HOLCIM TAX TRANSPARENCY
2020 ANNUAL REPORT

BUILDING PROGRESS FOR PEOPLE AND THE PLANET

November 30 2021
At Holcim we are building progress for people and the planet, becoming the global leader in innovative and sustainable building solutions.

Taxes play a vital role on this journey, funding essential services like education, health care and transport.

In times of crisis such as the COVID-19 pandemic, taxes are even more central to support people’s lives and livelihoods.

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.
OUR PURPOSE:
Building Progress for People and the Planet

MAKING CITIES GREENER
FROM FOUNDATION TO ROOFTOP

EMPOWERING SOCIETY WITH SMARTER INFRASTRUCTURE
FROM GREEN MOBILITY AND RENEWABLE ENERGY TO ESSENTIAL SANITATION

IMPROVING LIVING STANDARDS FOR ALL
WITH AFFORDABLE AND SUSTAINABLE SOLUTIONS
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Message from Géraldine Picaud
Chief Financial Officer

Holcim’s purpose is to Build Progress for People and the Planet and we do this through making cities greener, empowering society with smarter infrastructure and improving living standards for all.

We operate according to the world’s highest governance standards, from health and safety to human rights. 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 our business. The taxes Holcim pays are one of the many links between our business and the countries and communities where we operate. Today, because taxes paid by multinationals are often discussed and challenged by their stakeholders, it is more important than ever that we are open about our tax payments and that people can understand how much we pay, where and why.

We handle our tax affairs with a non-negotiable focus on compliance and transparency and as the next step on our transparency journey we have prepared this report to provide an overview of Holcim’s economic and tax contribution.

In 2020 our total economic contribution to the communities where Holcim is present was more than CHF21bn, of which CHF1.8bn constituted taxes and other forms of direct payments to Government. This is a significant revenue contribution which benefits all the countries in which we operate.

Holcim is committed to promoting transparency in how companies approach tax and how much they pay. Therefore, we welcome your feedback on this report and our approach to transparency.
02 OUR VALUE CHAIN CONTRIBUTION
Holcim is 70,000 people around the world who are passionate about building progress for people and the planet.

As a global leader in innovative and sustainable building solutions, Holcim is enabling greener cities, smarter infrastructure and improving living standards. With sustainability at the core of its strategy, Holcim is becoming a net zero company, with its people and communities at the heart of its success. The company is driving the circular economy as a world leader in recycling to build more with less.

Holcim is the company behind some of the world’s most trusted brands in the building sector including ACC, Aggregate Industries, Ambuja Cement, Disensa, Firestone Building Products, Geocycle, Holcim and Lafarge.
Our four Business Segments operate locally

At the forefront of green building solutions, we launched the world’s first global ranges of green concrete, ECOPact, and green cement, ECOPlante, starting at 30% lower CO₂ footprint with no compromise on performance.
Everywhere, five mega trends influence our value chain

1. **6.5 billion people are expected to live in cities by 2050.**
   - With our green building solutions from ECOPact to ECOPlanet, we are making cities greener and more livable.

2. **Growing inequality is pulling society apart, with rising social unrest around the world.**
   - We are building for progress, connecting society with smarter infrastructure – from railroads and metros to tunnels and bridges.

3. **90% of our electricity must come from renewable sources by 2050.**
   - With our building solutions, we are enabling more wind, solar, and hydro-power around the world, accelerating the transition to renewable energy.

4. **Over three billion people are expected to need affordable housing by 2030.**
   - We are deploying solutions from Durabric to 3D printing to bridge our world’s infrastructure gap, improving living standards for all.

5. **The world is building the equivalent of New York City every month.**
   - We are driving the circular economy to build more with less, recycling construction and demolition waste wherever we can.
OUR VISION: BE THE GLOBAL LEADER IN INNOVATIVE AND SUSTAINABLE BUILDING SOLUTIONS

→ At the forefront of green building solutions
→ Leading the circular economy
→ Pushing the boundaries of digitalization
→ Becoming a net-zero company
→ Thriving with our people and communities
Our approach to sustainability includes a fair economic contribution back to all the communities where we operate.

MAGALI ANDERSON
Chief Sustainability and Innovation Officer

We provide building materials and solutions for a circular, low-carbon and inclusive world, re-shaping the way our industry builds. At Holcim climate action is at the heart of our strategy.

We focus on four main areas of action – Climate and Energy, Circular Economy, Environment, and Communities. These combined with commitment to our employees and our economic contribution to communities reinforce our commitment to building for people and the planet.

