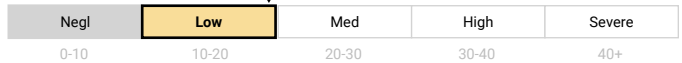


LafargeHolcim Ltd

Construction Materials | Switzerland | SWX:LHN

19.5 Low Risk



Rating Overview

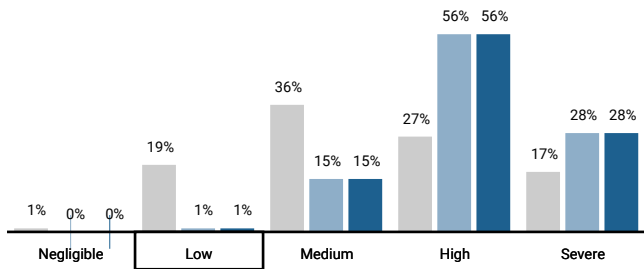
The company is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Although the company has a moderate level of controversies, its favourable risk assessment is primarily due to its above average policies and programmes.

Momentum Score: -7.1

Improved

The company's risk score has decreased significantly in the past year, and its risk category has improved.

ESG Risk Rating Distribution



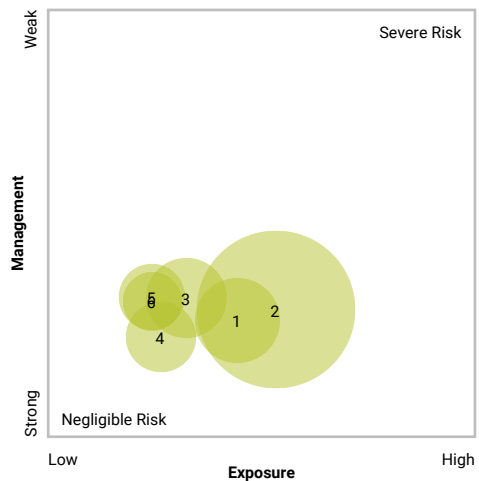
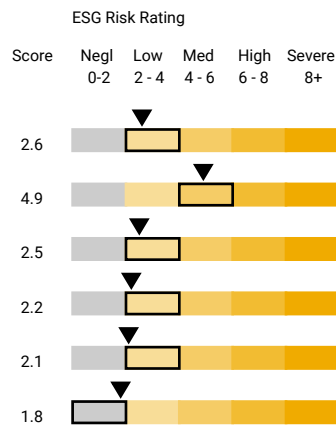
Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	2143 out of 12137	18th
Construction Materials (Industry Group)	1 out of 102	1st
Construction Materials (Subindustry)	1 out of 102	1st

Attribution Analysis

Top Material Issues

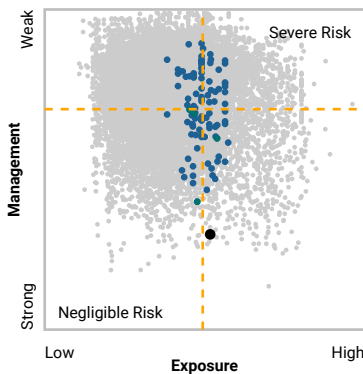
- Corporate Governance
- Carbon - Own Operations
- Business Ethics
- Resource Use
- Emissions, Effluents and Waste
- Occupational Health and Safety



= Significant event

Circle size = Contribution to ESG Risk Rating

Risk Analysis



Peers (Market cap \$13.6 - \$44.3bn)

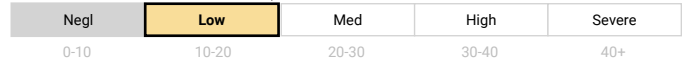
	ESG Risk Rating	Exposure	Management
1. LafargeHolcim Ltd	19.5 Low	51.7 Medium	70.2 Strong
2. CRH PLC	22.1 Medium	47.7 Medium	60.1 Strong
3. Anhui Conch Cement Co., Ltd.	32.6 High	45.3 Medium	31.3 Average
4. Vulcan Materials Co.	33.2 High	46.8 Medium	32.6 Average
5. UltraTech Cement Ltd	34.7 High	53.9 Medium	40.2 Average

- Global Universe
- Construction Materials (Subindustry)
- LafargeHolcim Ltd
- Peers
- + SubIndustryAvg.

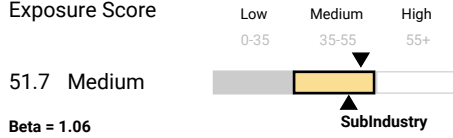
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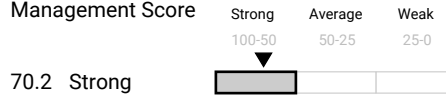
19.5 Low Risk



