



— Resilient business

We were swift to respond to the crisis by putting in place our HEALTH, COST & CASH action plan with urgency. Keeping our business resilient throughout the pandemic, we outperformed our targets.



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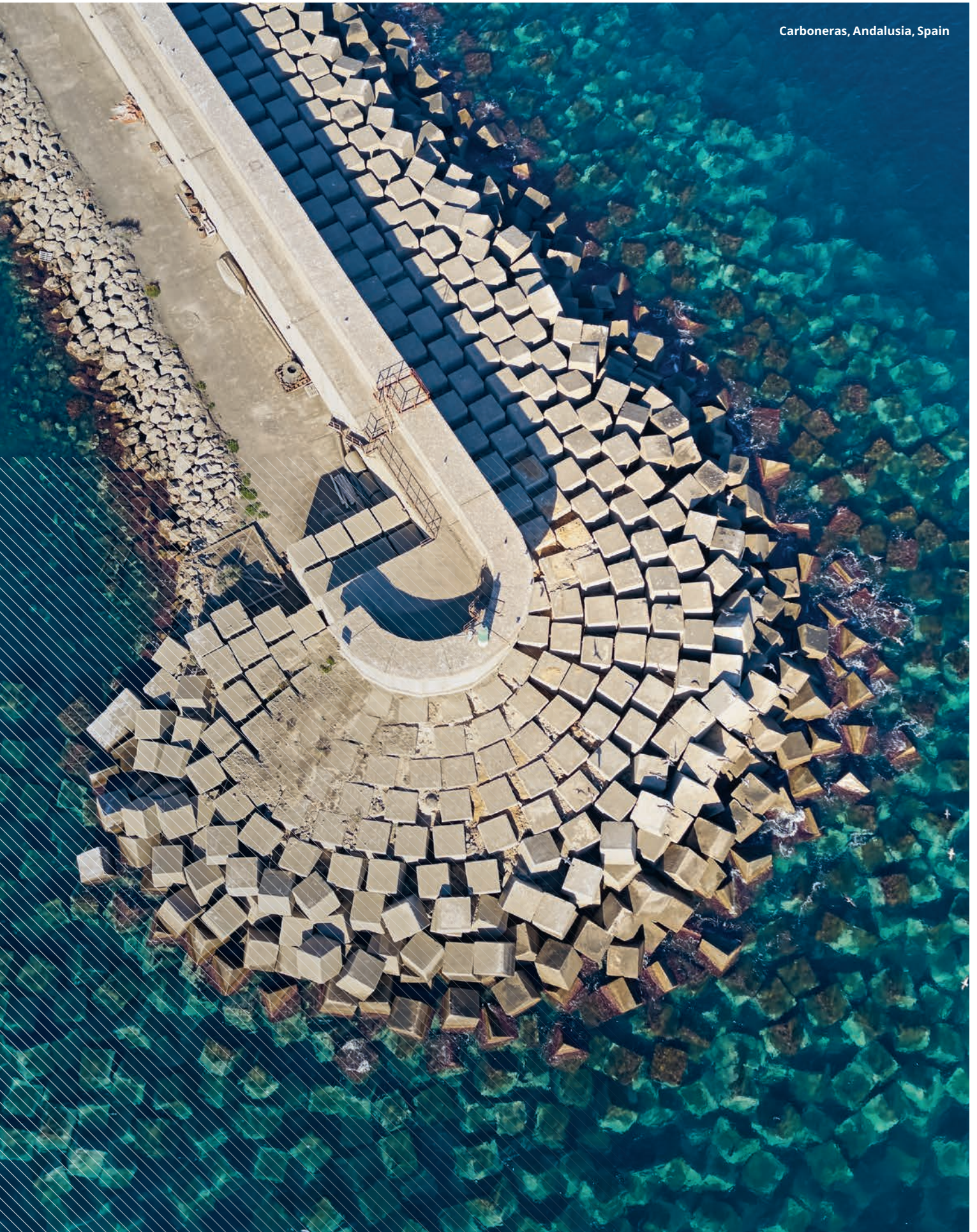


Millau, France - Viaduc de Millau

We are ready as the world

**builds back
better**

to support government
stimulus packages.



— A plan for resilience: HEALTH, COST & CASH



Delivering for
retail customers,
Ecuador

Fast and disciplined execution of “HEALTH, COST & CASH” action plan

1

Execution of action plan in all countries

2

Reduction of Capex by at least CHF 400 million compared to 2019

3

Reduction in fixed cost by at least CHF 300 million in 2020

4

Reduction of Net working capital at least in line with level of activity

2020 performance

Record Free Cash Flow after leases of over CHF 3.2 billion

Recurring EBIT margin improvement across all regions

Global building patterns changed decisively over the course of 2020.

