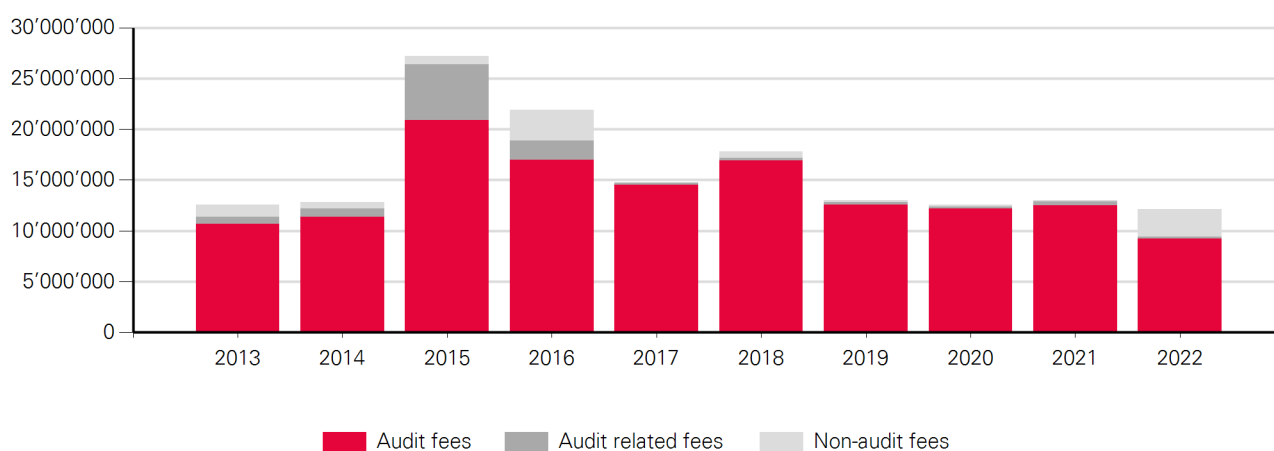
Reporting standard IFRS

		2022	2021	2020
Sales	CHF	29'189.00 million	26'834.00 million	23'142.00 million
Net operating income	CHF	3'221.00 million	4'401.00 million	3'371.00 million
Net income attributable to shareholders (without minority interests)	CHF	3'308.00 million	2'298.00 million	1'697.00 million
Shareholders' equity	CHF	28'674.00 million	27'685.00 million	26'071.00 million
Market capitalisation at year-end	CHF	29'503.00 million	28'646.86 million	29'946.47 million
Earnings per registered share (basic)	CHF	5.48	3.73	2.74
Dividend per registered share	CHF	2.50	2.20	2.00
Payout ratio		44.50 %	58.22 %	72.13 %
Market value per registered share at year-end	CHF	47.90	46.51	48.62

3.4 External Auditor

Auditor Ernst & Young, since 2022

Fees	In CHF	2022	2021	2020
Audit fees		9'200'000	12'500'000	12'200'000
Audit related fees		200'000	400'000	200'000
Non-audit fees		2'700'000	100'000	200'000
Total		12'100'000	13'000'000	12'600'000



Comments Ernst & Young was appointed as new auditor at the AGM 2022, replacing Deloitte which was auditor since 2017. Ernst & Young was already auditor of the company from 2002 to 2016.

The lead auditor, Mr. Jacques Pierres, has been in charge since 2022.

The audit-related fees are for services that include comfort letters, accounting advice, information systems reviews and reviews on internal controls.

In 2022, the non-audit fees were for:

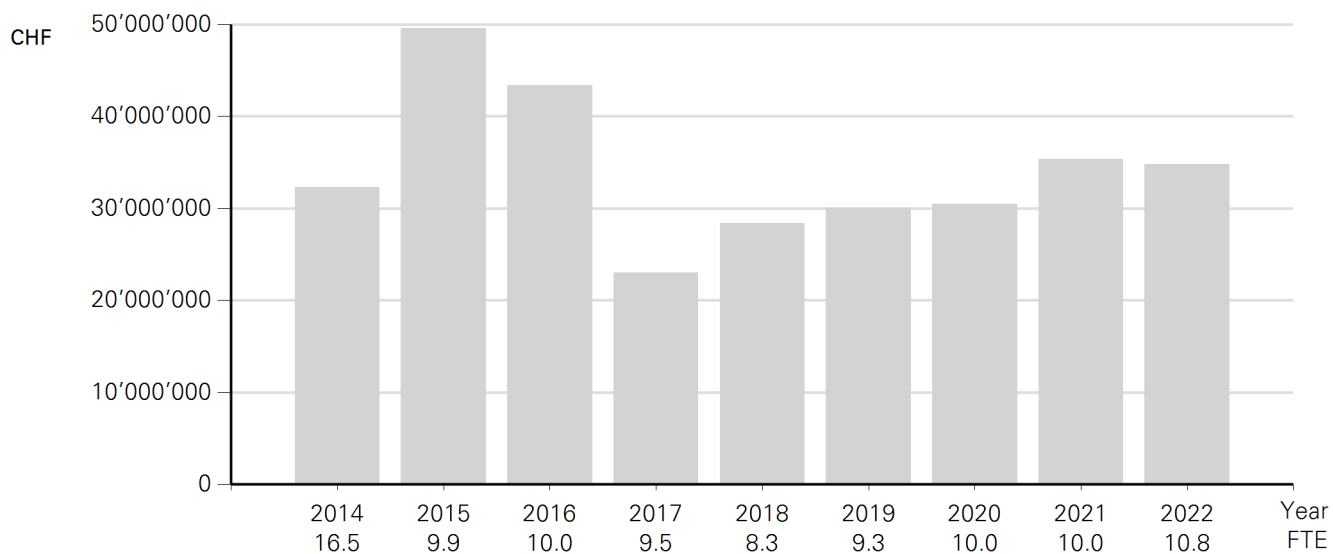
- CHF 2.4 million for due diligence and translation services
- CHF 0.3 million for tax services

For 2022, the company states that a total amount of CHF 4.7 million was paid to other auditor firms for audit services (2021: CHF 2.5 million). No further details are provided.

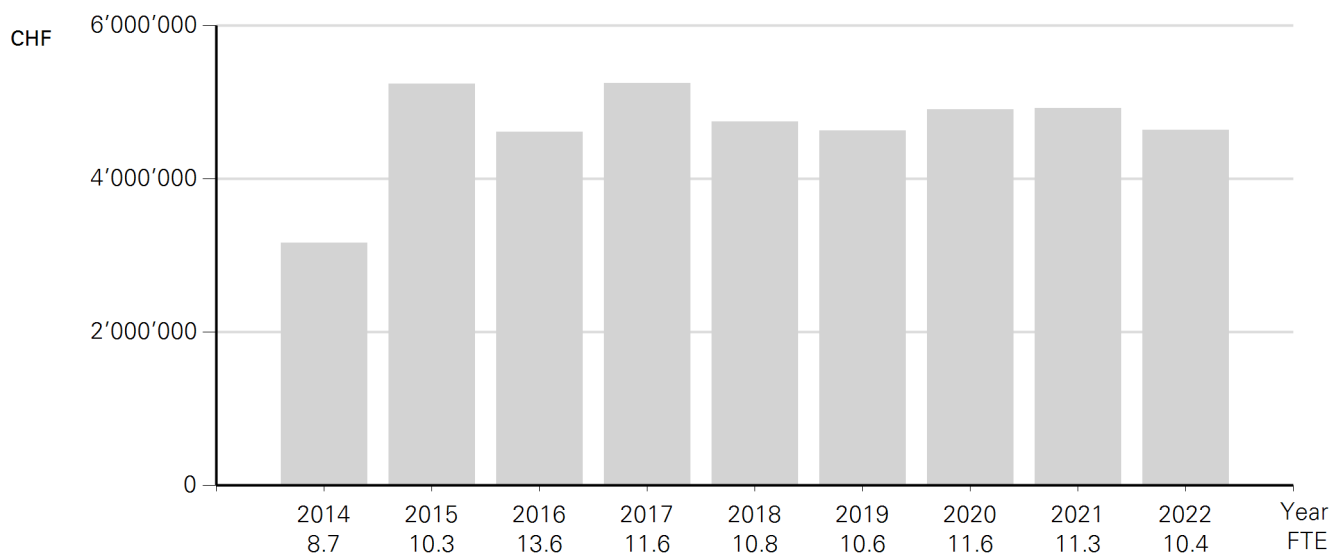
4. Remuneration Report

4.1 Evolution of the Aggregate Remuneration

A Members of the Executive Management



B Board Members (Outside Executive Management)



