

HOLCIM'S TAX TRANSPARENCY REPORT 2021



France's Millau Viaduct, the world's highest bridge, uses Holcim cement and concrete.

THIS REPORT SHOWS OUR CONTRIBUTION TO ECONOMIC DEVELOPMENT, THE ROLE WE PLAY IN SOCIETY AND THE RIGOR OF OUR TAX PRACTICES



“

Sustainability is at the heart of our strategy, and finance is no exception. Being a responsible taxpayer wherever we operate strengthens our communities by funding essential services like education, health care and transport. This report shows our contribution to economic development, the role we play in society and the rigor of our tax practices. Being transparent on all these aspects of our business is an essential part of building progress for people and the planet.”

Jan Jenisch
Chief Executive Officer



“

Holcim is committed to promoting increased transparency in how companies approach tax and how much tax they pay. This is our second annual Tax Transparency Report and it reaffirms our commitment to sustainable economic development through the taxes and other governmental contributions we make.”

Géraldine Picaud
Chief Financial Officer



“

We are committed to creating shared value and improving the well-being of our communities worldwide. We go beyond holding a local-level social license to operate to create real positive social impact.”

Magali Anderson
Chief Sustainability and Innovation Officer

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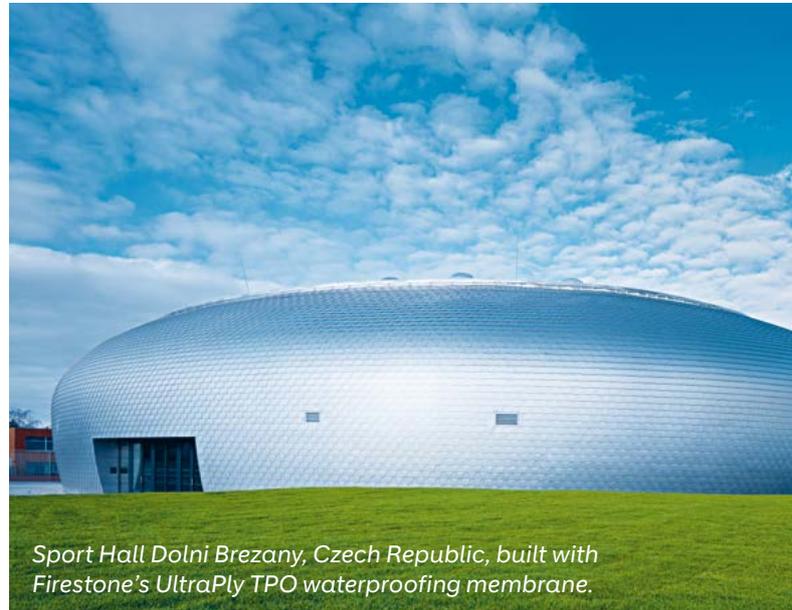
Holcim's tax strategy and how we deal with the taxes we pay

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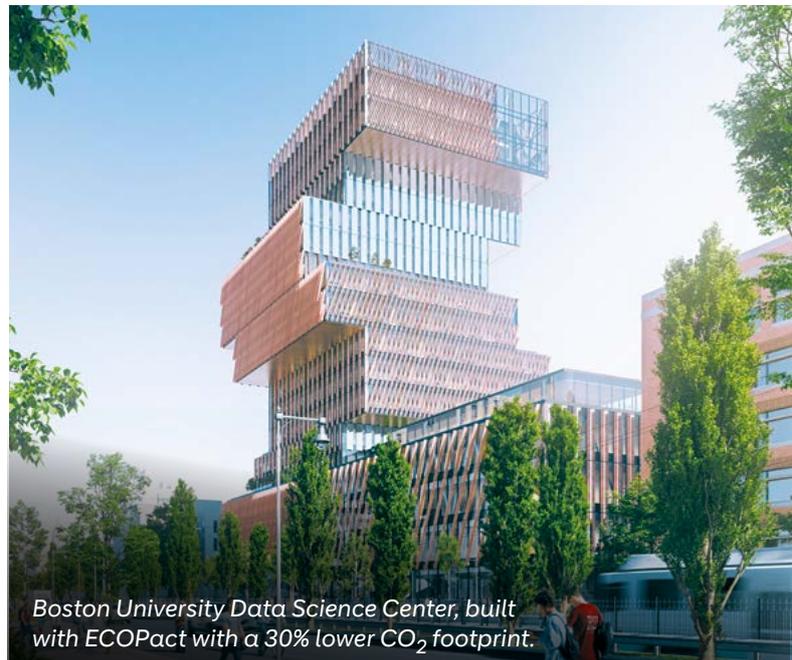
This section answers some of the questions readers may have on definitions and concepts used in the report



Striatus bridge in Venice, Italy, designed by ETH-Block Research Group and Zaha Hadid Architects. Made possible by Holcim and its proprietary TectorPrint 3D printing ink.



Sport Hall Dolni Brezany, Czech Republic, built with Firestone's UltraPly TPO waterproofing membrane.



Boston University Data Science Center, built with ECOPact with a 30% lower CO₂ footprint.

01. OUR VALUE CHAIN

A GLOBAL GROUP WITH SWISS ROOTS

Holcim is Switzerland's leading provider of innovative and sustainable building solutions. Holcim is listed on the SIX Swiss Exchange and is a significant employer in Switzerland with over 1,200 employees.

On 15 February 1912, Holcim established its first cement plant in the small farming village of Holderbank in the Swiss canton of Aargau. World War One put a temporary brake on the company's development, but soon it moved into Belgium, France, Lebanon, Egypt and elsewhere.

Post World War Two, the Group experienced a boom period with expansion into the USA, Brazil and South Africa. In 1958, the company listed on the Zurich and Basel Stock Exchanges in order to raise capital for further expansion.

Holcim never neglected its home market. Growth in Switzerland rose during the 1950s, which was greatly supported by the extension of the Swiss national road network and the power plant construction boom.

In the 1960s, Holcim began a phase of expansion in Latin America that would propel the Group to become a leader among global cement manufacturers.

The 1970s, 1980s and 1990s then saw further expansion into Latin America, China, Eastern Europe, North Africa and Spain.

In 2015, Holcim merged with Lafarge to become a world leader in the building materials industry. In 2021, Holcim acquired Firestone Building Products, further accelerating growth in the Solutions & Products business segment on its way to delivering 30% of Group net sales by 2025.

After 110 years in Switzerland, Holcim has grown from a single cement plant in Holderbank to a global leader in innovative and sustainable building solutions present in around 60 countries. Yet Switzerland remains the location of Holcim's headquarters, and plays an important role in the development of innovative building solutions and next-generation technologies.