When the first signs emerged in early January that a potential pandemic was unfolding in the Chinese city of Wuhan, LafargeHolcim, operating in over 70 countries around the world with 70,000 colleagues, was quick to set up a cross-functional Business Resilience Team (BRT). Its aim was to protect its people, their families, and the Group's wider stakeholders through medical preparedness, awareness and training.

By March 2020, we launched the action plan “HEALTH, COST & CASH” to clarify the measures that would not only protect our people, suppliers and communities, but that could mitigate the financial impact of the COVID-19 pandemic on our

business. As of the end of 2020, we have helped millions of families get through the crisis while over-achieving our cost targets. Fixed costs were reduced by CHF 385 million on a like-for-like basis compared to 2019, surpassing the initial target of CHF 300 million for the full year. Lower energy prices and review of third-party spend has led to another CHF 125 million savings. Reduction of CAPEX and Net Working Capital were also substantial.

We also saw the full power of our decentralized and diversified business model. Individuals and families powered a surge in small-scale homebuilding as they sought to protect household savings, especially in emerging markets. This trend was amplified as the pandemic increased the premium on better living conditions and builders reached for premium brands. Our strong distribution and marketing efforts put us in position to capitalize on these trends. We marked record performances in markets where a significant share of business is in retail – notably across Latin America, where we expanded our retail network to over 2,500 stores.

The focus also intensified on building at the largest scale to support more sustainable living with roads, bridges, railways and other forms of infrastructure that keep our economies and societies running. The extension of the UK's high-speed rail network, for example, will

Supporting a transition to a renewable world

Our green concrete product, ECOPact, is being used to build rail networks, improving sustainable transport across Europe. Our 3D printing technology is helping to build more powerful wind farms at lower cost. And with our partners, we have delivered bioactive concrete to make coasts more resilient and protect marine habitats.

use 800,000m³ of ready-mix concrete from our ECOPact range, supplied by Aggregates Industries, to meet the project's performance and low-carbon requirements. We are ready to support the construction and renovation of buildings and infrastructure as part of the US economic recovery ‘Build Back Better’ plan, particularly once the Firestone acquisition closes (see pages 10–13).

At the end of 2020 we were already engaged in billions in infrastructure commitments. Looking forward, we expect a wave of construction-focused stimulus to turbo-charge our business over the next few years, beginning in 2021. With our global footprint and commitment to advancing sustainable construction, we look forward to driving a green recovery.

Bolt-on acquisitions

Advancing our “Building for Growth” strategy, we completed eight bolt-on acquisitions in 2020 in the US, UK, Canada, Australia and Switzerland. We anticipate further bolt-ons in 2021, accelerated by the development of our Solutions & Products segment.

— Innovating for all

In 2020 we showed the potential of building smarter and greener in a way that works for all – especially in our pioneering applications of 3D printing.



Clean energy

Accelerating clean energy

Partnering with GE Renewable Energy and COBOD, the globally leading 3D construction printing company, we are developing wind turbines with optimized 3D printed concrete bases (pictured). Traditionally built in steel or precast concrete, wind turbine towers have typically been limited to a height of under 100 meters. With 3D printing we're aiming to reach record heights up to 200 meters. Taller towers can capture stronger winds, thereby generating 33% more renewable energy per turbine or more compared to conventional wind towers, accelerating access and use of renewable energy worldwide. Through continued innovation we have reduced the time required to print the bases from three weeks in 2019 to three days in 2020.



Reinventing the classroom

Building for access to schools

We're not just bringing the digital revolution to the customer experience. We're also helping to transform construction itself, for example by enabling next-generation techniques such as 3D printing.

While still at an early stage, 3D printing holds the promise of building customized structures at reasonable cost, with shorter production times and a lower carbon footprint.

In 2020, we brought that potential to life through a number of ground-breaking projects that exploit the technology's potential to reinvent the world to work for people and the planet. In Malawi there is a shortage of 36,000 classrooms. Through our joint venture 14 Trees, we can build schools using 3D printing technology to clear that backlog. That means putting generations of kids in schools who might otherwise have been left out. The first school was printed in November 2020. In addition to reducing construction times, 3D printing also helps lower CO₂. These projects are great demonstrations of how we can shape a world that is smarter, driving innovation and digitalization to make more with less.

