

European Business & Nature Summit

GS6 — Boosting sustainability innovation through biodiversity

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7 & 8 November 2019

#BusinessNatureSummit



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LAFARGEHOLCIM Building action for nature and people Boosting sustainability innovation through biodiversity

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LAFARGEHOLCIM

2018 at a Glance

Who we are

As a global leader in building materials, we run **4 business segments**:



Cement



Aggregates



Ready-Mix
Concrete



Solutions
& Products



Our focus is on **solving our customers' building challenges**, from individual homes to major infrastructure projects



Innovative and forward-looking, we are prepared to face urbanization, population growth and climate challenges



Employing around **75,000 people in around 80 countries**, we are a globally diverse team



5.1%
Net Sales Growth
(2017: 4.7%)

Net Sales FY 2018 =
27,66 million CHF



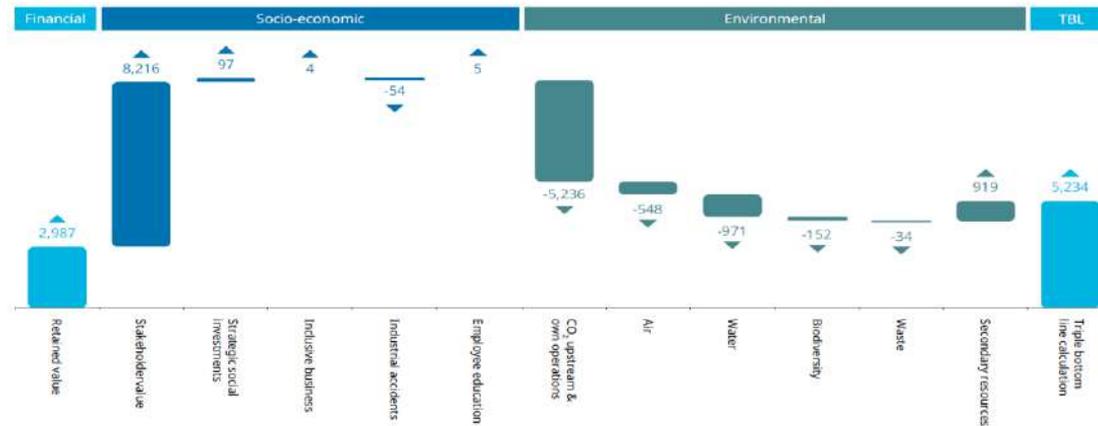
~ 48 mio CHF
investments
CSR projects



~ 15 mio
direct
beneficiaries

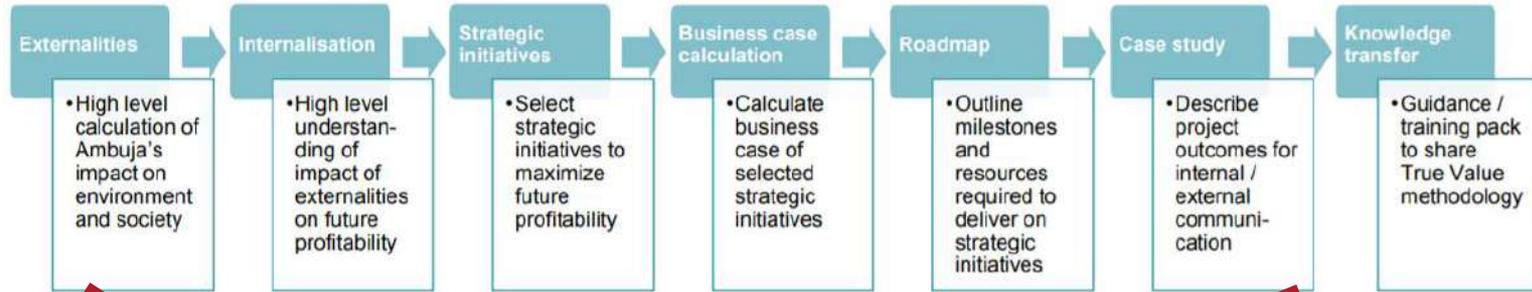
LAFARGEHOLCIM INTEGRATED PROFIT AND LOSS STATEMENT

A roadmap to prioritize strategic initiatives



IP&L APPLICATION ON BUSINESS DECISIONS: AMBUJA CEMENT

“True Value” and “SROI” are the basis of strategic social investment decisions



| Type | Activity | Explanation |
|------|--|--|
| E+ | Rainwater harvesting (Community) | Value created by rain water harvesting through various initiatives |
| | Land rehabilitated | Biodiversity value created by rehabilitating end-of-life quarries, e.g. by providing a habitat for species and/or recreational value |
| | Alternative fuels (Kiln + CPP) | Value created by using industrial/ agricultural waste as fuel, thereby diverting waste from landfill |
| | Bag recycling | Value created by diverting packaging from landfill and creating employment opportunities |
| | GHG emission reduction from renewables | GHG emissions reduction due to grid-connected renewable power |
| S+ | Downstream Foot print Reduction | Initiatives to reduce the water consumption by the customers |
| | Value-add | Economic value created through wages, interest paid, dividends, taxes, minority interest and the knock-on wealth creation effects of these |
| | Community schooling | Social value created by investing in education, resulting in increased earning potential |
| E- | ACF Activities (Health care) | Social value created by investing in healthcare resulting in prevention of earning losses and broader social value |
| | CO ₂ emissions | Environmental cost of CO ₂ represents the damage to ecosystems and economy resulting from climate change |
| | Replacement cost of limestone | Environmental cost of limestone is represented by its replacement cost, i.e. synthetic limestone |
| | Water extraction | Environmental cost of water extraction, including wildlife and recreation impact and the cost of recharge / replacement |
| | Waste | Environmental cost of waste to landfill |
| S- | Land Disturbed | Value of ecosystem services removed due to quarry clearing |
| | Other emissions | Environmental and social costs of particulate matter, SOx, NOx, and VOCs |
| | Health & safety | Social cost of fatalities and injuries |
| | Bribery and corruption | Social cost of bribery and corruption, represented by drag on GDP growth |