Learn more on www.holcim.com/sustainability

Holcim is committed to building for people and the planet

ECONOMIC CONTRIBUTION
Total taxes
Integrated profit & loss

CIRCULAR ECONOMY
Reduce, reuse, recycle, re-build, re-think

ENVIRONMENT
Water
Biodiversity
Nature-positive future

COMMUNITIES
Human rights
Social Initiatives

CLIMATE & ENERGY
Net Zero

OUR EMPLOYEES
Health & safety
Inclusion and diversity
Learning & development
Our success and growth are shared fairly at each step of our value chain.

Our business model is very local and we generate considerable local value – both financial and social – for the communities in which we operate and also to society more broadly. We do this at each step in our value chain.

<table>
<thead>
<tr>
<th>Value Drivers</th>
<th>Our Contribution to the Communities</th>
</tr>
</thead>
</table>
| **INNOVATION** | • Development of a new technology, process or product  
                  • Improve the performance, reliability, quality and cost efficiency of a technology or core product.  
                  • Digital Innovation  
                  • Process Innovation  
                  • Product Innovation  
                  • Research & Development  
                  • Employment related contributions (wages and taxes)  
                  • Indirect taxes  
                  • Property taxes |
| **EXTRACTION & PROCUREMENT** | • Extraction and procurement of commodities used in Holcim products  
                                  • Access to raw materials (e.g., Slag, gypsum)  
                                  • Access to clinker and cement  
                                  • Optimize energy supply (power fuels)  
                                  • Benefit from global sourcing  
                                  • Corporate income taxes  
                                  • Licenses, permits, fees paid to government  
                                  • Royalties  
                                  • Employment Related contributions (wages and taxes)  
                                  • Payments to suppliers, contractors  
                                  • Contribution to communities  
                                  • Withholding taxes on payments to suppliers and contractors  
                                  • Indirect + property taxes |
| **MANUFACTURING** | • Manufacture of products in dedicated facilities located in the market  
                      • Significant investment in people and infrastructure  
                      • Reduce energy cost and CO\textsubscript{2} emission  
                      • Run production facilities efficiently  
                      • Reduce clinker factor  
                      • Efficient engineering and debottlenecking  
                      • Reduce mean time between failures  
                      • Corporate income taxes  
                      • Employment related contributions (wages and taxes)  
                      • Indirect taxes  
                      • Payments to suppliers, contractors  
                      • Corporate income taxes  
                      • Employment related contributions (wages and taxes)  
                      • Indirect taxes  
                      • Payments to suppliers, contractors  
                      • Property taxes |
| **SALES / MARKETING** | • Sales are generated by marketing, advertising, and promotional activities in the local markets  
                          • Develop a market orientated approach  
                          • Build brand equity  
                          • Develop alternative models (e.g. Digitalisation)  
                          • Deliver value through commercial performance  
                          • Corporate income taxes  
                          • Employment related contributions (wages and taxes)  
                          • Indirect taxes  |
| **LOGISTICS** | • 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.  
                   • Optimise supply chain  
                   • Reduce CO\textsubscript{2} emissions  
                   • Optimise logistics costs  
                   • Corporate income taxes  
                   • Employment related contributions (wages and taxes)  
                   • Indirect taxes  
                   • Payments to suppliers, contractors  
                   • Corporate income taxes  
                   • Employment related contributions (wages and taxes)  
                   • Indirect taxes  
                   • Payments to suppliers, contractors  
                   • Withholding taxes on payments to suppliers and contractors |
03 OUR TOTAL ECONOMIC CONTRIBUTION
In 2020 Holcim contributed more than CHF 21 billion back to communities across the world.

Total economic contribution in 2020

EMPLOYEES\(^{(1)}\)
Employee expenses for salary, wages and incentives
CHF3.4B

PROCUREMENT\(^{(1)}\)
Payments made to our suppliers for the purchase of utilities, goods and services, of which 92% are local
CHF13.8B

PAYMENTS TO GOVERNMENTS\(^{(2)}\)
Total taxes paid plus governmental fees and infrastructure improvements
CHF1.8B

SHAREHOLDERS, LENDERS AND INVESTORS\(^{(2)}\)
Dividend and interest payments
CHF2.1B

\(\Rightarrow\) Learn more on www.holcim.com

TOTAL
CHF21.1B

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 49
OUR APPROACH TO TAX
Holcim’s Tax Strategy supports the Holcim ambition

Being a leader in the building materials industry means having the resources necessary to pursue the best return on capital for our shareholders and investors while creating value broadly for all stakeholders. Holcim’s Tax Strategy contributes to growth in line with our CEO’s vision, while taking a firm commitment to act in a transparent, ethical and compliant manner.