Keeping worksites safe

Digital: the new normal

The COVID-19 crisis also enhanced our use of digital tools to increase efficiency and keep our customers safe. The ConcreteDirect app kept critical construction activity going for large customers without compromising the need for social distancing. Between March and October of 2020, US-based orders through the online app tripled, while nearly half a million touchless deliveries took place since the functionality was introduced in April 2020.

The success has been equally impressive in emerging markets, where we recorded a strong volume increase of cement bag sales. In the Middle East Africa region, for example, the adoption of the Lead Retail mobile app has more than quadrupled over the last six months.



— Our people

Our people demonstrated resilience throughout the pandemic with our empowered and agile performance culture.

The crisis hit fast and we were prepared to take protective measures for the business, employees and suppliers in all operations worldwide. Through a set of coordinated actions, all local operating companies established business resilience teams (BRTs) in their countries. These BRTs protected employee health in the workplace and kept our sites fully safe environments. Home working, safe working practices, mental health support and other initiatives were rolled out across our operations.

Our results rose above expectations. More than 500 P&L leaders lived up to the spirit of accountability and performance, driving business resilience plans across our markets and leveraging digital tools, chatbots and employee surveys to stay connected.

Diversity and inclusion (D&I)

Our global D&I strategy serves as a foundation to shape local D&I agendas, with specific focus at Group level on gender equality and preparing for the next generation of talent. Countries add further D&I priorities in line with their specific situation.

Making D&I a human resource priority, the strategy aims to ensure that 25% of our senior management is comprised of female executives by 2025. In particular, we target gender balance in sales and operational roles, as well as attracting and developing talent at an early career stage. Action plans look at recruitment and retention, pay equity, non-discrimination and other arrangements to support an inclusive workplace.

Leaders of tomorrow

Twelve percent of senior leaders and 6% of P&L leaders were nominated in 2020 mostly through internal promotions. Talent and succession management processes strengthened those strategic talent pools going forward.

Committed to continuous learning for our people, in 2020, we rapidly transitioned key trainings from face-to-face to online platforms, to not let learning stop due to pandemic restrictions. Our central e-learning platform, which all employees on all levels can access at any time, had five times as many participants as it had in 2019. While the number of learning hours per employee went down slightly at managerial levels as managers needed to reinforce their leadership in times of crisis, it remained stable at non-managerial levels. The total number of employees trained was also not impacted by the crisis.

The shift to more self-paced online learning is also a move towards higher responsibility of each employee for their own learning and development. As we look ahead to next year and beyond, we will leverage this opportunity and continue to build new ways of learning and development in the digital learning world.

LH Business School went into its third year with virtual sessions for all our senior leaders, focusing on leadership and strategy execution in times of crisis.

Living up to our values

With Health & Safety as our core value, 2020 provided the perfect opportunity to demonstrate this commitment to our people and communities.

We maintain a regular dialogue with employee representatives and union organizations in all our countries. The European Works Council increased the frequency of its meetings due to the COVID-19 pandemic, and has been a key forum for monitoring the health of our employees. The exchange with the global union federations has mainly focused on Health & Safety (see page 50).

Employer of choice

We also launched our Employer Value Proposition (EVP) globally, inspired by the attributes of sustainability, curiosity, diversity, performance, growth and collaboration. Our new EVP provides the framework to present some of our company's people initiatives like the early leaders recruitment campaign, talent forums and internal engagement and communication outputs.

As the leading global construction materials and solutions company, we aim to be an employer of choice. This is supported by a competitive reward framework which is designed to reinforce the LafargeHolcim strategy by attracting, retaining and motivating our people to deliver outstanding performance. We are also one of the first companies in Switzerland to introduce a measurable sustainability objective in the long-term incentive plan.

Women on Wheels Hima Cement

Following our global “Women on Wheels” program, Ugandan colleagues from Hima Cement created a company-owned fleet through truck leasing in 2018 and committed to hiring female drivers for half of its fleet. This has led to a positive impact on road safety. The strategy to own a fleet driven by female drivers has also been positive for customers: the public could see female drivers in big trucks with trailers and data shows that female drivers are more consistent in delivering product on time compared with their male counterparts.



Composition of senior management

83% Male
17% Female



● Male (83%)
● Female (17%)

Total number of employees

67,409

Employees by region

20,423
Europe

16,447
Asia Pacific

9,007
Latin America

9,911
Middle East Africa

10,111
North America

1,510
Other

— Health, Safety and Environment

Ambition “0” gaining speed, with over 95% of our sites reporting zero lost-time incidents.