<https://www.ambujacement.com/Upload/PDF/AmbujaCementAnnualReport2018Web.pdf>

IP&L APPLICATION ON REHABILITATION: LAFARGEHOLCIM SPAIN

A Science-based tool is needed to value biodiversity and ecosystem services



environmental awareness



landscapes recovery

creation of valuable habitats
support to vulnerable species

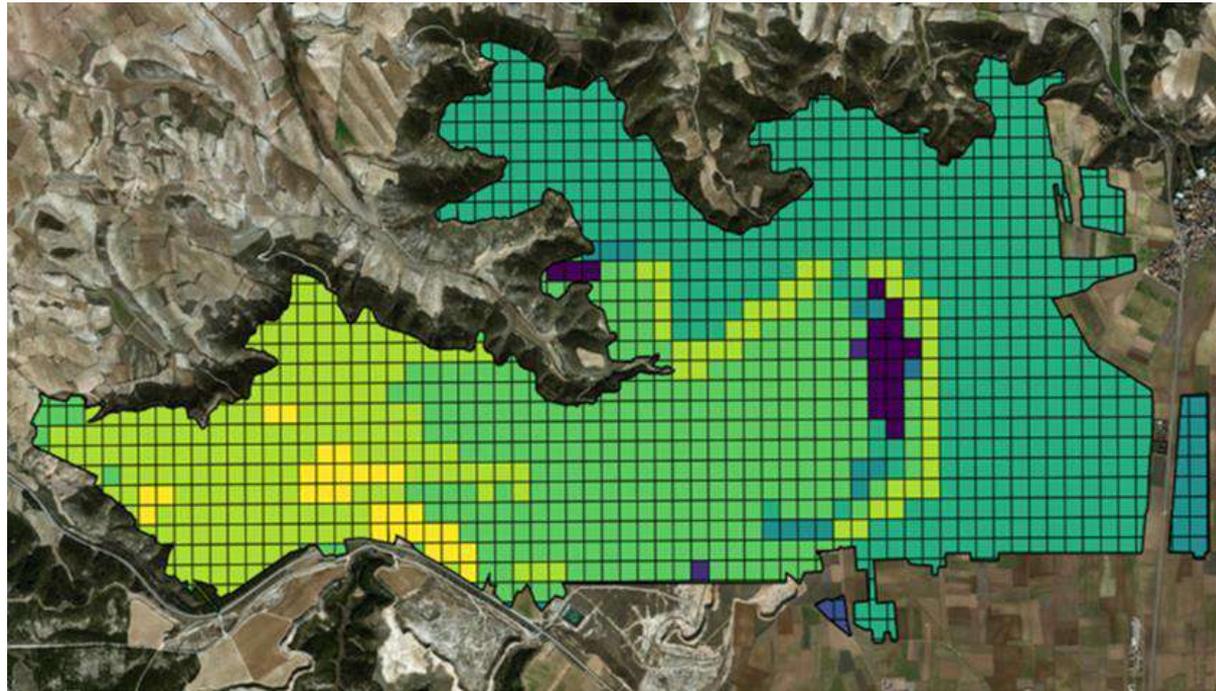


natural heritage