Holcim unites some of the most trusted global brands in the building industry:



Holcim's brand portfolio is managed in Switzerland



STRATEGY 2025 – ACCELERATING GREEN GROWTH

With “Strategy 2025 – Accelerating Green Growth,” Holcim will become the global leader in innovative and sustainable building solutions. “Strategy 2025” has four strategic priorities:



ACCELERATING GROWTH

With today’s megatrends, from the rise in population and urbanization to improving living standards, the construction sector has never been more attractive. In this context, we will accelerate growth across all our markets with leading profitability and cash flow. Holcim’s profitable growth will be driven by innovative building solutions, from ECOPact green concrete to energy-efficient roofing systems. We will lead cement’s green transformation with solutions like ECOPlanet, including the world’s first cement containing 20% construction and demolition waste. We will further fuel our company’s growth with bolt-on acquisitions in mature markets in the aggregates and ready-mix concrete businesses. Strengthening our performance, we will scale up digitalization across our value chain, from operations and distribution to customer experience.



DIGITALIZATION

Digital technologies are central to our ability to build smarter and greener. We are digitalizing the construction value chain at scale, from operations to distribution and sales. We also harness open innovation to create an agile and data-driven culture, building a construction industry that is more transparent and collaborative.

*Foundation Louis Vuitton, Paris, France,
built with Ductal in 2014.
Architect: Gehry Partners.*



EXPANDING SOLUTIONS AND PRODUCTS

Thirty percent of our net sales will come from Solutions & Products by 2025. Growing closer to our customers, this business will expand its range of integrated solutions and systems from construction and energy efficiency to repair and refurbishment. This builds on our acquisition of Firestone Building Products, a global leader in roofing systems, as a new growth and innovation engine for the company. Roofing sales are already delivering double-digit growth in the USD 50 billion global flat roofing market and will double to USD 4 billion by 2025 with strategic investments and acquisitions.

SOLUTIONS & PRODUCTS

3.6BN 2021 NET SALES (CHF)
(+10.1% LFL)



FIRESTONE BUILDING PRODUCTS

The acquisition of Firestone was a milestone in expanding our Solutions & Products business. This iconic company is the platform for our growth into a global leader in roofing systems. We’re off to a great start with double-digit sales growth in 2021, sold-out positions and strong pricing, and continued expansion into Latin America. Synergies are on track and we are already leveraging cross-selling opportunities.

*Firestone solar roof at Apple Park,
Cupertino, USA.*

STRATEGY 2025 – ACCELERATING GREEN GROWTH CONTINUED



LEADING IN SUSTAINABILITY AND INNOVATION

Sustainability is at the core of our strategy, with the industry's first 2050 net-zero targets, validated by the Science Based Targets initiative (SBTi). Holcim will remain at the forefront of green building solutions with 25% of ready-mix net sales coming from ECOPact, which ranges from 30% to 100% lower CO₂ footprint. Leading the circular economy, we will recycle 75 million tons of materials across our business – including 10 million tons of construction and demolition waste by 2025. We will continue to deploy smart technologies, from 3D printing using 70% less materials, to green mineral components like calcined clay. We will further develop next-generation technologies, including 30 pilot projects in carbon capture, utilization and storage, in line with our target to operate at least one net-zero plant by 2030.



PLANTS OF TOMORROW

The Plants of Tomorrow initiative brings together a range of innovations aimed at improving performance, circularity and carbon neutrality. We aim to accelerate the adoption of new technologies and solutions across our entire value chain, from quarry to lorry. To date, we have deployed 800 applications across 180 plants, utilizing technologies from automation and robotics to artificial intelligence and digital twins. By 2025, we will reach more than 5,000 deployments.

Our innovation is focused on building greener cities.



DELIVERING SUPERIOR PERFORMANCE

We will deliver superior financial and ESG performance with best-in-class financial KPIs and a disciplined investment strategy, centered around sustainability, to drive profitability.

We will deliver these results by fostering a high-performance culture while operating at the highest level of ethics and integrity.

Our financial targets are:

3–5%
NET SALES
(Growth LFL)

OVER-PROPORTIONAL
increase in
Recurring EBIT LFL

45%
CASH CONVERSION

10%
RETURN ON INVESTED
CAPITAL IN 2025

Ratio of net financial
debt to EBITDA of under
1.5x in 2025

Our strategy includes ambitious 2025 sustainability targets in line with Holcim's net-zero roadmap, validated by the SBTi:

25%
of ready-mix sales from ECOPact, with 30% to 100% lower CO₂ footprint

10M
TONS
P.A. of construction and demolition waste recycled in our products and 75 million tons of waste recycled overall

500M
CHF OF GREEN CAPEX
P.A.

>40%
of financing agreements linked to sustainability goals



Parndorf Shopping Center, Austria, built with Firestone's RubberGard EPDM roofing system.

PRODUCT AND PROCESS INNOVATION

To maintain our position at the forefront of green building solutions, 80% of our resources in innovation are dedicated to sustainability and our cement process engineers in Holderbank, Switzerland are dedicated to developing new low-carbon manufacturing processes.

Holcim Research & Development (R&D) is driven in close partnership with our customers, who face today's major challenges: achieving energy efficiency, lowering the cost of construction, reducing our environmental footprint, and meeting high standards of aesthetics, health, comfort and well-being.