4.2 Global Remuneration Figures

A Members of the Executive Management

		2022 CHF	2021 CHF	Var.
Fixed	Base salary	8'631'324	8'779'612	-1.7%
	Other	4'539'614	3'887'691	16.8%
Short-term incentives	Cash	6'332'064	6'790'342	-6.7%
	Equity	6'332'063	6'790'342	-6.7%
Long-term incentives	Restricted	0	0	0.0%
	Performance	8'978'229	9'105'091	-1.4%
Total		34'813'294	35'353'078	-1.5%
Total number of persons (FTE)		10.8	10.0	
Highest paid executive		9'157'109	9'044'144	1.2%
Average other executives		2'609'988	2'923'215	-10.7%

B Board Members (Outside Executive Management)

		2022 CHF	2021 CHF	Var.
Fixed	Cash	2'580'416	2'767'293	-6.8%
	Shares	1'866'666	1'966'667	-5.1%
	Other	186'735	187'847	-0.6%
Variable	Cash	0	0	0.0%
	Shares	0	0	0.0%
	Options	0	0	0.0%
Total		4'633'817	4'921'807	-5.9%
Total number of persons (FTE)		10.4	11.3	
Highest paid non-executive		1'720'000	1'720'000	0.0%
Average other non-executives		308'831	309'853	-0.3%

Comments

A. Members of the executive management:

The remuneration of the executive management consists of the following elements:

- Base salary
- Annual bonus paid in cash and shares (see point 4.5.B of this report)
- Long-term incentive plan in performance shares and performance options (see point 4.5.C of this report)
- Pensions and insurances
- Other benefits (car/transport allocation, housing, schooling and relocation services)

The highest paid executive was Mr. Jenisch (CEO) both in 2021 and 2022.

B. Non-executive board members:

The non-executive directors receive the following fixed fees, 50% in cash and 50% in shares blocked for 5 years:

- Chairman: CHF 1'650'000
- Vice chairman: CHF 400'000
- Other members: CHF 200'000

They are also eligible, except the chairman and the vice chairman, for the following committee fees, paid in cash:

- Audit committee chairmanship: CHF 160'000
- Other committee chairmanship: CHF 125'000
- Committee membership: CHF 40'000

Each director receives an expense allowance of CHF 10'000 and the chairman receives a secretarial allowance of CHF 60'000 in addition to the expense allowance.

The highest paid non-executive director was Dr. Beat Hess (chairman) both in 2021 and 2022.

4.3 Individual Remuneration Figures

Individual figures for 2022 (CHF)

A Members of the Executive Management

Name, Function	Fixed		Short-term incentives		Long-term incentives		Total
	Base salary	Other	Cash	Equity	Restricted	Performance	
J. Jenisch, CEO	1'800'000	393'209	1'913'625	1'913'625	0	3'136'650	9'157'109
Average other executives	694'946	421'811	449'485	449'485	0	594'260	2'609'988

B Board Members (Outside Executive Management)

Name, Function	Fixed			Variable			Total
	Cash	Shares	Other	Cash	Shares	Options	
B. Hess, Ch	825'000	825'000	70'000	0	0	0	1'720'000
H. Breinbjerg Sørensen, VCh	227'083	158'333	10'000	0	0	0	395'416
P. Block, Mbr	189'583	100'000	14'560	0	0	0	304'143
K. Fausing, Mbr	140'000	100'000	10'000	0	0	0	250'000
L. Geale, Mbr	81'667	58'333	10'161	0	0	0	150'161
N. Kidwai, Mbr	140'000	100'000	10'000	0	0	0	250'000
P. Kron, Mbr	276'667	100'000	10'000	0	0	0	386'667
I. Läber, Mbr	105'000	58'333	10'393	0	0	0	173'726
J. Oleas, Mbr	163'333	100'000	14'560	0	0	0	277'893
C. Sender Ramirez, Mbr	180'000	100'000	10'000	0	0	0	290'000
C. Hall, Ex-Mbr	58'333	41'667	4'167	0	0	0	104'167
A. Loader, Ex-Mbr	110'417	41'667	4'167	0	0	0	156'251
D. Spälti, Ex-Mbr	83'333	83'333	8'727	0	0	0	175'393

Comments

A. Members of the executive management

- Mr. Jan Jenisch (CEO) also sits on the board since the 2021 AGM. He does not receive any additional remuneration for his board function.