IP&L APPLICATION ON REHABILITATION: LAFARGEHOLCIM SPAIN

Preliminary results: Ecosystems mapping together with Eco@csa



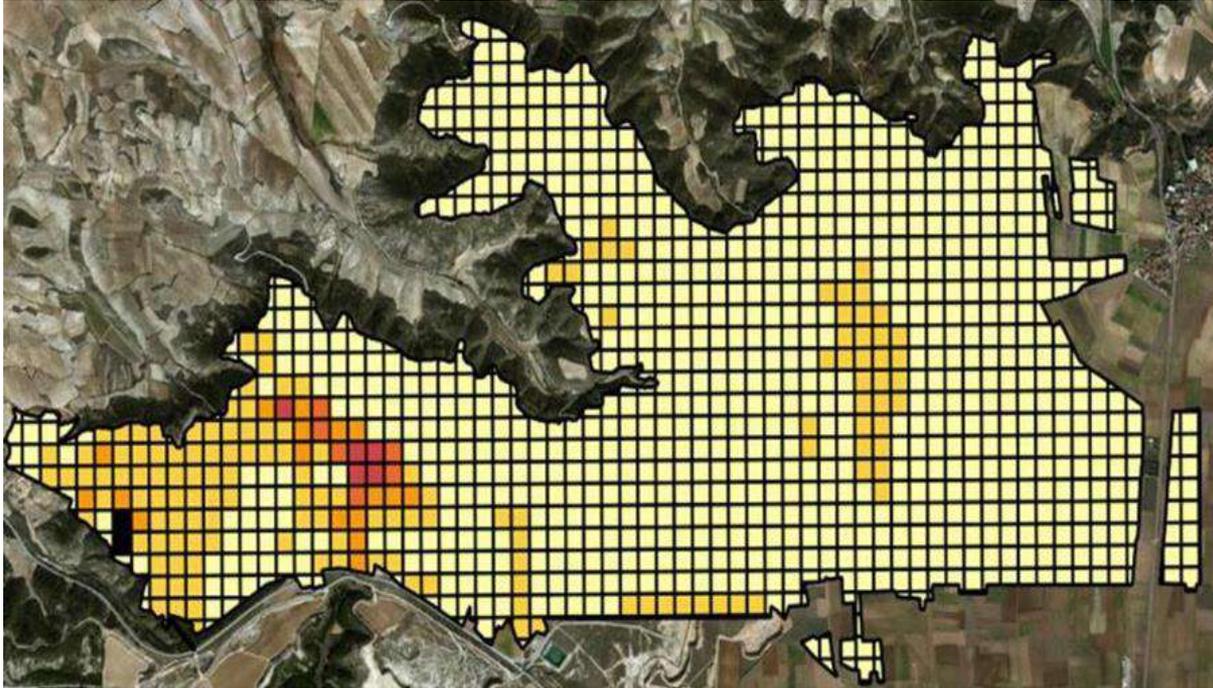
10 Ecosystem
services
aggregation



The oldest restored territorial units present **more Ecosystem Services** linked with biodiversity conservation goals, that those areas in agriculture use or under exploitation