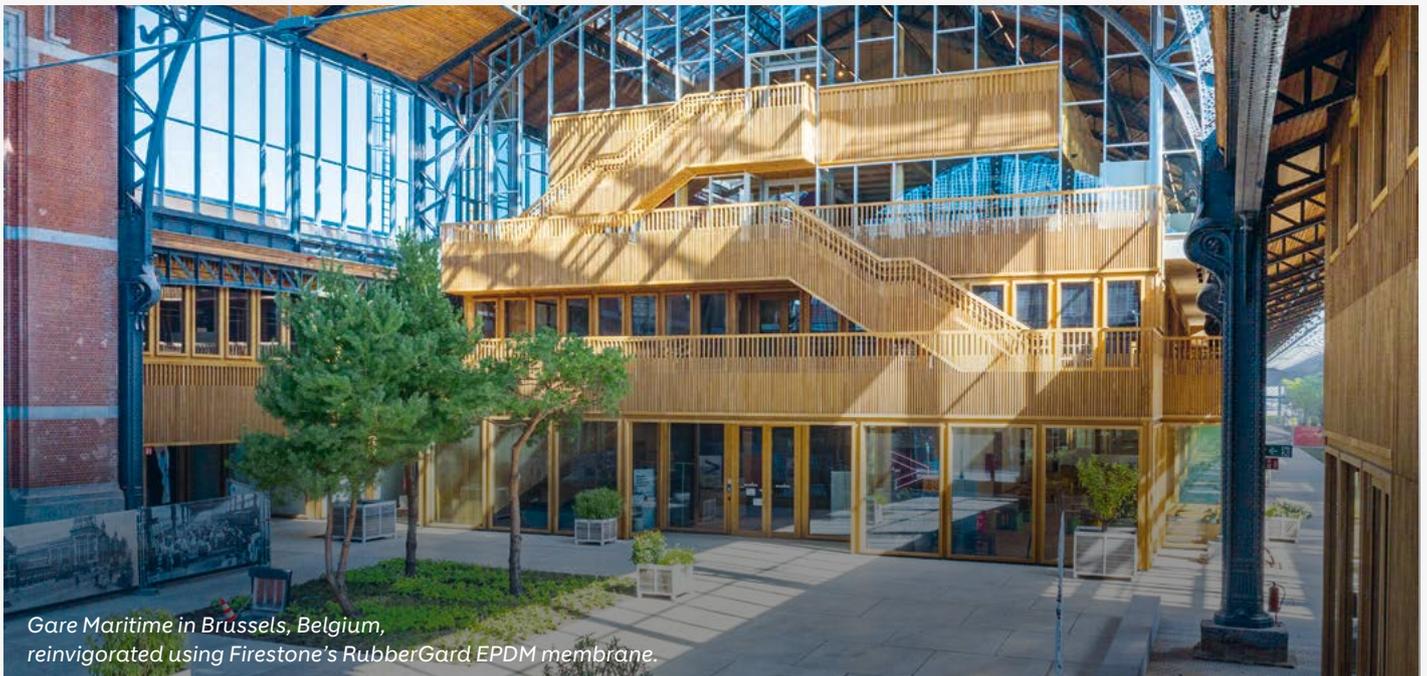
With the strongest R&D organization in the industry, Holcim seeks to constantly introduce and promote high-quality and sustainable building materials and solutions to our customers worldwide – whether individual home builders or developers of major infrastructure projects. Innovation is key to reaching our goal of net-zero emissions.

This is why over 65% of Holcim patents relate to sustainable solutions, with the most recent focusing on low-carbon products, calcined clays and improved substitutes to traditional Portland clinker, as well as carbon capture and use from our cement plants. We have 176 patent families in our patent portfolio, balanced across our value chain.

TAX INCENTIVES FOR R&D

Governments can use targeted tax incentives for specific policy objectives, such as protecting the environment, reducing carbon emissions, encouraging advances in areas like R&D and investments in their country. Investment by companies facilitated by tax incentives usually results in job creation and the expansion of infrastructure, aiding social and economic development. We use available and appropriate tax incentives and exemptions only where we have a qualifying business activity.

When available, we take advantage of R&D tax incentives in order to reinject such incentives into employment and further innovation investment.



Gare Maritime in Brussels, Belgium, reinigorated using Firestone's RubberGard EPDM membrane.

PRODUCT AND PROCESS INNOVATION CONTINUED

We are setting the pace of green transformation in our industry, becoming the first company to set 2050 targets validated by the Science Based Targets initiative.

Today we offer the industry's broadest range of green concrete with ECOPact, delivering high-performing, sustainable and circular benefits, with no compromise on performance.

ECOPact green concrete is sold at a range of low-carbon levels. Its sustainability profile is driven by low-emission raw materials and decarbonized operations, including the use of alternative fuels. As part of "Strategy 2025 – Accelerating Green Growth" and our commitment to leading the way with our green building solutions, we aim for ECOPact to account for 25% of our ready-mix concrete sales by 2025.

SWISS INNOVATION

Our R&D center in Holderbank, Switzerland was the first of its kind in the industry and our network of local laboratories span five continents.

In Switzerland our Susteno cement is made with 20% recycled construction and demolition waste inside, which we process into a high-quality cement additive, leaving a smaller environmental footprint.

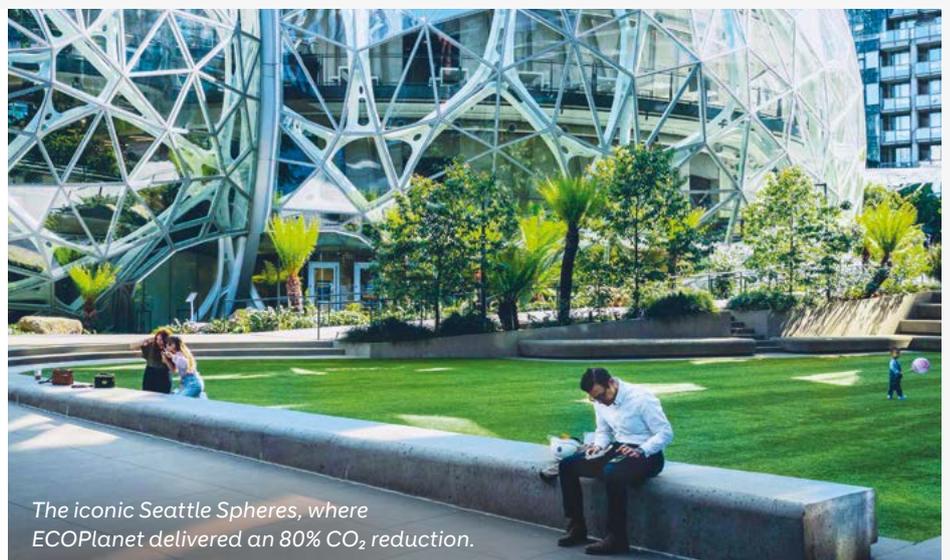


*Lisière d'une Tierce Forêt ('Tertiary Forest')
with Hydromedia permeable concrete in Aubervilliers, France.*

USING ECOPLANET IN THE SEATTLE SPHERES

ECOPlanet, our global range of green cement, enables low-carbon construction at scale.

A good example is its use in the Seattle Spheres – a LEED Gold-certified project at the cutting edge of sustainable building.



*The iconic Seattle Spheres, where
ECOPlanet delivered an 80% CO₂ reduction.*

WE ARE PUTTING SUSTAINABILITY AT THE HEART OF OUR OVERALL STRATEGY

Our approach to sustainability focuses on four areas – Circular Economy, Nature, People, and Climate and Energy.

These combined with our commitment to our employees and our economic contribution to communities reinforce our ambition to build progress for people and the planet.

→ Learn more on holcim.com/sustainability



We generate considerable local value for the communities in which we operate.

OUR SUCCESS AND GROWTH ARE SHARED FAIRLY AT EACH STEP OF OUR VALUE CHAIN

Our business model is locally focused and we generate considerable local value – both financial and social – for the communities in which we operate.