Exposure Score



Management Score



Attribution Details

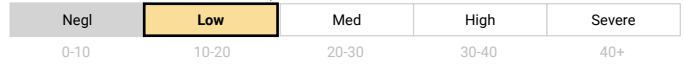
Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	13.5%	9.0	9.0	100%	70.8	19.6 %	2.6	
Carbon -Own Operations	25.1%	9.0	10.8	80%	68.4	18.8 %	4.9	
Business Ethics	12.8%	6.0	6.6	95%	65.6	13.7 %	2.5	
Resource Use	11.2%	6.0	5.4	80%	74.8	9.4 %	2.2	
Emissions, Effluents and Waste	10.6%	5.0	5.0	90%	65.4	9.8 %	2.1	
Occupational Health and Safety	9.5%	5.0	5.0	95%	66.4	10.3 %	1.8	
E&S Impact of Products and Services	9.0%	6.0	6.6	80%	92.0	11.5 %	1.7	
Human Capital	8.4%	3.0	3.3	95%	52.9	6.8 %	1.6	
Overall	100.0%	49.0	51.7	88.8 %	70.2	100.0%	19.5	Low

△ =Significant event

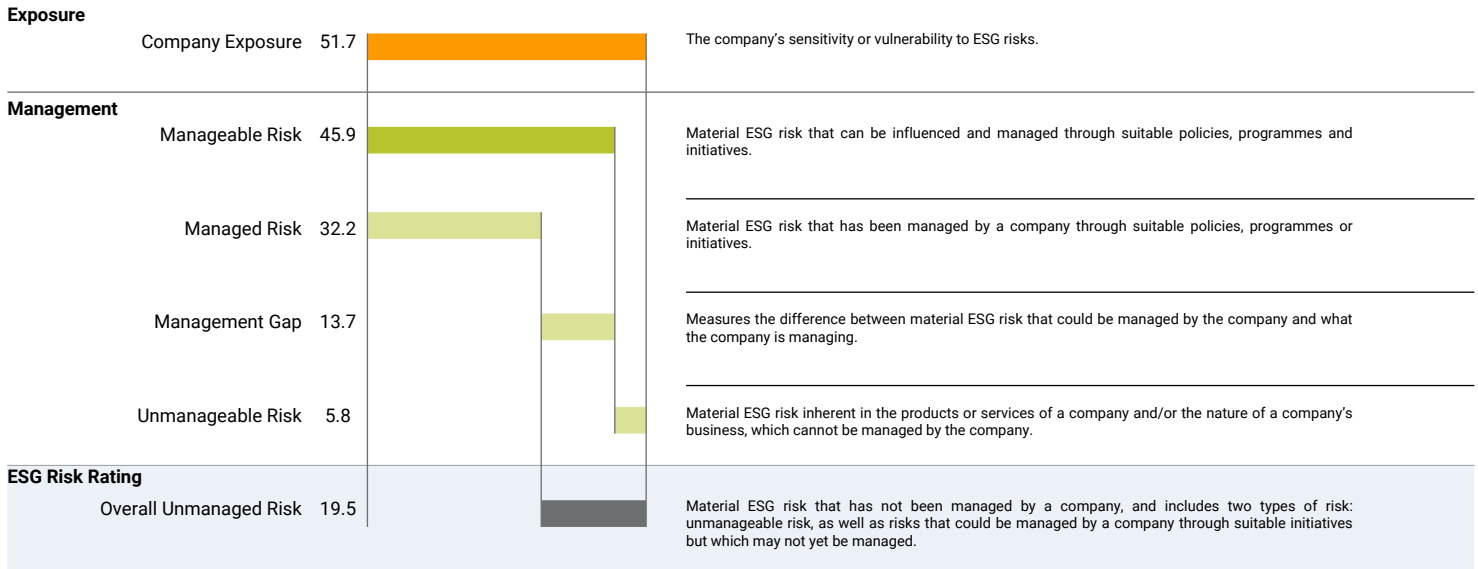
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19.5 Low Risk



Risk Details

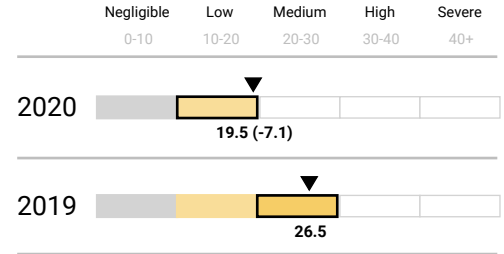


Momentum Details

ESG Risk Rating Momentum Score: -7.1

Improved ↗

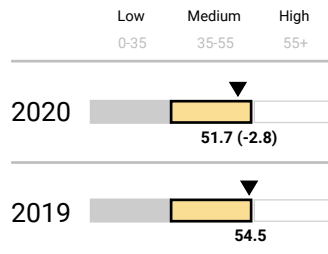
The company's risk score has decreased significantly in the past year, and its risk category has improved.



Exposure Momentum Score: -2.8

Stable ⇨

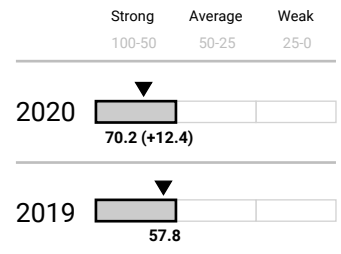
The company's exposure score has decreased in the past year, but its exposure category has remained stable.



Management Momentum Score: +12.4

Stable ⇨

The company's management score has increased significantly in the past year, but its management category has remained stable.



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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