



# Holcim's journey to net zero

**Interview with Magali Anderson**

Chief Sustainability and Innovation Officer at Holcim

**Silvan Jurt:** Magali, you attended the COP26, the UN Climate Conference in November. What are your main takeaways?

**Magali Anderson:** Industry was more present than ever at the table. Not to trumpet about how virtuous we are – but to engage with governments and global influencers on how to achieve our common net zero ambitions. Having an empowering policy framework is part and parcel of the package – this is not an excuse not to do anything today – but rather a necessary collaboration

centred on how we can, together, build levers that will accelerate demand for low-carbon solutions and accelerate investments in the deployment of next gen technologies.

The built environment (construction at large) for the first time got the recognition it deserves - as a crucial sector that plays a central role in transitioning to net zero economies. Further, we must recognise the frustration of some - especially the young generation - that our action so far is not sufficient and has proven too slow.



**Silvan Jurt, KPMG**  
Partner, Head Corporate Sustainability Services

**Magali Anderson, Holcim**  
Chief Sustainability and Innovation Officer

The cement industry is responsible for a large part of global carbon emissions. Reducing climate impact has been at the heart of Holcim's strategic vision for a long time. Please share your experiences about Holcim's journey over the last decade in transforming your company and your future plans.

The cement industry has in fact been at the forefront of climate mitigation, being one of the first sectors to have powerful industry bodies such as the GCCA (Global Cement and Concrete Association) and CEMBUREAU (The European Cement Association) developing sectoral approaches, setting common metrics and reporting frameworks for its members and undertaking robust measurement of carbon performance down to plant level.

Holcim alone has reduced its Scope 1 and Scope 2 emissions per ton of product by 28% since 1990. On this journey we have contributed significantly to addressing society's growing waste problems by using societal waste and waste from other industries as an alternative lower carbon fuel for our thermal processes, alternative raw input material reducing the use of virgin resources or as mineral components to replace clinker in cement - lowering the carbon intensity of the product. Using these alternative fuels and resources diverts waste from incineration or landfill, providing a solution to the growing waste disposal problems faced by society, and helping to keep fossil fuels in the ground – a truly “win-win” scenario.

At COP26 Holcim announced the industry's first 2050 net-zero targets, validated by the Science Based Targets initiative (SBTi), building on its 2030 commitments approved in September 2020. Setting a new milestone for its sector, Holcim's targets cover the company's entire value chain, including both direct and indirect emissions, following the three 'scopes' established by the Greenhouse Gas (GHG) Protocol.

Additionally, Holcim is a founding member of the First Movers Coalition, launched by US Secretary Kerry and the World Economic Forum at COP26. The Coalition is a platform for companies to make purchasing commitments that create new market demand for low-carbon technologies. On the green procurement side, Holcim commits to reach 30% of its own Heavy-Duty Trucks purchased with Zero Emission technology by 2030, and to require its transportation service providers in mature markets to make the same commitment. On the supply side, Holcim will continue to scale up its green building solutions and next-generation technologies for net-zero construction.

Green building is possible today. We need to see stronger demand for decarbonized solutions. The paradigm shift to sustainable construction has not yet fully happened, although we are seeing tremendous activity in individual cases among designers as well as certain contractors and owners. A massive shift to sustainable construction could be accelerated by adapting standards, green procurement and building codes, and we are also optimistic about that.



Your ambition with your net-zero journey goes beyond your own operations. What will be needed to change the whole building industry?

From an industrial perspective, moving away from fossil fuels is key. At Holcim we have been working on this for the last three decades. We achieved a milestone last year with one of our cement plants operating with zero fossil fuels. It can be done.

It is important to also note that this substitution of fossil fuels has largely been achieved by using residual (non-recyclable) waste in its place – waste that would otherwise most likely be landfilled or incinerated. This allows us not only to replace fossil fuels but also to recycle the mineral content of the waste into our products. This is a circular economy at an industrial scale.

One critical aspect now is the availability of infrastructure and affordable decarbonized electricity. Advanced technologies such as CCUS will require a massive increase in electricity consumption, and the development of complex infrastructures to transport and store the captured carbon. And this is bigger than us.

You have made it clear that innovation is key in order to get to net zero. Carbon capture plays an essential role in reducing global emissions. Your emission pathway relies on this technology to a large degree from 2030 onward. How far away are we so as to apply it on the large scale needed?

Reaching net zero in cement manufacturing will indeed require the deployment of carbon capture and usage or storage (CCUS) technologies at scale.

A number of promising CCUS pilots already exist showing that the technology works well in other industries with large capture plants operating in all regions. However, the amount of carbon that will eventually need to be captured to achieve our pathway will be dependent on the progress of innovation of other technological solutions.