IP&L APPLICATION ON REHABILITATION: LAFARGEHOLCIM SPAIN

Preliminary results: Ecosystems mapping together with Eco@csa



10 Ecosystem
services
economic values
aggregation



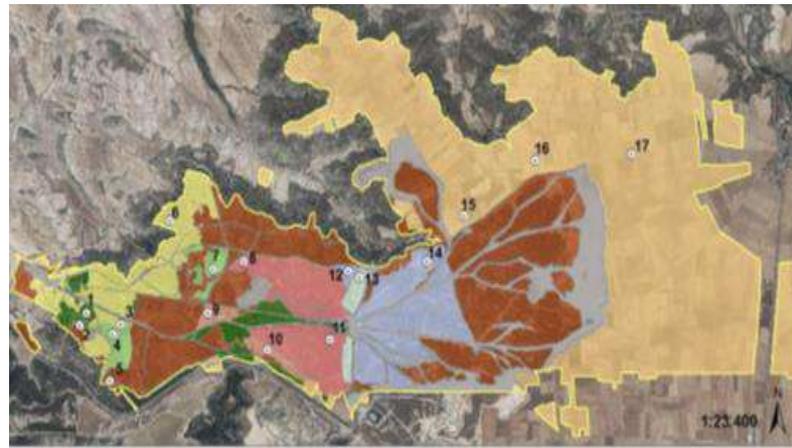
Older restored territorial units provide **more social value**, highlighting cultural ES, and ES provided from habitat with endemic or forestry species.

IP&L APPLICATION ON REHABILITATION: LAFARGEHOLCIM SPAIN

Natural Succession Rehabilitation: targeted rehabilitation approach together with partners



If traditional rehabilitation continued (mainly monoculture “pine” forest, agricultural land).
Site Biodiversity index 2017: ~ 2.2



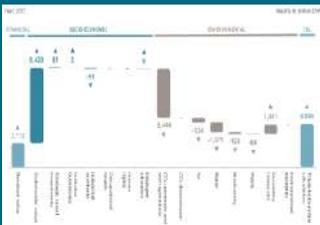
Current situation: More diverse habitats created through natural regeneration.
Site Biodiversity Index 2017: ~ 3.5.

Over-all, the “targeted” rehabilitation” approach will incur less cost (~ x savings) due to lower operating costs (less maintenance/preparation, higher survival rate).

NEXT LEVEL OF LH IMPACT VALUATION

Enable a long-term financial prosperity through performance beyond finance

Next level of LH Impact Valuation



Towards integrated reporting

Decisions
& Actions

“Long-term financial prosperity” by operationalizing impact valuation for business applications:

Reputation & comparability

VALUE BALANCING ALLIANCE:

Disclose to customers and stakeholders the positive impact of LH on society, using an “**accepted and comparable**” impact valuation approach.

LH joined forces on a 3-years non-for profit organization sponsored by OECD to:

- Standardize a model and calculation tool
- Align external disclosures
- Make the outcome available via the OECD
- Improve transparency about value creation

UEPG (European Aggregates Industry) represents:



The European (EU28+EFTA, 2017) aggregates production is **3 billion tonnes/year**, representing an annual turnover of an estimated €15 billion.

The aggregates industry comprises



15,000 companies (mostly SMEs).

Aggregates demand is just on



6 tonnes per capita per year.

producing at



26,000 sites (quarries and pits)

with just over



200,000 people employed (including contractors).



The aggregates sector is by far **the largest** amongst the non-energy extractive industries