Injury and illness performance

Our Lost Time Incident Frequency Rate (LTIFR) reached 0.50, down 25% vs 2019, and 53% since Ambition “0” was launched in 2017. In 2020, 95.9% of our sites and 42% of our countries had no lost-time injuries (LTIs) (up from 92.6% and 32% respectively). This year, LTIs took place in 94 sites vs 171 locations in 2019.

Regrettably, we had one employee and four contractor fatalities. Eliminating fatalities remains our top priority. This year we are reporting the lowest annual number of fatalities with a decrease of 76% since 2016. Eighty percent of our fatalities occurred in the Middle East and Africa region, where a turnaround plan has been put in place and is already showing results. Globally we have divided the number of fatalities by four and reached world-class levels in the frequency of lost time injuries. Although we won't be satisfied until we reach zero harm, our strategy Ambition “0” is working and producing the desired results.

We are pleased to report we had zero road fatalities with our own fleet.

Digital transformation

COVID-19 accelerated the digital transformation of our H&S activities. Face-to-face training has been converted into virtual classes with more than 35 online courses now available, such as “Operating during COVID-19,” which was

completed by 5,700 managers in 2020. Thirty-two Group H&S audits were also conducted virtually across 23 countries.

Our upgraded global reporting platform also went online, empowering teams to focus on critical risks, drive efficient implementation and leverage its mobile solution for on-the-ground risk assessments in 20 languages.

Operating during a pandemic

Our resilience and support response to the COVID-19 pandemic began in January 2020. More than 50 new protocols, visual guidance and checklists have been developed and implemented worldwide. The new H&S Minimum Requirements for Operating During COVID-19 has been put in place, partnering with trusted third parties and in line with best scientific information and local regulations. Despite work stoppages and home office restrictions, operations had largely returned to a safe, normal state by the second half of the year.

Bringing all teams up to standard

In 2019 we decided to replicate the very successful program we started in Mexico, “Boots on the Ground,” to improve H&S in India. We are pleased to report that India delivered a 83% fatality reduction overall in 2020 and, for the first time, zero on-site fatalities. This reduction was made by the enormous effort from the India management team to follow the program

with over 1.25 million hours spent in the field to monitor and ensure the health and safety of our workers.

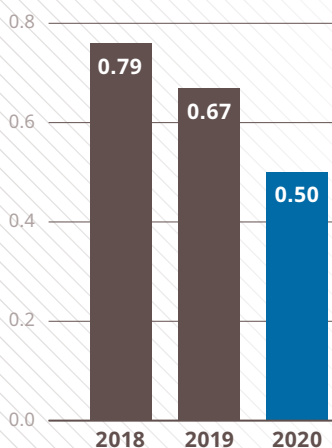
Based on the success in India, a fully focused Middle East Africa turnaround plan was launched to accelerate the implementation of H&S fundamentals, and included launching ‘Boots on the Ground’ programs across all countries in the region.

Launched in the third quarter of 2020, the plan has led to more than 51,000 assessments of industrial equipment, 3,000 improvement actions with a 62% closure rate by year-end. All Middle East Africa countries implemented good practices such as Weekly Safe Work Kick-offs, Housekeeping and Area Management programs along with being the first to launch our new global “Boots on the Ground” app.

Environment

In 2020 we made good improvements on environmental indicators, with dust emissions per ton of clinker reduced by 13.0%, as well as NOx by 0.3%. Our SO₂ emissions increased by 8.5%, mainly due to local constraints in accessing low-sulphur raw materials, but we continue to be one of the best performers in the sector. We reduced total dust emissions by 3,040 tons, NOx by 12,480 tons and SO₂ increased by 287 tons.

Lost time injury frequency rate (LTIFR)¹



¹ Assurance on 2020 figures for LTIFR and fatalities can be found in the Sustainability Performance Report on our website at www.lafargeholcim.com/sustainability.



Minneapolis,
Minnesota USA

Fatalities	2018	2019	2020 ¹
Employees	1	4	1
Contractors under our direct control	6	6	4

At one of our ACC
plants in India



This has been supported by improved collaboration and governance within the Group and the business lines on capital investments to speed up changes in our plants. This will accelerate environmental performance improvements on air emissions.

Given the importance of environmental performance we decided to merge the Health & Safety and Environment (HSE) function in the third quarter of 2020. The synergies between the functions will simplify operations and implementation of good practices.

We are now working on a fully integrated HSE management system, where the Group will support the business lines with enhanced standards to ensure that proper programs are in place at all sites. This will sustain our efforts toward operational excellence and ensure full compliance with stringent company requirements. The HSE management system will also support certification of local management systems.