Holcim Tax Strategy

Pillar 1: Alignment of Tax Strategy to Business Strategy
We comply with tax laws in a responsible manner and align our tax strategy with our business strategy.

Pillar 2: Tax Governance
The mission of the tax department is to deliver sustainable financial results every year.

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 Risks Management
We put the relevant processes and controls in place in order to limit financial risks for the Company.

Pillar 5: Tax Advocacy
We advocate for fair, effective, coherent and stable tax systems to reduce uncertainty for governments and companies.

All companies within the Holcim Group should comply with our tax principles. We also instruct any external organizations, accounting or law firms we use to comply with such principles.
Pillar 1
Alignment of Tax Strategy to Business Strategy

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

The tax function is committed:

- To align the tax positions adopted with commercial and economic activity, to follow the tax laws of each country that we operate in, and to comply with substance tests.
- To ensure our activities are consistent with our strategy and reasonable expectations of our stakeholders.
- 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 analyse any tax issues that may be open to interpretation.
- Where appropriate, to pre-align within a relationship of ‘co-operative compliance’, request for an advance tax agreement and/or (external) opinion before taking a filing position, and we will not adopt a filing position which is contrary to the documented intention of the law and/or case law at 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 1
Why we have been in Switzerland for over 100 years

Holcim’s established its first cement plant in Switzerland in 1912. Holcim is proud of this legacy.

Switzerland remains the location of our global headquarters along with 3 cement plants, 16 aggregate quarries and 36 ready-mix plants.

Holcim is listed on the SIX Swiss Exchange and is a significant employer in Switzerland with over 1,100 employees.

A brief history of Holcim

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>First cement plant in Holderbank</td>
</tr>
<tr>
<td>1922 – 1931</td>
<td>Expansion in other European countries plus Egypt, Lebanon, and South Africa.</td>
</tr>
<tr>
<td>1942</td>
<td>Creation of the research and testing facility in Holderbank.</td>
</tr>
<tr>
<td>1952 – 1991</td>
<td>Expansion in the USA, Brazil, Latin America, the Philippines, Spain, Eastern Europe, China, India, and Southeast Asia. Listing on the SIX Swiss Stock Exchange (1958).</td>
</tr>
<tr>
<td>2015</td>
<td>Merger of Holcim &amp; Lafarge, which gave birth to a global leader in building materials</td>
</tr>
<tr>
<td>2021</td>
<td>Acquisition of Firestone Building Products, accelerating the Solutions &amp; Products business segment</td>
</tr>
</tbody>
</table>

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

Holcim’s brand portfolio is managed in its R&D centre in Switzerland.
Pillar 2
Tax Governance

The mission of the tax department is to deliver sustainable financial results every year.

When the business seeks tax advice and where alternative legitimate options exist to achieve the same commercial results, the most tax efficient approach is recommended by the tax team. We apply diligent care and judgment to ensure all decisions are well-considered and documented. As tax laws are not always clear, getting this right requires careful judgment and we recognise 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 transfer prices pertaining to intercompany transactions are set by the Company Tax Function according to the OECD transfer pricing guidelines and respect the 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 behaviour, including for taxation. Holcim encourages employees to report violations of its Code of Business Conduct, 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 on a quarterly basis.
Pillar 2
Tax Governance and Low Tax Jurisdictions

In 2020, our Effective Tax Rate was 25%

99% of total group revenue was generated in countries with a corporate income tax rate that is above 15% in 2020 (1).

In the other countries, which apply a statutory rate at or below 15%, we are present for various reasons:

• Some countries where we have operations, such as a cement plant, have a low statutory tax rate (for example Bulgaria where the corporate income tax rate is 10%)

• Some of our legacy entities which have a publicly disclosed activity (such as our a public bond issuer in Bermuda)

• There are legacy entities that we inherited through acquisitions (e.g., holding companies), which now are either dormant or taxed in high tax jurisdictions through Controlled Foreign Company (CFC) rules.

Each year the tax team reviews our presence in low tax jurisdictions and, if and where possible, we liquidate companies that are not active, dormant or inherited from acquisitions made in the past.

(1) Excluding Switzerland
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 towards all external stakeholders. Relationships between Holcim and tax authorities in all countries where the Company operates should be transparent and based on mutual trust.

We are committed:

To be open and transparent with the tax authorities about tax matters and provide the relevant, reasonably requested information within established due dates, or within a reasonable time-frame.