Sand



Gravel



Crushed Rock



Marine Aggregates

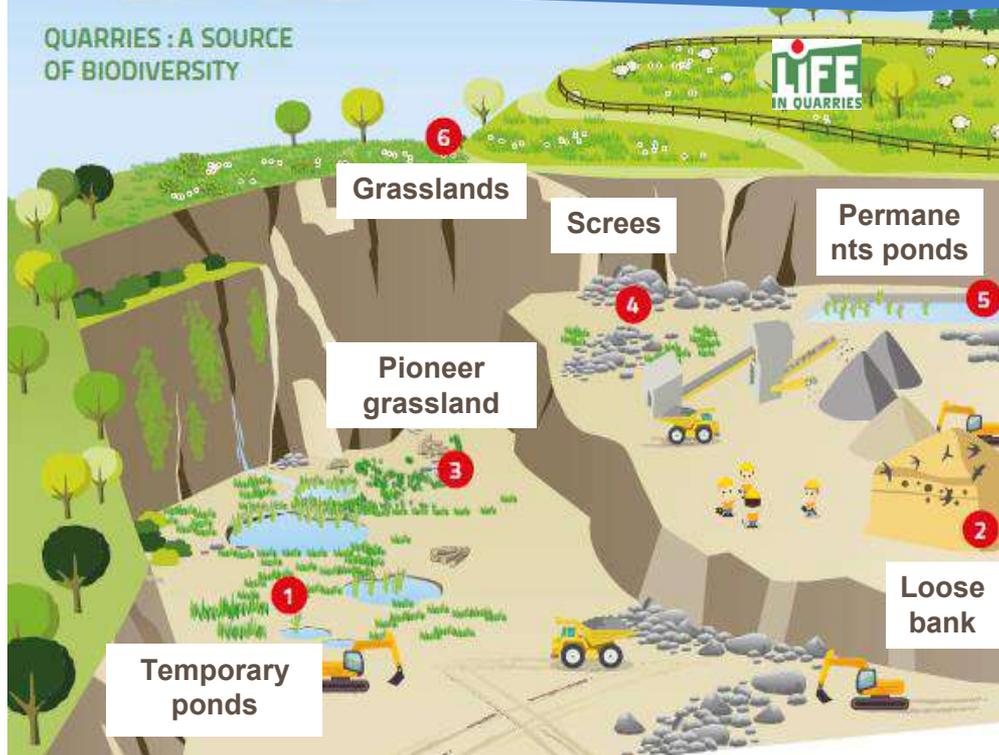


Recycled Aggregates



Manufactured Aggregates

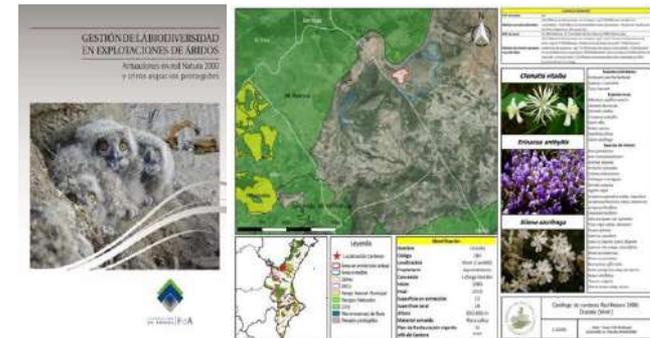
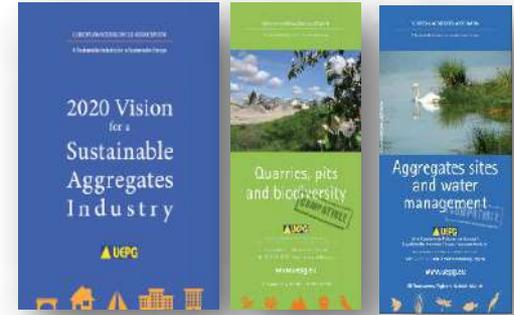
Aggregates extraction COMPATIBLE with Biodiversity



- **Aggregates extraction sites**, by their very specificities, can be **natural biodiversity havens**
- **Biodiversity Management Plans** help creating new habitats and attracting pioneer species **throughout the life of aggregates extraction sites**.
- A number of **Natura 2000 areas** have been designated **on former & active extraction sites** – which demonstrates the sector is an integral part of nature conservation areas and the Natura 2000 network

UEPG Biodiversity Task Force

- Raising awareness on sustainable extraction practices
 - Disseminating the practice of Biodiversity Management Plans
 - Developing Biodiversity Indicators
 - Communicating on innovative projects
 - Exchange of good practices and case studies across Europe
- + UEPG Sustainable Development Awards – Special Category for Biodiversity





LafargeHolcim