	WHAT WE DO	VALUE DRIVERS	OUR CONTRIBUTION TO THE COMMUNITIES
INNOVATION 	<ul style="list-style-type: none"> Development of a new technology, process or product Improve the performance, reliability, quality and cost efficiency of a technology or core product 	<ul style="list-style-type: none"> Digital innovation Process innovation Product innovation R&D 	<ul style="list-style-type: none"> Employment-related contributions (wages and taxes) Indirect taxes Property taxes
EXTRACTION AND PROCUREMENT 	<ul style="list-style-type: none"> Extraction and procurement of commodities used in Holcim products 	<ul style="list-style-type: none"> Access to raw materials (e.g. slag, gypsum) Access to clinker and cement Optimize energy supply (power fuels) Benefit from global sourcing 	<ul style="list-style-type: none"> Corporate income taxes Licenses, permits, fees paid to government Royalties Employment-related contributions (wages and taxes) Payments to suppliers and contractors Contribution to communities Withholding taxes on payments to suppliers and contractors Indirect and property taxes
MANUFACTURING 	<ul style="list-style-type: none"> Manufacture of products in dedicated facilities located in the market Significant investment in people and infrastructure 	<ul style="list-style-type: none"> Reduce energy cost and CO₂ emission Run production facilities efficiently Reduce clinker factor Efficient engineering and debottlenecking Reduce mean time between failures 	<ul style="list-style-type: none"> Corporate income taxes Employment-related contributions (wages and taxes) Indirect taxes Payments to suppliers and contractors Withholding taxes on payments to suppliers and contractors Property taxes
SALES/ MARKETING 	<ul style="list-style-type: none"> Sales are generated by marketing, advertising and promotional activities in the local markets 	<ul style="list-style-type: none"> Develop a market-oriented approach Build brand equity Develop alternative models (e.g. Digitalization) Deliver value through commercial performance 	<ul style="list-style-type: none"> Corporate income taxes Employment-related contributions (wages and taxes) Indirect taxes
LOGISTICS 	<ul style="list-style-type: none"> Logistics not only affects outbound transportation, it is also embedded in the rest of the value chain, such as transportation of raw or semi-finished product 	<ul style="list-style-type: none"> Optimize supply chain Reduce CO₂ emissions Optimize logistics costs 	<ul style="list-style-type: none"> Corporate income taxes Employment-related contributions (wages and taxes) Indirect taxes Payments to suppliers and contractors Withholding taxes on payments to suppliers and contractors

02. OUR TOTAL ECONOMIC CONTRIBUTION

IN 2021, HOLCIM CONTRIBUTED MORE THAN CHF 25 BILLION BACK TO COMMUNITIES ACROSS THE WORLD.

→ Learn more on [holcim.com](https://www.holcim.com)



EMPLOYEES¹

Employee expenses for salary, wages and incentives

CHF 3.8BN



PROCUREMENT¹

Payments made to our suppliers for the purchase of utilities, goods and services, of which 92% are local

CHF 17.8BN



PAYMENTS TO GOVERNMENTS²

Total taxes paid plus governmental fees and infrastructure improvements

CHF 1.9BN



SHAREHOLDERS, LENDERS AND INVESTORS²

Dividend and interest payments

CHF 1.9BN

**TOTAL:
CHF
25.4BN**



Free Waldorf School, Germany, built with Elevate RubberGard EPDM roofing system.

Figures are rounded to the nearest one hundred million.

¹ Calculated on an accrual basis.

² Calculated on a cash basis.

For more details on how we define these terms please see page 30.

03. THE TAXES WE PAY

IN 2021, TOTAL TAXES AND GOVERNMENTAL CONTRIBUTIONS PAID BY HOLCIM WERE CHF 1.9 BILLION.

The taxes and other governmental payments paid by Holcim are a significant source of revenue for governments. They enable them to provide essential services to their citizens and invest in their communities for the future.

Much focus is often placed on the taxes we pay on our profits but these taxes represent only 46.5% of our total tax contribution.

→ For more details on the total contributions we make, see page 11

PROFIT TAXES

include taxes on company income, profits and capital gains



PEOPLE TAXES

include all taxes and compulsory social contributions borne by Holcim in relation to the employment of staff



PRODUCT TAXES

include taxes and duties borne by Holcim on the production, sale or use of goods and services, including taxes and duties on international trade and transactions



PROPERTY TAXES

include taxes levied on the ownership or use of land or property



OTHER TAXES

include other contributions levied on the supply, use or consumption of goods or services borne by Holcim



OTHER PAYMENTS TO GOVERNMENT

include other payments made to government, including royalties, governmental fees or infrastructure contributions