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, 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 the Holcim Tax Strategy, economic contribution and taxes paid via appropriate disclosures.
Pillar 4
Tax Risks Management

We put relevant processes and controls in place to limit financial risks for the Company.

On a quarterly basis, the tax team collects all data pertaining to tax risks from the operations and, as appropriate, 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 the everyday business operations of the Company.
- **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 by the Company.
- **Reputational risk** – Risks associated with the wider impact that may arise from the Company’s tax profile.
- **People risk** – Risks associated with the highly technical skills required to handle tax matters in all countries where the Company operates, gaps in such skills and succession planning challenges.
Holcim has put in place rigorous internal controls to ensure adherence to our tax policies and directives. Below is a snapshot of our tax internal controls:

**TAX**

**TAX risk assessment and reporting**

- **Control #51**
  - **Requirements**
    - At least quarterly, the finance team keeps track of and properly completes the status of all uncertain tax positions, including:
      1. The estimated maximum risk and estimated loss.
      2. The classification as not probable, probable and virtually certain.
      3. The amount of the provisions recorded in the financial statements.
    - Based on this information, provisions must be adjusted accordingly.
    - Contingencies must be disclosed.
  - **Impact**
    - Internal controls

**TAX filings and payments**

- **Control #52**
  - **Requirements**
    - A tax calendar, including filing and payment due dates, is formally set up by the tax manager and CFO (or designee).
    - A process is in place to monitor filings and payments so that they are made on time. Entities should be compliant with local rules for timely filing and payment of tax liabilities. Any extension request for filing or payment of taxes shall be approved by Group Head of Tax.

**Deferred and current income tax calculations**

- **Control #53**
  - **Requirements**
    - A quarterly review of the deferred and current income tax calculations and related documentation is performed by the Tax Manager and CFO and includes:
      1. Appropriate representation on outstanding audits
      2. Compliance with requirements of tax rulings
      3. Enacted tax rate changes
  - **Impact**
    - Internal controls

**Transfer pricing**

- **Control #54**
  - **Requirements**
    - Group Tax and the Regional Heads of Tax are analyzing, advising and confirming transfer pricing methodology for all intercompany transactions. Transfer prices are entered into the relevant systems in order to ensure compliance with the Group Transfer Pricing Directives.
    - Any and all intercompany transactions must comply with the arm’s length principle as also required by local laws and regulations.
    - Any exceptions to the LafargeHolcim Direct Taxation policy for goods sold and services or intellectual property licenses within the Group (including royalties and fees) should be discussed with Group Tax to evaluate the risk and be formally approved by the Head of Tax.
    - The practice of the entity is regularly analyzed by the tax manager and the CFO to check compliance with the LafargeHolcim Direct Taxation Policy. Risk analysis is communicated to the finance and legal departments to define potential needs for provisions or disclosures in accordance with the Minimum Control Standards (MCS) on Tax Risk.
    - Transfer Pricing Documentation is drafted, maintained and filed by the local tax team with the support of the Group Head of Transfer Pricing in accordance to local tax regulations and requirements.
  - **Impact**
    - Internal controls

**Control Description**

1. Determination and confirmation by Group Tax and Regional Heads of Tax on the methodology used for intercompany transactions. (Regional & Group level)
2. Agreement by the Head of Tax on any exception to the LafargeHolcim Direct Taxation policy. (Group level)
3. Review and analysis by the Tax Manager and approved by the CFO (or designee) to check that the practice of the entity is in compliance with the Group Transfer Pricing Directives.
4. Maintenance by the Tax Manager (or designee) of transfer pricing documentation in accordance with local requirements.
Pillar 5
Advocacy

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

Our contribution in the area of taxation advocacy is not only talking about the cash taxes we pay.

- We regularly share knowledge and best practice through participation in industry and professional associations. These include the Organisation for Economic Co-operation & Development (OECD) and Swiss Holdings an industry body representing multinational corporations listed on the Swiss Stock Exchange (SIX).

- 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 harmonised and transparent incentive regimes throughout the world.

- We sometimes face additional taxes that we believe may not always 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 our products for taxation.

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 organisations we engage with.
Pillar 5
Advocacy & Tax Incentives

Holcim uses fair, transparent and growth oriented tax incentives, which help governments obtain a net economic benefit.

Governments can use targeted tax incentives for specific policy objectives, such as protecting the environment, reducing carbon emissions, encouraging advances in areas like research and development and to encourage investment 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.

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.

