



Holcim Switzerland, Siggenthal cement plant © Meinrad Schade



## Holcim's Climate Strategy

# Too little – too late

### Summary<sup>1</sup>

Climate change is happening. The clock is ticking. The global consensus is that global warming must not go beyond 1.5°C. Yet, to stand a chance of achieving this 1.5°C limit, the remaining carbon budget must be distributed fairly among all actors. Currently, the global cement industry contributes up to 8% of the global annual carbon dioxide (CO<sub>2</sub>) emissions, since the production of cement is extremely CO<sub>2</sub> intensive. The Swiss-based cement group Holcim Ltd. is the biggest player within the cement and concrete industry, and among the top 50 largest CO<sub>2</sub> emitters in the world. Since 1950, Holcim has emitted over 7 billion tonnes of CO<sub>2</sub>, which accounts for 0.42% of all global industrial CO<sub>2</sub> emissions, or twice as many emissions as produced by the whole of Switzerland during the same period. Holcim has published a climate strategy which includes the ambition to become a net zero corporation by 2050. However, as this report shows, Holcim's climate targets and business strategy are not in line with the 1.5°C limit. This further exacerbates the climate crisis.

<sup>1</sup> The detailed report on this summary can be found here: <https://callforclimatejustice.org/climate-analysis>

This report looks at Holcim's past, current and future climate impact through assessing its past and present emissions, as well as its future emission reduction plans. It explains that Holcim has largely contributed to the climate crisis due to its enormous historical emissions. The corporation's 2021 emissions still account for three times the annual emissions of Switzerland and have risen in recent years. The report concludes that Holcim's emission reduction targets are incompatible with the 1.5°C limit. According to the latest climate science, to stand a 50% chance of achieving the 1.5°C limit with no or limited overshoot, absolute emission reductions of 43% until 2030, 69% until 2040 and 84% until 2050 from a 2019 base year are required.

While claiming to have scientific targets, Holcim has explicitly not considered the above stated 1.5°C Intergovernmental Panel on Climate Change (IPCC) emission reduction pathway but preferred to follow the cost-optimal sector-specific guidance provided by the International Energy Agency (IEA) and the Science Based Targets initiative (SBTi). Holcim's net zero ambition also includes a heavy reliance on Carbon Capture, Utilisation and Storage technologies for which technical, economic, social and scientific feasibility is not guaranteed.

The report finally dedicates a chapter to the SBTi, which is a multi-stakeholder initiative that helps companies set emission reduction targets and has validated Holcim's climate targets. It concludes that the SBTi methods for target-setting are reinforcing the status quo by neglecting important aspects for attributing the remaining emission budget while achieving the 1.5°C limit. This includes equity principles, in particular historical responsibility, and economic capability of emitting actors. The credibility of the SBTi is further weakened by several governance issues, which are detailed in the report.

It is important to highlight that carbon majors, including Holcim, are playing a fundamental role in the transition to a carbon free economy, since in relation to their greenhouse gas emissions, they are comparable to states. Innovative solutions are a necessity to adapt to new climate change realities. However, without rapid and drastic emission reductions, mere adaptation measures will not suffice. People around the world and particularly in the global South are already suffering severe damages and losses from current levels of global warming. These damages will increase in the coming years, if global warming is further accelerated. Therefore, there are no alternatives to rapid, urgent, and substantial emission reductions in order to achieve the 1.5°C limit.

Holcim has largely contributed to the crisis we are all in. And with its current climate strategy, the company fails to contribute to achieving the 1.5°C limit. Holcim has acted too late and does too little, given its larger than average historic responsibility and economic capability.

# Key Insights

## Cement

- **Carbon footprint:** The global cement and concrete industry produces up to 8% of the annual global emissions of CO<sub>2</sub>. To produce one kilogram of the most commonly used cement (Ordinary Portland Cement), almost one kilogram (911g) of CO<sub>2</sub> is emitted.
- **Use:** Cement is currently the most used material in global construction. Experts say that the material is largely overused.
- **CO<sub>2</sub> reductions possible:** Different studies show that cement production can become less CO<sub>2</sub> intensive. Furthermore, CO<sub>2</sub> emissions could be reduced by lowering cement overuse.

## Holcim's CO<sub>2</sub> emissions

- **Carbon Major:** Holcim is among the top 50 companies in the world that have emitted the largest amounts of CO<sub>2</sub> and is the biggest polluter within the cement industry.
- **Swiss Carbon Major:** Since 1950, Holcim has emitted over 7 billion tonnes of CO<sub>2</sub>, equivalent to 0.42% of global fossil fuel and all industrial CO<sub>2</sub> emissions worldwide. This is more than twice as much as the whole of Switzerland emitted during the same period.
- **Costs:** The damage caused by one tonne of CO<sub>2</sub> is estimated to cost EUR 195. If Holcim had to pay this price for its 2021 direct emissions only (scope 1), it would cost CHF 21.7 billion, which is close to Holcim's turnover of that same year (CHF 26.8 billion).
- **Rising emissions:** Despite continuous pledges to reduce its emissions, Holcim's absolute CO<sub>2</sub> emissions are currently on the rise.