B. Board members

- Ms. Leanne Geale and Mr. Ilias Läber joined the board at the 2022 AGM. Their remuneration is therefore for 7 months.

- Messrs Colin Hall, Adrian Loader and Dieter Spälti left the board after the 2022 AGM. Their remuneration is therefore for 5 months.

4.4 Best Practice Checklist

A Members of the Executive Management

Company practice	Each member's remuneration disclosed separately	-
	All pay components disclosed separately (salary, bonus, LTI, pension)	Ok
	Peer group for setting the remuneration levels disclosed	Ok
	Peer group for benchmarking the company's performance under the variable remuneration plan(s) disclosed	Ok
	Accrual principle applied	Ok
	Performance criteria for short-term incentive adequately disclosed	Ok
	Precise ESG criteria for short-term incentive disclosed	Ok
	% of annual bonus depending on individual criteria disclosed	Ok
	Ex-post disclosure of the level of achievement of the performance objectives for the short-term incentive	Ok
	Performance criteria for the vesting of long-term incentive adequately disclosed	Ok
	Precise performance objectives for the vesting of the long-term incentive disclosed ex-ante	Ok
	Precise performance objectives for the vesting of the long-term incentive disclosed ex-post	Ok
	Level of vesting of the long-term incentive (in % of the initial grant) disclosed	Ok
	Value realised upon vesting of the long-term incentive disclosed	-
	Shares granted valued at fair market value	Ok
	Options granted valued at fair market value	Ok
	Minimum share ownership requirements exist	Ok
	Reconciliation of reported remuneration with amounts approved prospectively	Ok
Comments	The CEO is required to hold shares with a value of at least 500% of his base salary (200% for the other executives) within 4 years.	

B Board Members (Outside Executive Management)

Company practice	Non-executive directors' fees partly paid in shares	Ok
	Non-executive directors do not receive options	Ok
	Non-executive directors do not receive performance based remuneration	Ok
	Minimum share ownership requirements exist	-
	Reconciliation of reported remuneration with amounts approved prospectively	Ok

4.5 Remuneration Structure (Executives)

A Remuneration Breakdown

Breakdown	Base salary	Short-term incentives	Long-term incentives	Pensions / Other
Of highest paid executive	19.7%	41.8%	34.3%	4.3%
Of other executives	26.6%	34.4%	22.8%	16.2%

B Short-term Incentives

Short-term incentives in % of base salary	On target	Maximum	Actual
Of highest paid executive	125.0%	250.0%	212.6%
Of other executives	75.0%	150.0%	129.4%

Performance criterion	Type	Weighting (highest paid)	Weighting (other executives)
Revenue growth	Relative	15.0%	15.0%
Operational EBIT	Absolute	20.0%	20.0%
Operational EBIT	Relative	15.0%	15.0%
Free cash flow	Absolute	35.0%	35.0%
Safety	Absolute	15.0%	15.0%

Comments

The annual bonus is paid 50% in cash and 50% in shares blocked for 3 years.

For the executives with regional responsibilities, the absolute criteria are measured at regional level only.

The relative criteria (revenue growth and recurring EBIT growth) are measured against a peer group of 15 companies (Acciona, ACS, Boral, Bouygues, Buzzi Unicem, Carlisle, Cemex, CRH, Heidelberg Materials, James Hardie, RPM, Saint-Gobain, Sika, Vicat and Vinci), which is also used for the performance option plan (see point 4.5.C of this report). The measurement of the relative performance is provided by the consulting firm Obermatt.

The company's health, safety and environment (HSE) performance is measured by a scorecard assessment (on 100 points) based on 4 elements: health, safety & environment improvement plan, critical risk elimination, lost-time injury frequency rate (LTIFR) and management evaluation.

For each performance criterion, the payout can range from 0% to 200% of the target.