Our R&D centers in Holderbank (Switzerland) and Lyon (France) were the first of their kind in the industry. We currently have over 1,500 patents or patent applications, and our network of local labs span five continents. We also work with more than 40 leading universities in fields ranging from materials science to civil engineering and sustainable construction.

When available, we take advantage of R&D tax incentives in order to reinject such incentives into employment and further innovation investment.
Our approach to COVID-19 related tax incentives has been to balance our need to protect our business with the need to do what’s right for the local communities.

The COVID-19 pandemic has made 2020 an extremely challenging year for individuals, countries and businesses.

We worked to support local communities and governments in countries where we have a presence. Tax authorities around the world have also taken action to help individuals and businesses in these unprecedented circumstances.

Many governments have extended tax filing or payment deadlines, accelerated tax repayments, introduced temporary tax rate reductions, or allowed tax payments to be adjusted to take account of the impact of COVID-19 on businesses. In some cases we have used these provisions, and have always done so with a view to preserve our employees and the communities in which we operate.
05 MORE ABOUT THE TAXES WE PAY
In 2020 total taxes and governmental contributions paid by Holcim were CHF 1.8 billion.

The taxes and other governmental payments paid by Holcim are a significant source of revenue for governments. It enables 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 38.9% of our total contribution.

→ For more details on the total contribution we make, see page 14.
We pay our taxes where we do business

88% of the CHF 1.8 bn paid to government is located where 90% of sales occur

<table>
<thead>
<tr>
<th>Region</th>
<th># of Employees</th>
<th># of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH AMERICA</td>
<td>10,111</td>
<td>5,749m</td>
</tr>
<tr>
<td>EUROPE</td>
<td>21,933</td>
<td>7,061m</td>
</tr>
<tr>
<td>LATAM</td>
<td>9,007</td>
<td>350m</td>
</tr>
<tr>
<td>MIDDLE EAST &amp; AFRICA</td>
<td>9,911</td>
<td>561m</td>
</tr>
<tr>
<td>ASIA-PAC</td>
<td>16,447</td>
<td>2,225m</td>
</tr>
</tbody>
</table>

Map showing net sales (CHF) and taxes & governmental contributions by region.
Our Main Countries Tax Profile

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 also provide additional analysis on these countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Payments to Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>CHF 153 million</td>
</tr>
<tr>
<td>India</td>
<td>CHF 288 million</td>
</tr>
<tr>
<td>Canada</td>
<td>CHF 197 million</td>
</tr>
<tr>
<td>France</td>
<td>CHF 167 million</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>CHF 86 million</td>
</tr>
<tr>
<td>Australia</td>
<td>CHF 29 million</td>
</tr>
<tr>
<td>Mexico</td>
<td>CHF 68 million</td>
</tr>
<tr>
<td>Switzerland</td>
<td>CHF 75 million</td>
</tr>
<tr>
<td>Philippines</td>
<td>CHF 58 million</td>
</tr>
<tr>
<td>Poland</td>
<td>CHF 39 million</td>
</tr>
<tr>
<td>Algeria</td>
<td>CHF 62 million</td>
</tr>
<tr>
<td>China</td>
<td>CHF 48 million</td>
</tr>
<tr>
<td>Ecuador</td>
<td>CHF 62 million</td>
</tr>
<tr>
<td>Egypt</td>
<td>CHF 47 million</td>
</tr>
<tr>
<td>Spain</td>
<td>CHF 29 million</td>
</tr>
<tr>
<td>El Salvador</td>
<td>CHF 43 million</td>
</tr>
</tbody>
</table>
With a strong presence by Lafarge and Holcim in the United States since the 1950s, the LafargeHolcim family of companies is the leading cement producer in the United States.

In the United States, Holcim companies operate close to 380 sites and employ 7,000 people.

Holcim has 13 cement production plants that produce more than 22 million tons of cement every year and 2 grinding stations out of which we sell fly ash and slag. We have nearly 130 terminals spanning the breadth of the country. With 121 ready-mixed sites, 28 hot mix asphalt sites, 98 aggregate sites, and 18 aggregates docks, Holcim capabilities reach across all regions of the US.
Key Markets Highlight
India

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

Ambuja Cements Ltd has a cement capacity of 29.65 million tons with five integrated cement manufacturing plants and eight cement grinding units across the country.

ACC Ltd is a leading player in the Indian building materials space, with a pan-India manufacturing and marketing presence. It has 17 cement manufacturing units, over 90 ready mix concrete plants, over 6,600 employees, a distribution network of 50,000+ dealers & retailers and a countrywide spread of sales offices.