TOTAL:
CHF
1.9BN

WE CONTRIBUTE WHERE WE DO BUSINESS

89% OF THE **CHF 1.9 BILLION** PAID TO GOVERNMENT IS LOCATED WHERE 90% OF SALES OCCUR

North America

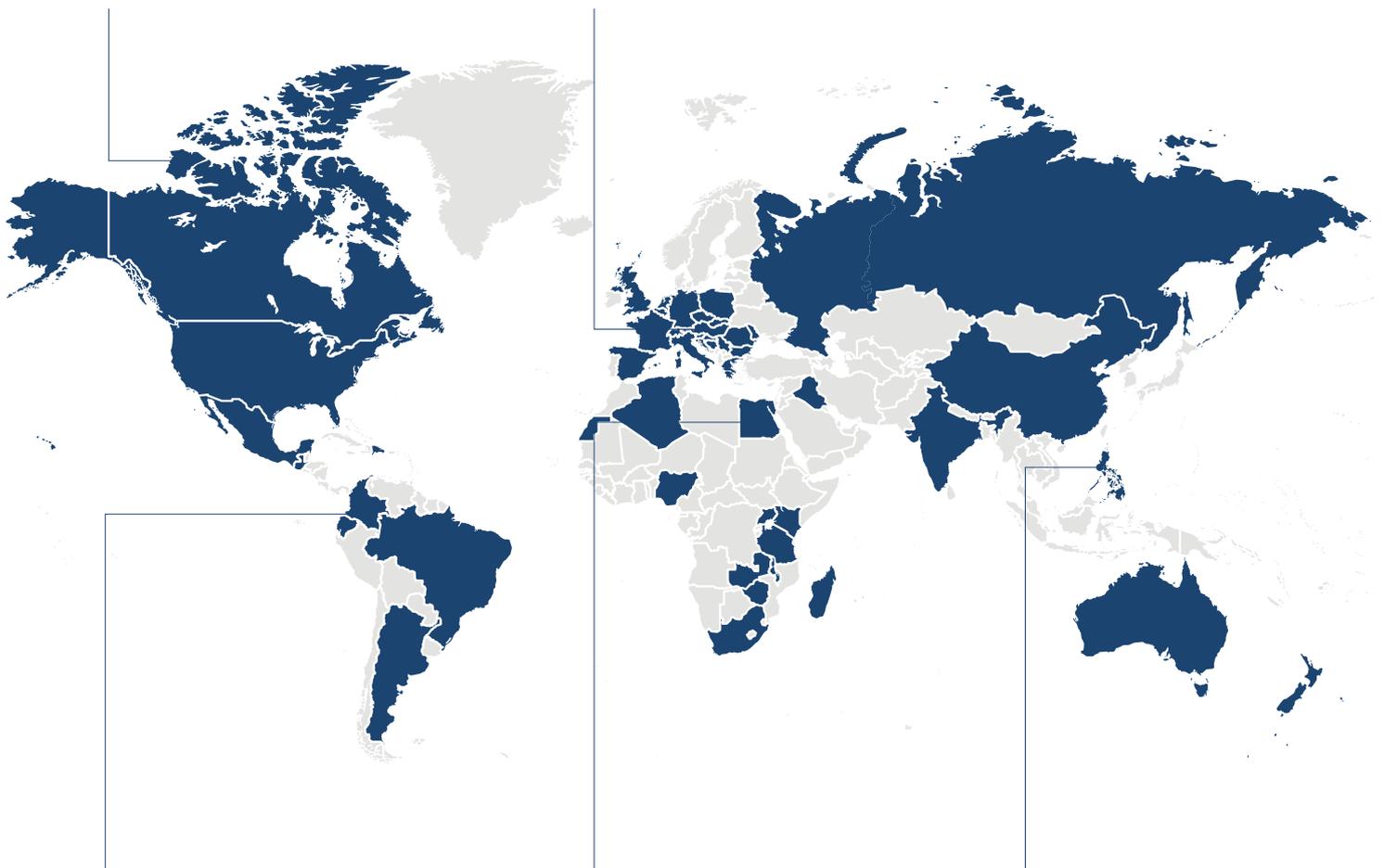


Europe



KEY

- Net sales (CHF)
- Taxes and governmental contributions (CHF)



Latin America



Middle East & Africa



Asia Pacific



OUR LARGEST COUNTRIES

We have included below an overview of the countries that account for the majority of the taxes and other governmental payments.

These are ordered by revenue with the largest markets shown first, and represent 80% of the total paid to governments across the globe.

On the following pages we provide additional analysis on these countries.

COUNTRY		TOTAL PAYMENTS TO GOVERNMENT
1.	USA	CHF 300 million
2.	India	CHF 225 million
3.	Canada	CHF 174 million
4.	France	CHF 140 million
5.	Mexico	CHF 129 million
6.	United Kingdom	CHF 123 million
7.	Switzerland	CHF 85 million
8.	China	CHF 60 million
9.	Algeria	CHF 54 million
10.	Ecuador	CHF 50 million
11.	Poland	CHF 38 million
12.	El Salvador	CHF 37 million
13.	Philippines	CHF 35 million
14.	Greece	CHF 31 million
15.	Germany	CHF 31 million
16.	Kenya	CHF 28 million

KEY MARKET HIGHLIGHTS

1. UNITED STATES OF AMERICA



CLOSE TO 270 SITES
OVER 7,500 EMPLOYEES

With a strong presence in the United States since the 1950s, the Holcim family of companies is a leading provider of building materials and solutions in the United States.

TOTAL PAYMENTS TO GOVERNMENT
CHF 300 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

2. INDIA



AROUND 100 SITES
OVER 10,000 EMPLOYEES

Holcim operates through two listed entities, Ambuja Cements Ltd and ACC Ltd. The two companies have a nationwide footprint and the second largest combined market share.

TOTAL PAYMENTS TO GOVERNMENT
CHF 225 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

→ Learn more on holcim.us/about-us

→ Learn more on ambujacement.com/about-ambuja and acclimited.com/about

KEY MARKET HIGHLIGHTS

CONTINUED

3. CANADA



AROUND 340 SITES
OVER 5,000 EMPLOYEES

Canada's largest provider of diversified construction materials with 5,000 employees and more than 340 sites across Canada.

TOTAL PAYMENTS TO GOVERNMENT
CHF 174 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

4. FRANCE



AROUND 400 SITES
OVER 4,300 EMPLOYEES

As part of the Holcim group, Lafarge produces cement, aggregates and ready-mix concrete for use in buildings ranging from affordable housing in small local projects to complex infrastructure projects.

TOTAL PAYMENTS TO GOVERNMENT
CHF 140 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

→ Learn more on lafarge.ca/en/future-isnt-written-its-built

→ Learn more on lafarge.fr/lafarge-france-en-un-clic

KEY MARKET HIGHLIGHTS

CONTINUED

5. MEXICO



ALMOST 60 SITES
OVER 3,000 EMPLOYEES

Holcim has been present in Mexico since 1964 and produces cement, ready-mix concrete and other products. The company has a nationwide presence.

TOTAL PAYMENTS TO GOVERNMENT
CHF 129 MILLION



6. UNITED KINGDOM



ALMOST 170 SITES
AROUND 3,500 EMPLOYEES

Aggregate Industries is a leading player in the construction and infrastructure industries producing a wide range of construction materials.

TOTAL PAYMENTS TO GOVERNMENT
CHF 123 MILLION



→ Learn more on holcim.com.mx/quienes-somos

→ Learn more on aggregate.com/about-us

KEY MARKET HIGHLIGHTS

CONTINUED

7. SWITZERLAND



50 SITES
AROUND 1,200 EMPLOYEES

Holcim is among the leading building material producers in the Swiss market and has its global headquarters in Zug.

TOTAL PAYMENTS TO GOVERNMENT
CHF 85 MILLION



8. CHINA



AROUND 150 SITES
OVER 19,000 EMPLOYEES

Holcim's operations in China are principally through Huaxin Cement and Holcim Sichuan Cement. The business includes cement, concrete and aggregates.

TOTAL PAYMENTS TO GOVERNMENT
CHF 60 MILLION



→ Learn more on holcim.ch/de/wer-wir-sind

→ Learn more on huaxincem.com

KEY MARKET HIGHLIGHTS

CONTINUED

9. ALGERIA



13 SITES
AROUND 1,700 EMPLOYEES

Holcim is the leading company in the Algerian construction materials market. The business includes aggregates, cements, mortars, concrete, plaster, bags, logistics and distribution.

TOTAL PAYMENTS TO GOVERNMENT
CHF 54 MILLION



→ Learn more on lafarge.dz

10. ECUADOR



AROUND 13 SITES
OVER 800 EMPLOYEES

Holcim Ecuador has been operating since 2004, producing cement, concrete and aggregates to supply the construction sector.

TOTAL PAYMENTS TO GOVERNMENT
CHF 50 MILLION



→ Learn more on holcim.com.ec

KEY MARKET HIGHLIGHTS

CONTINUED

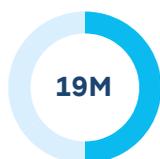
11. POLAND



AROUND 50 SITES
OVER 1,500 EMPLOYEES

In Poland, Holcim operates three business lines: cement, concrete and aggregates. In addition, LH Engineering provides large infrastructure and paving solutions.

