From Pre-flight to Landing
CEO Checklist

Managing Compliance Risk
in a Holcim Company

HOLCIM

Safe & compliant
A word from our CEO

We operate in a demanding world. To succeed, we must be demanding on ourselves, setting and achieving the highest standards of performance. I expect nothing less from our business leaders in every country. These are my expectations:

- Deliver on your targets
- Honour your agreements
- Develop and be fair to your people
- Grow your business
- Be better at what you do

In all this, follow the principle of "cause no harm, do no wrong".

The CEO Checklist is a tool for you, to do no wrong. Like a pilot's checklist, it lays out the control settings and dashboard indicators to enable you to manage compliance risks while you "fly" the business.

Command your business. Be safe, be compliant.

Jan Jenisch
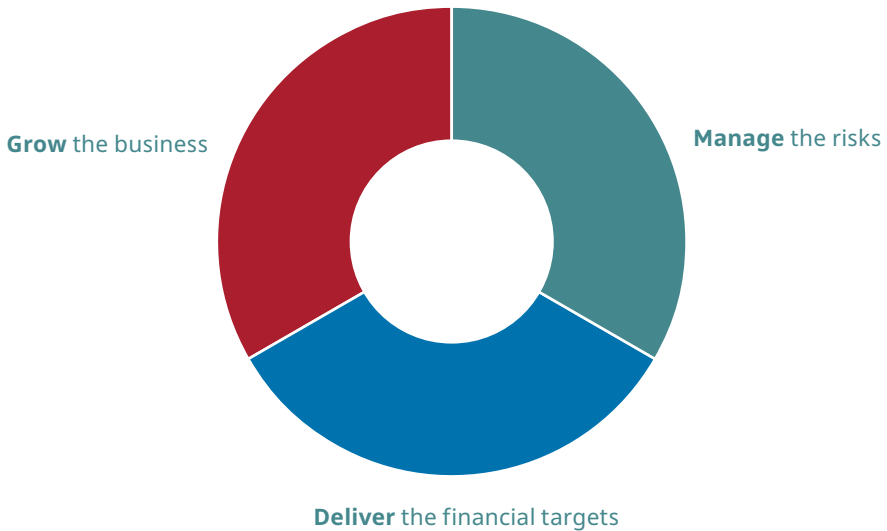
Pre-flight

Takeoff

Cruise/ Landing

Emergencies

Pre-flight

Pre-flight checks

As the CEO of a Holcim business, you have full accountability for the management and operations of everything that happens in the business.

CEO's Accountability

Grow the business

Manage the risks

Deliver the financial targets

Aligned with Strategy 2022 – "Building for Growth", the business comprises everything that is required to achieve these three objectives, and must perform in all functions of the business, such as Finance, HR, Communications etc.

→ **Ensure** you have visibility into all the functions of your business to shape or direct their activities to meet your needs.

→ **Develop** a core set of questions to ask your line and functional managers. Know how to interpret their answers and "read" the indicators for yourself.

Introduction

The Checklist	→ **This CEO Checklist** is a tool to help you identify compliance risks and manage mitigating actions in your business. Like a pilot's checklist, it is designed to provide quick prompts: What indicators do you need to monitor for safe flight? What control adjustments do you need to make to adapt to fluctuations in the cruise?
Compliance risks	→ **Compliance risks** are operational. They arise in the business within your scope of accountability and authority. They include the possibility of breaches of law and regulation or of internal business controls, such as the Code of Business Conduct (CoBC). The business has designed a system of controls to prevent compliance risks from occurring. Monitoring the performance of these controls is key to minimizing any potential risk.
Over to you, Captain	→ **The CEO,** like the captain of an aircraft, commands a team and extensive material facilities that form into a complex system. The interactions between the subsystems, the components and the people bring with them the potential risks of failure, breakdown, human error, negligence or even misconduct. → **Scan** the cockpit instrumentation for indicators of performance and risk, and direct your team accordingly. This checklist will assist you to identify the controls, how to monitor and adjust them, and how to ensure a "safe and compliant operation", just as a pilot ensures the safety and effectiveness of flight.