Nevertheless, CCUS needs to be further developed and integrated into the cement process, and strategic partnerships are key to speed up its deployment. We are actively partnering with different organizations (such as multinational and start-ups) to make CCUS technically and economically feasible as well as driving in-house developments. We currently have a total of +30 projects in 12 countries, with initial public funding granted for some projects and we have a strong pipeline of projects for our first net zero plants by 2030.





### How important is circularity on this journey?

Circularity is a key lever of our net-zero journey. We are actually a world leader in this area. Today we recycle 50 million tons of materials across our business on our way to 100 million tons by 2030. To give you a sense of proportion, our world's economy is approximately 8% circular today. At Holcim, our cement is on average 22% circular. And in some markets, where we have integrated recycling centres, our portfolio can be 44% circular like in Austria. In Switzerland, we launched the world's first green cement with 20% recycled construction and demolition waste inside, meaning 20% less resources drawn from nature.

### Convincing internal stakeholders on starting such an ambitious journey was certainly challenging. What was your recipe for success?

First, I think the timing was right. The science is clear – even more with the recent IPCC report – that we have no other choice but to make a leapfrog towards net zero. To this, you add the COVID-19 crisis that brought the need to act fast through massive infrastructure investment plans aiming at building back better.

Second, I made sure that developing our strategy and action plan was a collective journey internally, to ensure we would be able to “walk the talk” and to on-board all our teams. At the very beginning of the process, I gathered more than 100 internal experts on the matter from all over the world and from various functions. Together we defined our aim and how to achieve it in broad terms, making sure it was realistic. I also kept the drumbeat internally, making sure all our top leaders were informed of what we were planning so they would not be taken by surprise when we were ready.

Lastly, whenever I received a “no” to one of our proposals, I always made sure to understand what the rationale behind that was, so that instead of confronting the person, we were addressing their concern. Co-creation has been the best tool to launch this journey. Once our strategy was launched, the response and

engagement from our employees at all levels was overwhelmingly positive. We have also seen a positive impact on talent attraction, with an increase of people wanting to work for us. Lastly, partnering with SBTi provided credibility to our strategy. We are committed to leading the way in a rigorous, science-based manner. I am proud of our collaboration with SBTi in this Race to Net-Zero.

### With its global footprint, Holcim affects people's lives all around the globe.

### What are your ambitions in this regard?

We are part of the solution. We are committed to respecting and promoting human rights. Respect for human rights is fundamental to our ability to do business across the 2300 sites in the 70 countries where we operate. We have put in place human rights due diligence since 2011, more than 10 years now, and as of today, all of our countries have a human rights assessment process in place and have defined action plans to address risks based on our methodology.

Today, 1.2 billion people lack access to adequate housing and more than 750 million people are without access to electricity. The World Bank estimates that from now until 2050 more than 2.5 billion people will move to urban areas, creating an unprecedented need for affordable housing, transport systems and other infrastructure. We are committed to putting our business to work to make a positive contribution. We have recently announced our 2030 strategy to continue creating shared value and uplifting the well-being of communities worldwide. The strategy focuses on three pillars: bridging the world's housing and infrastructure gap, improving livelihoods and upholding the highest standards of human rights. Holcim's commitment builds on its legacy of positive social impact, having benefited over 31 million people with more than CHF 200m in social investment over the last five years. And we are committed to contribute an additional CHF 500m to create a positive social impact by 2030, focusing on affordable housing and infrastructure, health and education.



What do the efforts of countries and regulators to integrate the UN Guiding Principles on Business and Human Rights into legal requirements mean for Holcim and business in general?

Ongoing human rights due diligence, human rights impact assessments and stakeholder engagement are core elements of our human rights approach, which we have been working on for more than a decade. We have been supporting the implementation of regulatory frameworks that require mandatory human rights and environmental due diligence. A common legal requirement, such as the one proposed at the European Union level, contributes to bringing companies to the same standard. It also ensures that efforts made by companies to respect people and the planet are not undermined by the lack of uniform standards. Such regulatory frameworks increase legal certainty and ensure a competitive level-playing field, to the benefit of the environment and of local communities.

Given the vast impact you have – how do you prioritize your actions?