TOTAL PAYMENTS TO GOVERNMENT
CHF 38 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

12. EL SALVADOR



9 SITES
ALMOST 500 EMPLOYEES

Holcim El Salvador was founded in 1949 and has established itself as a leader in the country's construction market. Furthermore, Geocycle El Salvador contributes to the environment by co-processing more than 20,000 tons of waste annually.

TOTAL PAYMENTS TO GOVERNMENT
CHF 37 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

→ Learn more on lafarge.pl/lafarge-w-polsce

→ Learn more on holcim.com.sv

KEY MARKET HIGHLIGHTS

CONTINUED

13. PHILIPPINES



6 SITES
OVER 1,100 EMPLOYEES

Holcim Philippines, Inc. is one of the leading construction solution companies in the country, offering a wide range of innovative construction solutions.

TOTAL PAYMENTS TO GOVERNMENT
CHF 35 MILLION



14. GREECE



ALMOST 30 SITES
OVER 600 EMPLOYEES

Holcim has a leading position in the Greek building materials market. Holcim supplies cement, concrete, aggregates and industrial minerals.

TOTAL PAYMENTS TO GOVERNMENT
CHF 31 MILLION



→ Learn more on holcim.ph/about-us

→ Learn more on lafarge.gr/en/the-heracles-group

KEY MARKET HIGHLIGHTS

CONTINUED

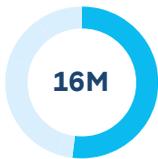
15. GERMANY



ALMOST 120 SITES
OVER 2,000 EMPLOYEES

Holcim Germany is one of the leading companies in the country for innovative, sustainable and digital construction products and solutions.

TOTAL PAYMENTS TO GOVERNMENT
CHF 31 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

16. KENYA



5 SITES
ALMOST 400 EMPLOYEES

The leading cement manufacturer in the Eastern Africa region, reputed for high-quality operations, products and expansive capacity.

TOTAL PAYMENTS TO GOVERNMENT
CHF 28 MILLION



INCOME TAXES



PROPERTY TAXES



PEOPLE TAXES



PRODUCT AND OTHER TAXES



ROYALTIES, FEES AND OTHER GOVERNMENTAL PAYMENTS

→ Learn more on holcim.de/de/ueber-uns

→ Learn more on lafarge.co.ke/who-we-are

KEY MARKET HIGHLIGHTS

CONTINUED

The remaining countries represent less than 20% of all taxes and other governmental payments made. We have included below a summary for these countries.

COUNTRY	TOTAL PAYMENTS TO GOVERNMENT ¹	COUNTRY	TOTAL PAYMENTS TO GOVERNMENT ¹
Spain	27,768	Austria	4,649
Belgium	25,917	Croatia	4,354
Egypt	25,140	Tanzania	3,243
Argentina	23,857	Moldova	2,926
Brazil	22,312	Luxembourg	2,336
Colombia	20,537	Hungary	2,220
Romania	20,043	South Africa	2,128
Bangladesh	19,513	Zambia	1,784
Australia	17,898	Slovakia	1,377
Costa Rica	16,025	Mauritius	1,346
Russian Federation	13,712	Azerbaijan	1,264
Nigeria	12,169	Morocco	1,231
Iraq	11,432	Lebanon	1,100
Nicaragua	10,528	Jordan	1,098
Zimbabwe	9,701	Comoros	693
Serbia	9,429	New Zealand	680
Uganda	9,376	Singapore	615
French West Indies	8,130	Qatar	606
Czech Republic	7,839	Netherlands Antilles	304
United Arab Emirates	7,033	Cyprus	249
Turkey	7,012	Madagascar	237
Netherlands	6,820	Slovenia	133
Italy	6,115	Malawi	20
Bulgaria	5,567		

¹ All figures are CHF'000.

04. OUR APPROACH TO TAX

WE OPERATE ACCORDING TO THE WORLD'S HIGHEST GOVERNANCE STANDARDS

We recognize that taxes are a vital source of revenues for governments to support economic growth and enhance social development.

We pay our taxes where we do business and the taxes Holcim pays are one of the many links between our business and the countries and communities where we operate. Furthermore, we handle our tax affairs with a non-negotiable focus on compliance and transparency.

All companies within the Holcim Group should comply with our approach to tax and we also instruct external organizations we work with to comply with these principles.



PILLAR 1. ALIGNMENT WITH OUR BUSINESS STRATEGY

We comply with tax laws in a responsible manner aligned with our business strategy.



PILLAR 2. TAX GOVERNANCE

We apply diligent care and judgment to ensure all decisions are well-considered and documented.



PILLAR 3. TAX TRANSPARENCY

We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.



PILLAR 4. TAX RISK MANAGEMENT

We implement processes and controls to limit financial risks for Holcim.



PILLAR 5. TAX ADVOCACY

We advocate for fair, effective, coherent and stable tax systems to reduce uncertainty for governments and companies.

PILLAR 1. ALIGNMENT WITH OUR BUSINESS STRATEGY

We comply with tax laws in a responsible manner aligned with our business strategy.

OUR STRATEGIC PRIORITIES

To ensure alignment with our business strategy and reasonable expectations of our stakeholders.

To align adopted tax positions with commercial and economic reality.

To comply in good faith with applicable tax laws and obligations in all countries where we operate.

To promote a culture of integrity and compliance that respects not only the letter of the law but also the spirit of its underlying principles.

To interpret the relevant tax laws in a reasonable way and to thoroughly analyze any tax issues that may be open to interpretation.

Where appropriate, to pre-align within a relationship of 'cooperative compliance' (e.g. an advance tax agreement) before taking a filing position.

To not adopt a position which is contrary to the documented intention of the law and/or case law at the highest level.

To refrain from claiming or accepting exemptions not granted according to the statutory, regulatory, or administrative frameworks.

To follow the terms of the applicable Double Taxation Treaties and relevant guidance from local authorities, the Organisation for Economic Co-operation and Development (OECD), European Union (EU) and United Nations (UN).

PILLAR 2. TAX GOVERNANCE

We apply diligent care and judgment to ensure all decisions are well-considered and documented.

When the business seeks tax advice and where alternative legitimate options exist to achieve the same commercial result, the most tax-efficient approach is recommended. As tax laws are not always clear, getting this right requires careful judgment and we recognize that the tax authorities may not always agree with the judgments we make.

TO REDUCE SUCH POTENTIAL AREAS OF DISAGREEMENT:

We do not engage or become involved in artificial tax arrangements. The artificiality of a tax treatment is tested by the tax team against the existence of commercial purpose and/or economic substance.

We consider the reputational consequences of each filing position.

We follow established procedures and channels when dealing with tax authority officials.

We ensure that intercompany transactions are set in accordance with the OECD transfer pricing guidelines and arm's-length principle.