Takeoff

Takeoff checks

Setup	
Governance	→ **Assign** responsibility to a member of your management team to be your navigator for compliance policies and controls. → **Ensure** your navigator has sufficient authority to effect changes at your direction. → **Review** the effectiveness of your (1) risk management, (2) compliance and (3) internal controls in your business with your management team. (These three functional areas work together to reduce risk in your business operations.) → **Direct** the functional managers responsible for risk, compliance and internal controls to provide regular updates on their performance. Performance reviews should happen quarterly at minimum.
Risk assessment	→ **Conduct** an annual assessment of the risks facing your business. Look at operational and environmental risks, which could be compliance-related or external, yet have an impact on our business (e.g. reputationally). Draw on data from the business. → **Agree** on your top risks and mitigation actions at management team level, and assign responsibility for each action to a member of your management team. → **Integrate** and **track** the assigned mitigation actions through your regular business reviews; assess effectiveness of the mitigation, and opportunities for cost reduction or retirement of the risk (monetize the risk/opportunity differential).

Awareness	
Communications	→ **Set** the tone from the top by being vocal and role modeling.
	→ **Publish** your clear expectations with regard to zero tolerance for illegal and/or unethical conduct towards employees, contractors and customers. Make clear reference to the CoBC, local laws and regulations and other requirements of the business.
	→ **Encourage** employees and contractors to use their line manager channels or the Integrity Line to speak up when they have concerns about possible breaches. Demonstrate you have no tolerance for misconduct, or retaliation against persons who report misconduct.
Training	→ **Identify** who are your risk-exposed employees that require specific training.
	→ **Direct** your risk exposed employees to undergo training.
	■ For Fair Competition, an e-learning completion is required annually for medium and highly-exposed employees. For highly-exposed employees, face-to-face training is required every two years at minimum.
	■ For anti-bribery and corruption, e-learning and face-to-face training is required for risk-exposed employees. Similar training is also required for employees who are exposed to sanctions and export control risks.
	■ For data protection and privacy, face-to-face training is required for risk-exposed employees.
	→ **Check** that your compliance responsible and legal team are aware of the requirements and in communication with the Regional Legal and Compliance team.

Cruise/Landing

Maintenance and Cruise checks

Controls	
Code of Business Conduct (CoBc)	→ **Communicate** continuously and role model the CoBC to all employees while promoting a speak-up culture. → **Direct** HR to retain a record of all employees' signature and acknowledgement of the CoBC when hired.
Gifts, hospitality & entertainment	→ **Set** a limit for expenditure on gifts, hospitality and entertainment above which your approval is required (seek advice from your General Counsel or Compliance Officer if necessary). → **Direct** managers to strictly enforce the principle that no gifts, hospitality or entertainment will be permitted that might be seen as an improper inducement of the recipient.
Sponsored travel	→ **Define** and publish the conditions and approval requirements for any sponsored travel of third parties. No improper inducements.
Third-party intermediaries	→ **Direct** that no third-party intermediaries who represent our interests to government agencies, officials or state-owned enterprises be retained or contracted by the company without first undergoing the third party due diligence process.
Conflict of interest	→ **Remind** your employees to declare to their manager any personal interest or relationship that may conflict with decisions they need to make in the course of their responsibilities.
Donations and sponsorships	→ **Ensure** all sponsorships and donations are processed and approved in accordance with the applicable directive.
Price setting	→ **Ensure** that all price setting, discount setting, and (individual) price decisions are documented in accordance with the Commercial Documentation Directive.
Contacts with competitors	→ **Direct** that all contacts with competitors be reported in accordance with the Commercial Documentation Directive, and that any questions concerning fair competition are referred for legal advice.
Customer/supplier screening for sanctions	→ **Ensure** that all third parties with whom we transact have been screened for sanctions prohibitions [selected countries only; seek advice from your Compliance responsible].