CHF 288 MILLION
TOTAL GOVERNMENTAL PAYMENTS

CHF 171 MILLION
CORPORATE INCOME TAX

CHF 45 MILLION
PEOPLE, PROPERTY, PRODUCT & OTHER TAXES

CHF 72 MILLION
OTHER GOVERNMENTAL PAYMENTS

Learn more on https://ambujacement.com and https://www.acclimited.com
Lafarge is Canada's largest provider of diversified construction materials with 6,000 employees and more than 400 sites across Canada.

From cement and aggregates, to ready-mix and precast concrete as well as asphalt, paving and construction, Lafarge Canada has the ability to bring value to every project.

We are not just a material supplier in Canada. The major construction streams which our customers engage us in — buildings and housing, infrastructure, energy and mining — allow us to bring time, cost and green building benefits to the project.
Lafarge has more than 4,500 employees at 450 sites in France.

The Company produces cement, aggregates and ready-mix concrete for use in buildings ranging from affordable housing in small local projects to complex infrastructure projects. Faced with the challenges of urbanization and its growing impact on the planet and its inhabitants, the Company develops innovative building products and solutions, marked by a strong commitment to sustainable development.
With over 200 sites and around 3,700 employees, Aggregate Industries is a leading player in the construction and infrastructure industries.

It produces and supplies a wide range of construction materials including aggregates, cement, asphalt, ready-mixed concrete and precast concrete products. It also manufactures, imports and supplies cementitious materials and offer a national road surfacing and contracting service.

→ Learn more on https://www.aggregate.com
Holcim entered the Australian market in 2009. Holcim supplies aggregates, sand, concrete and concrete pipe products under the Holcim name as well as under the much loved Australian brands - Humes (pipes) and Readymix (concrete).

Holcim has a presence in communities across Australia. Holcim Australia operates a network of more than 150 concrete plants, 900 mixer trucks and mobile and on site facilities. It also has 88 quarry operations providing consistent, quality products for a diverse range of customers and applications. Our Australian operations employ over 3,700 people directly and indirectly.

→ Learn more on https://www.holcim.com.au
Holcim has been present in Mexico since 1964 when the Holderbank Company (now Holcim) acquired Cemento Portland Apasco SA. Holcim México produces and markets cement, ready-mix concrete and other products and services for construction. The company has a nationwide presence through 7 cement plants, 23 cement distribution centers, 2 maritime terminals, 1 Corporate Office, 35 ready-mix concrete plants, and a Geocycle transfer center. It also has 26 commercial partners with more than 90 ready-mix concrete plants, more than 500 mixing pots, 1 aggregates plant and a Technological Innovation Center for Construction (CITEC). Through its Disensa network it also has more than 2300 sales points.
Holcim Switzerland is among the leading building material producers in the Swiss market. Holcim Switzerland employ around 1,000 people across 3 Cement Plants and 52 Aggregates and Ready-Mix plants. In addition to the operating sites, Holcim has its global headquarters in Zug, Switzerland with over 160 employees at this site.

Holcim is committed to accelerating the world’s transition to a net zero and more inclusive future. Switzerland is a country where we test many of our future sustainable solutions. Through our subsidiary, Neue Plastrec AG, we reuse industrial waste in our cement plants to avoid landfill and reduce emissions. Our business in Switzerland was also one of the first to release ECOPact, the industry’s broadest range of green concrete for high-performing, sustainable and circular construction.
Holcim Philippines, Inc. is one of the leading construction solution companies in the country. The Company has a wide range of innovative construction solutions that help homeowners and large contractors in their building needs.

With cement manufacturing facilities in La Union, Bulacan, Misamis Oriental and Davao, mobile concrete ready-mix facilities and an aggregates business backed by a strong nationwide network of dealers, Holcim Philippines is a reliable partner of builders in the country.
In Poland, Holcim operates three business lines: cement, concrete & aggregates. In addition, LH Engineering provides large infrastructure & paving solutions. Holcim Poland works with clients in accordance with three pillars, Partnership, Development and Solutions.

Holcim Poland has 1,400 employee and operates over 50 plants.
Key Markets Highlight
Algeria

In Algeria Holcim is the leading company in the construction materials market. It is present throughout the value chain of construction materials: Aggregates, Cements, Mortars, Concrete, Plaster, Bags, Logistics and Distribution.

Holcim has two cement plants, M’Sila and Oggaz, as well as the Cilas cement plant in Biskra in partnership with the Souakri Company for a total production capacity of 11.5 Mt / year. The Ready-to-Use Concrete activity operates 12 plants across the country with a capacity of 1 mit / year.