For 2022, the targets were as follows:

- Recurring EBIT growth: 6% (threshold 50% payout at 4% growth, maximum payout for 8% growth or more)
- Free cash flow (after leases): CHF 2.5 billion (threshold 50% payout at CHF 2.1 billion, maximum payout for CHF 2.8 billion or more)
- HSE performance scorecard: 85 points (threshold 50% payout at 55 points, maximum payout for 100 points)
- Relative performance: median of the peer group (threshold 50% payout at the 25th percentile, maximum payout at the 75th percentile or better)

In 2022, the Group performance was as follows:

- Recurring EBIT growth on a like-for-like basis was 7.2%, resulting in a 162% payout
- Free cash flow (after leases) was CHF 3.544 billion, resulting in a 200% payout
- HSE scorecard score was 95.7 points, resulting in a payout of 171%
- Revenue growth was 11.5% on an adjusted basis (at the 57th percentile of the peer group) and recurring EBIT growth was 1.2% on an adjusted basis (63rd percentile of the peer group), resulting in a payout of 140% on the relative performance criteria.

The actual bonus corresponds to 170.1% of the target bonus for the CEO and 169.4% of the target bonus on average for the other executives.

C Long-term Incentives

Incentive	Plan 1	Plan 2	Plan 3
Type of awards	Performance shares	Performance options	-
Fair value at grant date disclosed	Yes	Yes	-
Vesting period for time-vesting awards	NR	NR	-
Performance period	3 years	5 years	-
Sale restriction after performance/vesting period	No	No	-
Absolute performance criteria for vesting	Yes	No	-
Relative performance criteria for vesting	No	Yes	-
Sustainability criteria for vesting	Yes	No	-
Initial grant for the highest paid (in % of the base salary)	125%	52.4%	-
Minimum final vesting (in % of initial grant)	0%	0%	-
Maximum final vesting (in % of initial grant)	200%	100%	-
Maximum payout (valued at date of grant, in % of the base salary)	250%	52.4%	-

Comments

Each year, the members of the executive management receive a grant under the long-term incentive plan (LTIP). The target grant of LTIP is 177.4% of the base salary for the CEO (125% in performance shares and 52.4% in performance options) and 96.3% of the base salary for the other executives (70% in performance shares and 26.3% in performance options).

Plan 1

The performance shares vest after 3 years depending on the company's absolute performance as measured by EPS growth before impairment and divestments (1/3 weighting), ROIC (1/3 weighting) and sustainability performance (1/3 weighting).

The sustainability performance is measured by kg of CO₂ emissions per ton of cementitious material (t.cem.) produced (scope 1 only, 50% weighting within the sustainability criterion), waste recycled (25%) and freshwater withdrawal per t.cem. (25%).

For each criterion, the vesting scale is as follows:

- Threshold performance achieved: 50% vesting
- Target performance achieved: 100% vesting
- Cap performance achieved: 200% vesting

The vesting level between these points is calculated on a straight-line basis.

The performance targets are the following for the performance shares granted in 2022:

- EPS growth: 5% per year over 3 years (threshold of 4% and cap of 6%).
- ROIC target: 8.5% in 2024 (threshold of 7% and cap of 10%).
- Scope 1 CO₂ emissions (lower is better): 534 kg CO₂/t.cem. in 2023 (threshold of 542 and cap of 526).
- Waste recycled: 41 million tons (threshold of 38 million and cap of 44 million).
- Freshwater withdrawal (lower is better): 302 l/t.cem. (threshold of 314 and cap of 290).

The performance shares granted in 2020 (based on EPS growth, ROIC and sustainability, measured in 2022) vested in March 2023 at 190.6% of the initial grant as adjusted EPS was CHF 4.96 in 2022 (200% payout), ROIC was 9.5%, (200% payout) and sustainability was CO₂ of 561.5 (kg/t cem.), waste of 34 (mt) and freshwater of 303.7 (l/t cem.) with a 171.9% payout.

Plan 2

The performance options vest after 5 years depending on the company's TSR during the period from 1 January 2022 to 31 December 2026 compared to a peer group of 15 companies (Acciona, ACS, Boral, Bouygues, Buzzi Unicem, Carlisle, Cemex, CRH, Heidelberg Materials, James Hardie, RPM, Saint-Gobain, Sika, Vicat and Vinci). The vesting scale is as follows:

- Holcim's TSR at the median (threshold): 25% vesting
- Holcim's TSR at the 60th percentile (target): 50% vesting
- Holcim's TSR at the 75th percentile (cap): 100% vesting

The vesting level between these points is calculated on a straight-line basis.