All national, federal, state, provincial or local tax audits are conducted and settled under the direction of the tax team.

We use external advisers when required, but we mainly in-source tax work.

Our Code of Business Conduct sets out the standards of behavior, including for taxation. Holcim encourages employees to report violations of its Code of Business Conduct or policies (including tax or other breaches of law). Holcim facilitates such reporting through local legal or compliance teams as well as through an Integrity line.

We provide an update to the Audit Committee of the Board of Directors on the Group's effective tax rate, cash tax paid and any key tax strategy items.

Adherence to the tax governance framework is verified by our statutory auditors.

PILLAR 3. TAX TRANSPARENCY

We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.

We have an important role in society and take responsibility for acting in a fair and transparent manner toward all external stakeholders. Relationships between Holcim and tax authorities in all countries where we operate should be transparent and based on mutual trust. We support efforts to increase public trust in tax systems.

WE ARE COMMITTED:

To be open and transparent with the tax authorities about tax matters and provide the relevant, reasonably requested information within a reasonable timeframe.

If questions or assessments from tax authorities appear not to be legitimate or are based on misunderstandings of the facts or the law, to work with tax authorities, where possible, to identify the issues and explore options to resolve misunderstandings.

Where relevant, if reasonably requested information is not available, to timely inform the tax authorities and explore mutually acceptable alternatives.

To work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible.

To explain to the public and any relevant stakeholders Holcim's approach to tax, economic contribution and taxes paid via appropriate disclosures.

PILLAR 4. TAX RISK MANAGEMENT

We implement processes and controls to limit financial risks for Holcim.

We put relevant processes and controls in place to limit financial risks. On a quarterly basis, Group Tax reports tax risks to the CFO, Legal Counsel and Audit Committee of the Board.

WE FOCUS ON THE FOLLOWING RISK AREAS:

Operational risk – The underlying risks of applying the tax laws, regulations and decisions to business operations.

Compliance risk – Risk of not being compliant with the systems, processes and procedures.

Financial accounting risk – Risks associated with the financial reporting of tax figures (including the risk of not having documented and tested internal controls over financial reporting).

Transactional risk – Risks and exposures associated with the tax implications of specific transactions undertaken.

Reputational risk – Risks associated with the wider impact that may arise from Holcim's tax profile.

People risk – Risks associated with ensuring Holcim employees have the right technical skills to handle tax matters in all countries where we operate. This includes identifying skill gaps and succession planning.

Holcim has put in place rigorous internal controls to ensure adherence to our tax policies and directives.

PILLAR 5. TAX ADVOCACY

We advocate for fair, effective, coherent and stable tax systems to reduce uncertainty for governments and companies.

OUR ADVOCACY MEANS:

We regularly share knowledge and best practice through participation in industry and professional associations. These include the OECD and SwissHoldings, an industry body representing leading multinational Swiss corporations.

We strongly advocate for the enforcement of international tax reforms in a coherent and coordinated way, enabling a level playing field and reducing the risk of paying tax twice on the same income.

We advocate for Pro-Growth Tax Policies and harmonized, transparent incentive regimes throughout the world.

We sometimes face additional taxes that we believe may not have a positive impact on the economy or business growth. In such cases, we monitor this issue through our industry groups, public affairs and tax networks and, where appropriate, pro-actively engage with regulators to ensure they do not unfairly single out our industry or products.

Holcim recognizes that any advocacy should not improperly influence decisions and should never be misused for any corrupt or illegal purpose. Governments are responsible for their fiscal policy and resulting laws. We respect the roles and responsibilities of the institutions and organizations we engage with.

05. BASIS OF THIS REPORT

THE REPORT IS PREPARED FROM DATA RECORDED IN OUR FINANCIAL SYSTEMS, BEING THE SAME DATA AND FINANCIAL SYSTEMS USED TO PREPARE OUR FINANCIAL STATEMENTS.

Taxes, royalties and other payments to governments are presented in this Report on a cash paid basis for the year ended 31 December 2021.

For our controlled entities, amounts included are 100% of the taxes paid to governments. For our investments in joint ventures and associates that are equity accounted by Holcim, no amounts have been included.

TOTAL ECONOMIC CONTRIBUTION

In this Report, we consider our Total Economic Contribution to include:

1. Procurement

The largest contribution occurs due to the economic value we add to society through our procurement activities, deriving CHF 17.8 billion gross value added. For further details please see our 2021 Integrated Profit & Loss Statement (P&L).¹

2. Employees

This is the Group's total personnel expenses in accordance with note 15.3 of the 2021 Annual Report, less social security contributions, which have been included under Total Taxes Paid (see below).

3. Shareholders, Lenders and Investors

This is the Group's total interest paid, pay-out on ordinary shares

and dividends paid to non-controlling interests in accordance with the consolidated statement of cash flows – see page 180 of the 2021 Annual Report.

4. Payments to Government

This includes:

Total Taxes Paid

Where we use the term "Total Taxes Paid" we do so in line with the World Economic Forum ESG definition, which includes corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company. We have included below a summary definition for each tax subset:

- **Corporate Income Taxes**

This is based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect to disputed claims and withholding taxes. For the purposes of allocating corporate income taxes to particular countries, withholding taxes on dividends are allocated to the country in which the withholding taxes are remitted, whereas withholding taxes on interest and royalties are allocated to the recipient country.

- **Property Taxes**

These are taxes borne by Holcim on its real estate. Such taxes may be based upon its rateable value or other metric of usage. It does not include taxes linked to revenue or profitability of the Holcim entity utilizing the property.

- **Social Security Contributions**

This is based on the contributions we pay to Government in addition to the salary and benefit costs of our employees. We only include

social security costs borne and not those collected (e.g. contributions deducted from employee salaries).

- **Non-Recoverable Sales Tax and VAT**

Generally tax payments made to or received from governments in the nature of sales tax, value added tax, and goods and services tax are not borne by Holcim. However, on occasions, Holcim may bare these taxes without an ability to pass them onto customers. Where Holcim bares the cost of these taxes in its P&L we have included these taxes in our total tax payments summary.

- **Customs and Excise Duty**

These taxes are generally borne by Holcim upon the movement of tangible goods in or out of economic areas.

- **Other Taxes**

Payments to governments under other legislated tax rules.

- **Royalties**

These are payments made to governments in relation to revenue or production generated.

- **Government Fees**

Payments to governments in the form of fees typically levied on the initial or ongoing right to use a site or geographical area. This includes license fees, rental fees, entry fees and other fees.

- **Payments for Infrastructure Improvements**

Payments for the construction of public infrastructure, such as roads, bridges and port facilities.

Where source documentation or invoices are unavailable we have made best efforts to estimate the total amounts paid using financial accounting records.

