

## **Financial\_Rubric**

[PAGE 1: THE HURDLE]

To: All Investment Sponsors From: Capital Allocation Committee Subject: THE MATH RULES

Listen. Capital is finite. Opportunity cost is real. If you want funding, your math needs to be bulletproof. We don't fund "nice ideas." We fund accretive returns.

The Golden Rules:

ROIC > WACC + 300bps: If the Return on Invested Capital doesn't beat our Weighted Average Cost of Capital by at least 3%, don't even book the meeting. We target double-digit ROIC. Period.

Payback Period < 3 Years: Unless this is a strategic infrastructure play (like a new kiln or quarry), I want my money back in 36 months. Speed matters.

Leverage Neutrality: We worked hard to get our Investment Grade rating back. Any deal that pushes Net Debt / EBITDA above 2.5x is dead on arrival.

[PAGE 2: CAPEX vs. OPEX]

Maintenance CapEx: Keep the lights on. Fix the kilns. Rule: Zero-based budgeting. Prove you need it.

Strategic CapEx (Bolt-Ons): We like "Small & Beautiful." Target: Aggregates reserves in high-growth US metros. Target: Urbanization Solutions in Europe. Avoid: Massive greenfield cement plants in unstable geographies.

[PAGE 3: THE "GREEN" PREMIUM]

If your project reduces CO2, we calculate the Internal Carbon Price.

We price internal CO2 at €80/ton (shadow price).

If your project looks expensive on paper but saves 50k tons of CO2, the shadow P&L might save it.

Show the math: Traditional ROI vs. Carbon-Adjusted ROI.