We seek proactively to identify, prevent and mitigate potential or actual risks to people. We have identified seven salient human rights risks: health and safety; working conditions in our operations and particularly our supply chain; discrimination and harassment; security-related abuses and violations; child labour in high-risk supply chains; dust and other emissions; and climate change and its impacts. We work in cross-functional teams at corporate, in the countries and across our sites to identify and address potential risks to people. This includes functions such as sustainability, procurement, security, human resources, health, safety and environment and many others. Stakeholder Engagement is an integral part of our Human Rights Approach. We engage in an ongoing and regular dialogue with a wide range of stakeholders including employees, communities, authorities and civil society. We are committed to ongoing stakeholder engagement and carrying out due diligence in an effort to understand, identify and assess potential or actual risks to people that we cause or contribute towards in our own operations, our supply chains and in the communities where we operate.



**“From an industrial perspective, moving away from fossil fuels is key. It can be done.”**

Setting an ambition is one thing, putting it into action is another. What are the key ingredients to implement a strategy like yours?

We have to shift the focus of our leaders from reporting and target setting to being “change makers.” Involving people from top down to bottom up ensures buy-in and ownership of implementation. For example, the climate strategy work involved over 100 experts globally, mixing top-down and bottom-up exchanges – and these same individuals are now taking ownership of delivering the strategy and targets they helped develop.

In addition, regular monitoring of progress is key – it doesn’t help to find out in November that we are way off our yearly target. We are implementing the same rigor for monthly performance reporting for our main sustainability indicators as with financial indicators – and report them monthly to the country CEO and CFO for accountability.

We have developed detailed road maps per country and plant, as well as dashboards to look at both lagging and leading indicators, such as the capex spent, enabling us to regularly monitor our progress. Driving culture change needs visible leadership and also means looking at everything, not just the major industrial emissions – we have seen this clearly in our Health and Safety journey. This is why we are implementing our “Office Goes Green” program. Given the scale of our global emissions and other impacts, something like prohibiting individual plastic bottles, switching to electric vehicles, giving preference to rail travel over air travel may not make a massive difference, but it speaks to the mindset of every employee.





### How does your board monitor Holcim's performance and success in implementing the sustainability strategy?

Through the Audit Committee and the Health, Safety and Sustainability Committee (HSSC), the Board of Directors oversees Holcim risk management, Internal Control, Sustainability related risks and opportunities. The HSSC advises the Board of Directors on all matters related to sustainable development. It reviews and approves the company's sustainability plans and targets. The HSSC consists of five Board members. The Chairman of the Board of Directors (unless he is a member of the HSSC), the Vice Chairman, the CEO, the Chief Sustainability and Innovation Officer (CSIO), the Group General Counsel, the Group Head of Security and the Group Head of Health, Safety and Environment participate as invited guests. The HSSC meets at least quarterly.

### How important is transparency and accounting to drive the implementation efforts and how does accounting have to change in order to be a useful tool on such a transformational journey?

The Climate Crisis has focused regulators, investors and civil society on the sustainability performance of companies – full transparency is now the expected standard – and “greenwashing” and non-robust reporting and accounting is very quickly called out with devastating impacts on company reputation, and increasingly litigation.

This is why everything we commit to must be measured, managed and reported in a rigorous and science-based way.

Carbon reporting is well established and the TCFD recommendations (of which we were an early adopter) are gaining traction and in some jurisdictions (such as Switzerland) are becoming mandatory. We are seeing a growing alignment between TCFD and IFRS requirements – which we welcome as it provides clarity and standardization allowing for meaningful analysis and comparison across companies and sectors. The frameworks for other sustainability areas are less mature and developed, and there needs to be a sense of urgency in developing these. This is why we are actively involved in the TNFD and BFN.

### One last question: How much will the temperature rise by the end of the century?

This question can only be answered by scientists and those who have all the details and a complete overview over NDCs and all the new pledges that were announced at COP26. You will have read the same things as me in the Glasgow Climate Pact: in the current state of national targets and commitments, the world trajectory is on 2.4°C. I have also read that if the pledges are actually implemented, such as the one related to methane, we could then be on a 1.8°C trajectory.

In any case, it is not for me to calculate or guess. The important point for us is that we, as a company, are fully committed to and aligned with 1.5°C. This is what science suggests we should do. And this is what we base all of our actions upon.



**“Such regulatory frameworks increase legal certainty and ensure a competitive level-playing field.”**



### About Magali Anderson

#### **Chief Sustainability and Innovation Officer, Holcim**

Magali Anderson, French national, 1967, was appointed as a member of the Group Executive Committee and Chief Sustainability Officer in October 2019. In March 2021, the Group announced the expansion of Magali Anderson's role to Chief Sustainability and Innovation Officer, putting sustainability at the core of its innovation pipeline.

Magali started her career as a field engineer on offshore oil rigs in Nigeria. She spent 27 years in the Oil and Gas industry, holding operational line management positions like CEO Angola and Region Head Europe. Magali graduated as a Mechanical Engineer from INSA Lyon, France.