The first performance options were granted in 2018 under this plan and vested in March 2023 based on the performance achieved during the 2018-2022 period.

The remuneration report states that the vesting level is not final at the time of publication of the annual report but is expected to be below threshold (0% payout).

4.6 Remuneration and Financial Performance

A Change in Remuneration 2021-2022

Highest paid executive	1.2%
Average other executives	-10.7%
Highest paid non-executive	0.0%
Average other non-executives	-0.3%

B Change in Financial Performance 2021-2022

Sales	8.8%
Operating income	-26.8%
Net income	44.0%
Total shareholder return	7.7%

4.7 Share and Option Holdings

A Members of the Executive Management

Name	Function	31.12.2022 Shares	31.12.2022 Options	31.12.2021 Shares	31.12.2021 Options
J. Jenisch	CEO	531'000	1'897'804	400'000	1'515'941
Total other executives	--	393'815	2'519'417	284'513	2'133'673
Total		924'815	4'417'221	684'513	3'649'614

B Board Members (Outside Executive Management)

Name	Function	31.12.2022 Shares	31.12.2022 Options	31.12.2021 Shares	31.12.2021 Options
B. Hess	Ch	116'928	0	100'510	0
H. Breinbjerg Sørensen	VCh	17'114	0	15'124	0
P. Block	Mbr	3'150	0	1'159	0
K. Fausing	Mbr	3'150	0	1'159	0
L. Geale	Mbr	0	0	NA	NA
N. Kidwai	Mbr	5'117	0	3'126	0
P. Kron	Mbr	9'276	0	7'285	0
I. Läber	Mbr	8'000	0	NA	NA
J. Oleas	Mbr	13'585	0	11'594	0
C. Sender Ramirez	Mbr	5'117	0	3'126	0
C. Hall	Ex-Mbr	NA	NA	3'126	0
A. Loader	Ex-Mbr	NA	NA	25'527	0
D. Spälti	Ex-Mbr	NA	NA	58'653	0
Total		181'437	0	230'389	0

Comments

The above tables include only vested shares, but vested as well as unvested options.

5. Remuneration Requested

Executive Management

Item	Component	Type	Amount requested (CHF)	Nb. of pers. (FTE)	Modality
6.2	Fixed remuneration	Cash	11'000'000	10.0	Prospective
6.2	Short-term variable remuneration	Cash, shares	15'000'000	10.0	Prospective
6.2	Long-term variable remuneration	Shares, options	10'000'000	10.0	Prospective

Total remuneration requested for the executive management: 36'000'000

Comments

The invitation to the AGM mentions that the amount that will be paid if the performance targets are achieved at 100% is CHF 28.5 million, broken down as follows:

- Fixed remuneration: CHF 11.0 million
- Short-term variable remuneration: CHF 7.5 million
- Long-term variable remuneration: CHF 10.0 million

Board of Directors

Item	Component	Type	Amount requested (CHF)	Nb. of pers. (FTE)	Modality
6.1	Fixed fees of the other board members	Cash, shares	2'650'000	8.0	Prospective
6.1	Other remuneration	NA	350'000	8.0	Prospective

Total remuneration requested for the board of directors: 3'000'000

Comments

The invitation to the AGM mentions the board fees for each function, which will remain unchanged compared to 2022 (see point 4.2.B of this report for details). The requested amount does not include any remuneration for the chairman as Mr. Jenisch is CEO and will not receive any additional compensation for his role on the board of directors.

In the above table, "other remuneration" includes social security contributions and a buffer that can be used to cover the remuneration of potential additional committee member or exceptional remuneration for additional tasks.

6. Board of Directors

Composition after the General Meeting of 04.05.2023

Committee	Executive	Affiliated non-executive	Independent non-executive	Total
Board of Directors	1	1	7	9
Audit committee	0	1	3	4
Nomination and remuneration committee	0	1	3	4
Sustainability committee	0	0	4	4

Election procedure for directors	Individual
Mandate duration	1 year
Maximum term of office	12 years
Mandatory age limit	72
Single signature	No
Number of board meetings during the past year	5 (100% attendance)
Number of audit committee meetings during the past year	4 (100% attendance)
Number of nomination and remuneration committee meetings during the past year	4 (100% attendance)
Number of sustainability committee meetings	4 (94% attendance)
Individual attendance rate at board meetings disclosed	Yes

Mr. Beat Hess will not seek re-election at the AGM 2023. The board proposes Mr. Jan Jenisch to succeed him as chairman. As Mr. Jenisch is currently the CEO of the company, the board proposes Ms. Hanne Sorensen as lead independent director. According to the company, a new CEO will be announced at the latest on February 2024.