Holcim employs 2,585 people and is strongly committed to economic, social and environmental development in Algeria.

→ Learn more on https://www.lafarge.dz
Holcim’s operation in China are mainly under two entities - Huaxin Cement and Holcim Sichuan Cement. Our business in China includes cement, concrete, aggregates, environmental protection services, equipment manufacturing and engineering, with a total of around 150 sites in 10 provinces.

Huaxin has over 19,000 employee and has grown to be one of the leading companies in China’s cement industry. Holcim Sichuan Cement was established in April 2017 and at present has more than 800 employees and two cement enterprises, namely Dujiangyan Lafarge Cement Co., Ltd. and Jiangyou Holcim Shuangma Cement Co., Ltd.
Holcim Ecuador has been operating since 2004, producing cement, concrete and aggregates. We have a wide variety of products serve to supply the construction sector.

The company has an integrated cement plant in Guayaquil; a cement grinding plant in Latacunga; 7 fixed concrete plants in Guayaquil, Quito, Cuenca, Manta, Machala and Ambato; a mobile concrete equipment in the national territory and an aggregates plant in Pifo (Quito).

Its administrative offices are located in Guayaquil and it offers technical advice through 7 regional sales offices nationwide.
Key Markets Highlight
Egypt

Powered by more than 2000 employees, and through its established business in cement, concrete and bags manufacturing, Lafarge Egypt, as a member of Holcim, has operations at Ain Al-Sokhna with one of the largest cement plants in the MENA region. The total plant capacity is 10.2 MT and has 5 state-of-the-art production lines.

→ Learn more on https://www.lafarge.com.eg/en
In Spain Holcim operates a well-balanced network of operational sites to cover most of the Spanish aggregates, cement, mortar and concrete markets. This includes five cement plants, twenty concrete plants, one mortar plant, six terminals, one waste treatment plant, and four research facilities.

Holcim Spain has over 760 employees committed to H&S, customers and sustainability.

→ Learn more on https://www.lafargeholcim.es
Holcim El Salvador was founded in 1949 under the name of Cemento de El Salvador and since then has established itself as a leader in the country’s construction market.

Holcim has two cement plants located in the northwest of the country, a few kilometers from the city of Metapán. Additionally, there are six permanent RMX plants strategically located in different parts of the country and several mobile RMX plants to install in specific projects. In 2021 an aggregate plant was added.

Geocycle El Salvador, also located in Metapán, contributes annually to the environment with the co-processing of more than 20k tons of waste.
The remaining countries represent less than 20% of all taxes and other governmental payments made. We have included below a summary for these countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>26,596</td>
</tr>
<tr>
<td>Germany</td>
<td>25,205</td>
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<tr>
<td>Kenya</td>
<td>22,780</td>
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<tr>
<td>Colombia</td>
<td>22,091</td>
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<tr>
<td>Argentina</td>
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<tr>
<td>Greece</td>
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<tr>
<td>Bangladesh</td>
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<td>Uganda</td>
<td>17,515</td>
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<td>Romania</td>
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<td>Brazil</td>
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<td>Iraq</td>
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<td>Bulgaria</td>
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<td>Russia</td>
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<td>Nigeria</td>
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<td>Zambia</td>
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<tr>
<td>Moldova</td>
<td>5,766</td>
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</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
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<tr>
<td>Nicaragua</td>
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<td>Italy</td>
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<td>Azerbaijan</td>
<td>4,007</td>
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<td>Austria</td>
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<td>Netherlands</td>
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<td>Lebanon</td>
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<td>South Africa</td>
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<td>Reunion</td>
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<td>Turkey</td>
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<td>Madagascar</td>
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<td>New Zealand</td>
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<td>Slovenia</td>
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<td>Singapore</td>
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</tr>
<tr>
<td>Cyprus</td>
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</tr>
</tbody>
</table>

(1) All figures are CHF,000
06 BASIS OF PREPARATION OF THIS REPORT
Basis of preparation 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 2020. For our controlled entities, amounts included are 100 per cent 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 13.8 billion gross value added. For further details please see our 2020 Integrated Profit & Loss Statement (1)

2. Employees
   This is the Group’s total personnel expenses in accordance with note 15.3 of the 2020 Annual Report, less social security contributions which have been included under Total Taxes Paid (see below).

3. Shareholders, Lenders & 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 168 of the 2020 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 of 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 utilising 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 & 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 bear these taxes without an ability to pass them onto customers. Where Holcim bears the cost of these taxes in its P&L we have included these taxes in our total tax payments summary.

   Customs & 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 licence 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.