Monitoring

→ **Review** (quarterly) the performance reporting for Compliance:
   - ■ Progress rate on training completions
   - ■ Progress rate on communications targets
   - ■ Progress rate on internal controls (compliance) effectiveness
   - ■ Progress rate on internal audit (compliance) actions
   - ■ Progress rate on Business Risk Management (compliance) mitigation actions
   - ■ Progress rate on Third Party Due Diligence (TPDD) screenings

→ **Direct** your compliance responsible to prepare the review.
→ **Review** effective testing results for the Minimum Control Standards (MCS) of the Group.

Compliance performance reporting is collected and published with full visibility for country, region and Group management, using a simple "six-pack" of indicators.

Based on numeric "record and track" indicators, a manager can see at a glance how the Compliance program in the business is performing.

Country			
Country CEO Name			
Country Legal Head Name			
TNG	☐	COM	☐
ICE	☐	IAA	☐
BRM	☐	TPD	☐

Emergencies

Emergency checks

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Whistleblower reports	→ **Encourage** employees to speak up to management or through the Integrity Line. Publish a company-wide notice at least once per year.
	→ **Refer** all reports to your local General Counsel in the first instance to assist with assessing how to respond to the matter. Seek advice from Legal & Compliance whenever you have concerns.
	→ **Whistleblower** reports are summarized on a quarterly basis at Region and Group level. (Summary at country level is not done due to privacy issues.)
	→ **Note** the quarterly reports and share them with your management team as applicable.

Integrity Line reports by region and average aging of investigations

Region LATAM			
Region Head Name			
Regional General Counsel Name			
TNG %	☐	COM %	☐
ICE %	☐	IAA %	☐
BRM %	☐	TPD %	☐
ILR #	☐	AVG days	☐

Investigations	→ **Support** investigations when they occur in the business. Seek advice from Legal & Compliance whenever you have concerns.
Remediation	→ **Lead** remediation efforts in your business, supported by HR, Legal and line management as applicable. Seek advice from Legal & Compliance whenever you have concerns.

Appendix

Compliance sub-system descriptions

The following section lists the various support materials for the checklists, which in turn detail the requirements of the main compliance policies and directives.

Controls	Key takeaways
Compliance Policy	This policy sets out the overall structure of Compliance at Holcim, promoting a culture of integrity, and the higher-level roles and responsibilities to prevent, detect and respond to failures in integrity.
Code of Business Conduct (CoBC)	The CoBC defines the behaviors expected of employees. Every employee is expected to conduct themselves in accordance with the code, without exception.
Anti-Bribery & Corruption Policy	This policy sets out the relevant principles for business conduct and related rules when interacting with third parties whether public officials or commercial parties. It prohibits bribery in any form and enforces controls over payments, gifts, entertainment, hospitality and sponsorships.
Business Integrity and Speaking Up Directive	This directive sets out the basis for employees to report concerns to management, either directly or through the Integrity Line. Employees are encouraged to report concerns which will be investigated. Retaliation against an employee who reports a concern is prohibited.
Fair Competition Directive	This directive sets out the basic principles of fair competition and competition law that must be applied at Holcim and provides minimum standards on horizontal agreements, vertical agreements and dominance issues.

Controls	Key takeaways
Fair Competition Implementation Directive	This directive aims to ensure compliance with the Fair Competition Directive and sets out the Fair Competition training requirements and the scope and process of the Fair Competition Reviews.
Decisions with Integrity-Conflict of Interests	This directive identifies ways to avoid conflicts of interest improperly impacting the business through disclosure and other mitigations.
Commercial Documentation Directive	This directive sets out the requirements for documentation of (1) competitor contacts, (2) internal pricing decisions, and (3) sources of market information.
Strategic Social Investments, Sponsorship and Donations Directive	This directive sets out the conditions that must apply when making donations or sponsorships to prevent bribery.
Gifts, Hospitality, Entertainment and Travel Directive	This directive sets out the conditions that apply when giving or receiving gifts, hospitality, entertainment or funding customer travel to prevent bribery.
Third Party Due Diligence (TPDD) Directive	This directive aims to reduce the risk of bribing public officials through the use of third parties. It mandates a specific procedure to subject the third party to due diligence and management approval.
Sanction and Export Control Directive	This directive sets out the process to avoid breaching sanctions or export controls. A breach of sanction occurs when we transact with a sanctioned party.

Notes