In addition to the above-mentioned regular board and committee meetings, 6 special meetings were held by the board and 1 special meeting was held by the nomination and remuneration committee (on succession planning). The attendance rate at the special meetings is not disclosed.

The average duration of the meetings was as follows:

- 6h00 for the regular board meetings
- 2h25 for the audit committee meetings
- 2h50 for the nomination and remuneration committee meetings
- 2h00 for the sustainability committee meetings

Mr. Thomas Schmidheiny retired from the board of directors on 8 May 2018. He was named honorary chairman in recognition of his many years of service and can therefore participate at board meetings as a guest.

Jan Jenisch		
Executive	Chairman, Chief Executive Officer	Up for Re-election
Nationality	German	
Age	57	
Director since / term ends	2021 / 2024	
Committee memberships	none	
Main activity	– Holcim (listed), Switzerland - CEO	
Directorships	– Glas Trösch Holding AG, Switzerland - Member	
Other relevant mandates	– Global Cement and Concrete Association, United Kingdom - Chairman – World Business Council For Sustainable Development, Switzerland - Member – European Round Table for Industry, Belgium - Member – Swiss-Japanese Chamber of Commerce, Switzerland - Member	
Comments	Various functions at Sika (1996-2017), ultimately as CEO (2012-2017).	

Hanne Birgitte Breinbjerg Sørensen		
Independent	Vice chairman and Lead director	Up for Re-election
Nationality	Danish	
Age	58	
Director since / term ends	2013 / 2024	
Committee memberships	– Nomination and remuneration committee, Chairman	
Main activity	none	
Directorships	– Ferrovial S.A. (listed), Spain - Member – Tata Consultancy Services (listed), India - Member – Tata Motors (listed), India - Member – Jaguar Landrover Automotive Plc, United Kingdom - Member	
Comments	Tata Motors, Tata Consultancy Services and Jaguar Landrover Automotive are all part of the Tata Group conglomerate. Interim CEO of V.Group Limited (2017). Various positions at AP Moeller-Maersk (1994-2016), including: - CEO of Damco (2014-2016) - CEO of Maersk Tankers (2012-2013) - Chief Commercial Officer of Maersk Line (2008-2012) - CFO of Maersk Line in India, Italy and Singapore	

Prof. Dr. Philippe Block

Independent Member Up for Re-election

Nationality Belgian

Age 43

Director since / term ends 2020 / 2024

Committee memberships – Sustainability committee, Chairman

Main activity – Federal Institute of Technology (ETH) in Zurich, Switzerland - Co-director of Block Research Group

Comments Founding Partner of Foreign Engineering GmbH.
 Director of the Swiss National Centre of Competence in Research (NCCR) for Digital Fabrication.
 Professor of Architecture and Structure at ETH Zurich.

Kim Fausing

Independent Member Up for Re-election

Nationality Danish

Age 59

Director since / term ends 2020 / 2024

Committee memberships – Audit committee

Main activity – Danfoss Group, Denmark - CEO

Directorships – SMA Solar Technology (listed), Germany - Vice chairman

Other relevant mandates – Climate Partnership between Government and Industry for the Manufacturing Industry, Denmark - Chairman

Comments COO of Danfoss Group (2008-2017).
 Various positions at Hilti Group (1990-2007), ultimately as Division President (2003-2007).

Leanne Geale		
Independent	Member	Up for Re-election
Nationality	Canadian	
Age	58	
Director since / term ends	2022 / 2024	
Committee memberships	– Sustainability committee	
Main activity	– Nestlé (listed), Switzerland - General Counsel	
Other relevant mandates	– CEELI Institute o.p.s., Czech Republic - Member – Swiss-American Chamber of Commerce, Switzerland - Treasurer	
Comments	Various positions at Royal Dutch Shell (2003-2019), including Chief Ethics & Compliance Officer (2014-2019).	