## Holcim's climate strategy

- **Too late:** Despite the company's early knowledge of the carbon intensity of cement production and its detrimental impact on the climate, Holcim only started setting emission reduction goals in the early 2000s.
- **Too little:** To meet the 1.5°C limit of the Paris Agreement, absolute emission reductions are necessary. However, for most of its emissions, Holcim has only set relative goals to reduce the cement emissions per tonne of cementitious material, and even these goals fall short of what is needed. Holcim has not set goals for 2030 and 2040 to reduce the company's absolute emissions. The company claims otherwise and relies on the validation of its climate strategy by the Science Based Targets initiative (SBTi), which applies methods that grant big historical polluters greater emission allowances in the future than small polluters (see SBTi below).
- **Future heavy reliance on technology:** Post 2030, Holcim plans on a heavy reliance of Carbon Capture, Utilisation and Storage (CCUS) technologies to reduce its emissions and achieve net zero by 2050. There is substantial concern that this technology will not be scientifically, technically, economically, and socially feasible to be applied on such a grand scale, as Holcim plans it.
- **Misleading Labelling of ECOPact:** The labelling and advertisement of Holcim's ECOPact range as *'green concrete'*, as having *'net zero'* emissions, or referring to it as ecological is misleading. ECOPact products are less carbon intensive than conventional concrete, but they still cause CO<sub>2</sub> emissions. Such products should rather be labelled as *'less carbon intensive than conventional products'* and include precise information on their climate impact.

## Science Based Targets initiative (SBTi)

- **Holcim and the SBTi:** The multi-stakeholder initiative helps companies to set emission reduction targets and claims to use methods that are in line with the latest climate science. Holcim's climate targets are validated by the SBTi. Inconsistencies with the SBTi's methods and governance ultimately fall back on the integrity of Holcim's climate targets.

- **Deficient methods:** For target-setting, the SBTi suggests using one of two methods, both of which rely on the *grandfathering principle*. This principle is reaffirming the status quo, by granting big polluters more emission allowances in the future than small polluters. The SBTi methods neglect companies' historical responsibilities, capabilities and equity principles, as well as the internationally agreed principle of *Common but Differentiated Responsibilities* (Rio-Principle).
- **Governance:** The SBTi faces criticism over governance issues, such as its independence from the industry, financing, transparency, procedures in the validation process, as well as conflicts of interests. At the moment, the SBTi acts as both standard setter and validator without an independent third-party audit.
- **Risk of CO<sub>2</sub> overshoot:** Due to the use of deficient methods, the SBTi legitimise an overshoot of the remaining carbon budget for the 1.5°C pathway.

## Demands

Given the globally necessary reduction path to keep global warming below 1.5°C as defined in the IPCC's sixth Assessment Report, the *severity* and *irreversibility* of the adverse effects of global warming as well as Holcim's *historic responsibility* and *capabilities*, HEKS demands Holcim to set at the very least the following emission reduction targets to do its part to limit global warming to 1.5°C:

- a reduction target of **at least 43% of its absolute and relative emissions** (scope 1, 2 and 3) until 2030, compared to 2019 levels, and
- a reduction target of **at least 69% of its absolute and relative emissions** (scope 1, 2 and 3) by 2040, compared to 2019 levels.

## Context

In June 2022, HEKS/EPER asked Holcim to raise its climate targets to adhere to this 1.5°C compatible pathway. Stating that this IPCC pathway is not aligned with the cost-optimal sector-specific guidance provided by the International Energy Agency (IEA) and the SBTi, which they prefer to follow, Holcim declared that it would not follow this request.

Since Holcim is not ready to even take the emission reduction pathway necessary on a global average and to undertake rapid, urgent and substantial emission reductions to keep global warming below 1.5°C, HEKS/EPER supports the civil complaint against Holcim – *Asmania et. al v. Holcim* – launched by four Indonesian individuals (named Asmania, Arif, Bobby and Edi) from the Indonesian island of Pari, that is threatened to be submerged due to the adverse effects of global warming. Holcim's current voluntary climate actions and targets have shown to be insufficient in the climate urgency.

For the full, substantiated argumentation and all the references, please refer to the [full version of this report](#).

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### SWISS CHURCH AID

**Headquarters** +41 44 360 88 00  
 Seminarstrasse 28 info@heks.ch  
 P.O. Box heks.ch  
 CH-8042 Zürich IBAN CH37 0900 0000 8000 1115 1  
 Switzerland