¹ https://www.holcim.com/sites/holcim/files/2022-04/25022022-holcim_ipl_2021_statement.pdf

BASIS OF THIS REPORT

CONTINUED

EXCLUDED AMOUNTS

The following are not included in our report under Total Taxes Paid:

Employee Taxes Collected

Tax payments made to governments on behalf of our employees.

Indirect Taxes

Tax payments made to or received from governments in the nature of sales tax, value added tax, and goods and services tax where the cost is not borne by Holcim.

Penalties and Interest

Payments to governments resulting from the imposition of penalties, fees or interest.

Other

Tax payments, whether made as a single payment or as a series of related payments, where the amount is clearly immaterial.

Reporting Currency

All payments have been reported in CHF. Payments denominated in currencies other than CHF are translated for this Report using the average exchange rate the year ended 31 December 2021.

Company

This term refers to Holcim Ltd and its affiliates.

OTHER CLARIFICATIONS

Why is the tax expense in your Financial Statements different from the amount of tax paid you disclose in this Report?

The numbers are different because they are calculated at different times for different purposes.

The income tax expense recorded in our Financial Statements reflects the impact on our financial position at the end of the financial year. It is designed to give shareholders an indication of the amount of tax the company expects to pay (now or in the future) for the activities undertaken during that financial year. It may also include adjustments in respect to prior years. For a number of reasons, this number does not represent the actual cash income tax paid during that financial year. For example, cash income tax paid may include payments or refunds relating to activities for a prior financial year, but may exclude final payments that relate to activities for the current financial year yet occur after the end of the financial year.

Additionally, the reporting of revenues or expenses in our Financial Statements may be different to their impact on taxable income reported in tax returns. For example, a piece of equipment may be depreciated for accounting purposes over a certain number of years, but be deductible for tax purposes over a different period (whether shorter or longer). These differences are commonly known as “deferred taxation.”

The income tax expense may also be impacted by permanent differences, such as non-deductible expenses.

In addition to income tax we also pay other taxes including:

Property tax – Taxes levied on the real estate we own or lease and which are utilized in our commercial activities.

Social contributions – We must pay social contributions calculated by reference to our employee wage payments. These contributions can be borne by Holcim and not deducted from employee wages.

Excise duty – An indirect tax on manufacturers due at the point of production rather than sale, which generally forms part of the cost of the product.

Customs duty – An indirect tax imposed on goods as they either enter or leave a country.

Value added tax (VAT) – Indirect tax due on goods and services, typically as a percentage of the sales price. These are normally borne by customers but in some circumstances Holcim may bare these costs where the VAT is irrecoverable.

What are Controlled Foreign Company rules and how do they impact Holcim?

Controlled Foreign Company (CFC) rules respond to the risk that taxpayers can reduce the tax base of their country of residence by shifting income into a foreign company that is controlled by the taxpayer.

CFC rules, although complex, generally follow the same basic structure. First, an ownership threshold is used to determine whether an entity is considered a controlled foreign corporation.

Second, once a foreign subsidiary is considered a CFC, there is a test to determine whether the subsidiary's income should be taxed domestically. Most countries determine a subsidiary taxable if the foreign tax jurisdiction levies a tax rate below a certain threshold and/or a certain share of the subsidiary's income is passive. Passive income includes non-traditional production activities, such as interest, dividends, rental income and royalty income.

Third, once a foreign subsidiary is considered a CFC and its income is taxable domestically, a country defines what income earned by the foreign subsidiary is subject to tax. While some countries tax only a CFC's passive income, others tax all income of foreign subsidiaries (active and passive).

TAX TRANSPARENCY REPORT ASSURANCE STATEMENT

To the Executive Committee of
Holcim Ltd, Zug
Zurich, 19 July 2022

Independent Assurance Report on Tax and Governmental Contributions disclosed within the Tax Transparency Report

We have been engaged by the Executive Committee to perform a limited assurance engagement on the Tax and Governmental Contributions disclosed on pages 12 to 23 of the Tax Transparency Report of Holcim Ltd (hereafter the “Tax and Governmental Contributions” and the “Report”) which has been prepared for the period ending 31 December 2021 in accordance with the criteria described in the “Basis of this report” section in the Report.

Executive Committee responsibilities

The Executive Committee is responsible for the preparation of the Tax and Governmental Contributions in the Report in accordance with the criteria described in the “Basis of this report” section of the Report. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Tax and Governmental Contributions that is free from material misstatement, whether due to fraud or error. The Executive Committee is further responsible for the selection and application of the criteria and for appropriate documentation.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Ernst & Young Ltd applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the assurance practitioner

Our responsibility is to perform a limited assurance engagement and to express a conclusion about the Tax and Governmental Contributions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform our procedures to obtain limited assurance about whether the Tax and Governmental Contributions have

been prepared in accordance with the criteria described in the “Basis of this report” section of the Report in all material respects.

Taking into account risk considerations, we performed procedures to obtain sufficient appropriate evidence. The procedures selected depend on the assurance practitioner’s judgement. The procedures performed in a limited assurance engagement are of a lesser extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than would have been obtained had a reasonable assurance engagement been performed.

Our procedures included, amongst others:

- Assessing the suitability of the criteria described in the “Basis of this report” section of the Report in terms of their relevance, comprehensiveness, reliability, neutrality and understandability and their consistent application
- Reviewing of the non-financial reporting processes related to preparing the Tax and Governmental Contributions disclosures on pages 12 to 23
- Reviewing the Report regarding plausibility and consistency of the Tax and Governmental Contributions disclosures on pages 12 to 23 with the other information in the Report

TAX TRANSPARENCY REPORT ASSURANCE STATEMENT CONTINUED

- Undertaking interviews with the people responsible for the collection and preparation of the Tax and Governmental Contributions information at the headquarters of Holcim Ltd, Switzerland and at the country level for a selection of entities, in order to:
 - Assess the suitability of the data collection templates (and accompanying instructions) and other data sources
 - Understand the implementation of the process for the collection and compilation of the Tax and Governmental Contributions
 - Assess the suitability of the Tax and Governmental Contributions information collected for reporting against the basis of preparation
- Performing detailed testing procedures on a selection of the information disclosed in relation to the Tax and Governmental Contributions:
 - Selecting a sample representing no less than 20% of the total Tax and Governmental Contributions
 - Interviewing data owners to understand the application of the procedures and detailed tests on the basis of samples, consisting of checking the application of the definitions and procedures and reconciling the data with the supporting documents

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Tax and Governmental Contributions disclosed on pages 12 to 23 of the Tax Transparency Report of Holcim Ltd for the period ending 31 December 2021 has not been prepared, in all material respects, in accordance with the criteria described in the “Basis of this report” section in the Tax Transparency Report.

Ernst & Young Ltd

Jacques Pierres

Licensed audit expert
(Auditor in charge)

Daniel Zaugg

Licensed audit expert