Naina Lal Kidwai		
Independent	Member	Up for Re-election
Nationality	Indian	
Age	66	
Director since / term ends	2019 / 2024	
Committee memberships	– Audit committee, Chairman – Sustainability committee	
Main activity	none	
Directorships	– Gland Pharma Ltd (listed), India - Member – UPL Ltd (listed), India - Member – Nayara Energy Ltd, India - Member – Rothschild & Co India Private Limited, India - Member	
Other relevant mandates	– Biocon Ltd (listed), India - Member – India Sanitation Coalition, India - Chairman – Federation of Indian Chambers of Commerce and Industry, India - Chairman, Sustainability, energy and water council – Global Commission on the Economy and Climate, USA - Member – The Shakti Sustainable Energy Foundation, India - Member	
Comments	Various positions at HSBC (2002-2015), including chair of HSBC India and executive director of HSBC Asia-Pacific. Head of Investment Banking at Morgan Stanley India (1994-2002).	

Dr. oec. Ilias Läber

Affiliated Member Up for Re-election

Nationality	Swiss
Age	49
Director since / term ends	2022 / 2024
Committee memberships	<ul style="list-style-type: none"> – Audit committee – Nomination and remuneration committee
Affiliation	<ul style="list-style-type: none"> – Important shareholder or its representative
Main activity	<p>Representative of Dr. Schmidheiny, important shareholder with 8% of the capital.</p> <ul style="list-style-type: none"> – Spectrum Value Management Ltd (Schmidheiny family office), Switzerland - CEO
Directorships	<ul style="list-style-type: none"> – Meridian Capital Holding AG, Switzerland - Chairman – Quercis Pharma AG, Switzerland - Chairman – SEO Management AG, Switzerland - Chairman – Spectrum Value Management Ltd, Switzerland - Member – Swiss Automotive Group, Switzerland - Member – Activa Holding AG, Switzerland - Member – Grand Resort Bad Ragaz AG, Switzerland - Member
Comments	<p>CEO of Quercis Pharma (2019-2021). Partner of Cevian Capital and Managing director of the Swiss office (2008-2019). Various positions at McKinsey & Company (2001-2008), ultimately as Associate Principal.</p>

Jürg Oleas

Independent Member Up for Re-election

Nationality	Swiss
Age	66
Director since / term ends	2014 / 2024
Committee memberships	<ul style="list-style-type: none"> – Audit committee – Nomination and remuneration committee
Main activity	<p>Elected to the board of Holcim in 2014, stepped down in the context of the merger with Lafarge in July 2015 and re-elected to the board at the 2016 AGM.</p> <p>none</p>
Directorships	<ul style="list-style-type: none"> – Hochdorf (listed), Switzerland - Chairman – RUAG Holding, Switzerland - Vice chairman
Comments	<p>CEO of GEA Group (2004-2019). CEO of Dynamit Nobel AG (2003-2004). Country President Switzerland of the ABB Alstom Power Switzerland (1999-2001).</p>

Claudia Sender Ramirez		Up for Re-election
Independent	Member	
Nationality	Brazilian	
Age	49	
Director since / term ends	2019 / 2024	
Committee memberships	<ul style="list-style-type: none"> - Nomination and remuneration committee - Sustainability committee 	
Main activity	none	
Directorships	<ul style="list-style-type: none"> - Embraer (listed), Brazil - Member - Gerdau (listed), Brazil - Member - Telefonica (listed), Spain - Member 	
Other relevant mandates	<ul style="list-style-type: none"> - Amigos do Bem, Brazil - Member 	
Comments	Various positions within LATAM Airlines Group (2011-2019), including - Group Senior Vice President for Clients (2018-2019) - CEO of LATAM Airlines Brazil (2013-2018) Marketing Vice President at Whirlpool Latin America (2004-2010).	

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The Ethos Foundation aims at promoting socially responsible investment as well as a stable and prosperous socio-economic environment. Ethos is composed of more than 220 Swiss pension funds and other tax-exempt institutions. Its subsidiary Ethos Services is an acknowledged provider of consulting services comprising socially responsible investment (SRI) funds, shareholder meeting analyses and an investor engagement and dialogue programme.

For further information: www.ethosfund.ch.

Frequently used abbreviations

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
NA	Not available
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
OE	Other Executive Function
Ex-	Former



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