Basis of preparation of this report

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, below CHF200,000 per tax, per country.

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 2020.

Company
This term refers to Holcim Ltd and its affiliates
Income Tax Expense and our Financial Statements

Why is the tax expense in your Financial Statements different to 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 of 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 utilised 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.
Controlled Foreign Company Rules

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).
Holcim Ltd.
Zug

Independent Limited Assurance Report on selected Total economic contribution and Total taxes and governmental contributions for the financial year ended 31 December 2020 presented in the Holcim’s Tax Transparency Report 2020

to the Board of Directors
Independent Limited Assurance Report
on selected Total economic contribution and Total taxes and governmental contributions for the financial year ended 31 December 2020 presented in the Holcim’s Tax Transparency Report 2020 to the Board of Directors of Holcim Ltd.

Zug

We have been engaged by Management to perform assurance procedures to provide limited assurance on the selected Total Economic Contribution on page 14 and on selected Total taxes and governmental contributions presented on pages 28 in the Tax Transparency Annual Report 2020 of Holcim Ltd. for the period ended 31 December 2020 prepared in accordance with the Tax Transparency Report Basis of our report.

The selected Total economic contribution and Total taxes and governmental contributions information presented in the Holcim’s Tax Transparency Report 2020 (the “Report”) was prepared by the Management of Holcim Ltd. (the “Company”) based on the descriptions in “Basis of preparation of this report” on pages 66 - 93 (“Basis of preparation of the report”).

Inherent limitations
Information and Data of the nature reported in a Tax Transparency Report can be subject to variations in definitions, collection and reporting methodology with no consistent and unanimously accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. Our assurance report will have to be read in connection with the Basis of preparation of the report, its definitions and the methodology used to select, to prepare and to disclose the information for total economic contribution and total tax information included in the Report for the financial year ended 31 December 2020.

Our procedures are limited to those stated in this report and have not included an assessment of the correct presentation of the total economic contribution and correct tax treatment of individual transactions and balances as according to the relevant laws and regulations of the local tax jurisdictions. Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, errors, or non-compliance with tax requirements may occur and not be detected. A limited assurance engagement for the period ended 31 December 2020 does not provide assurance on whether compliance with the tax requirements will continue in the future.

Management’s responsibility
The Management of Holcim Ltd. is responsible for preparing the Basis of preparation of the report and for the selected Total economic contribution and Total taxes and governmental contributions information for the financial year ended 31 December 2020 presented in the Holcim’s Tax Transparency Report 2020. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation of the selected Total economic contributions and Total taxes and governmental contributions information presented in the Report that is free from material misstatement, whether due to fraud or error. Furthermore, the Board of Directors is responsible for the selection and application of the Basis of preparation of the report and adequate record keeping.

Independence and quality control
We are independent of Holcim Ltd. in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded...

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Télécopie: +41 22 792 41 09, Télécopie: +41 22 792 31 19, www.pwc.ch

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on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers SA 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.

Practitioner’s responsibility
Our responsibility is to perform an assurance engagement and to express a conclusion on the selected Total economic contribution on page 14 and Total taxes and governmental contributions information on page 28 for the financial year ended 31 December 2020 presented in the Holcim’s Tax Transparency Report 2020. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance engagements other than audits or reviews of historical financial information. Those standards require that we plan and perform our procedures to obtain limited assurance on whether anything has come to our attention that causes us to believe that the selected Total economic contribution and Total taxes and governmental contributions information on pages 14 and 28, respectively, for the financial year ended 31 December 2020 presented in the Report was not be prepared, in all material aspects, in accordance with the Basis of preparation of the report on pages 49-50.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner’s judgement. A limited assurance engagement under ISAE 3000 (Revised) is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our work consisted in the following procedures:
- Obtaining an understanding of the Basis of preparation of the report by reviewing public information on the references made in the Report to the World Economic Forum ESG metrics;
- Interviewing Holcim Management on the background and objectives for preparing the Report;
- Obtaining an understanding of the key systems, processes and controls relating to the aggregation, validation and presentation of the Basis of preparation of the report and interviewing staff with operational responsibility of carrying out these processes and controls;
- Assessing the disclosure and presentation of the Basis of preparation of the report (pages 49-50) within the Report;
- Performing sample testing on the selected Total economic contribution and Total taxes and governmental contributions information presented on pages 14 and 28, respectively, and tracing them back to consolidated financial statements audited by another audit firm and related source data.

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

Conclusion
Based on the work we performed, nothing has come to our attention that would cause us to believe that the selected Total economic contribution on page 14 and the Total taxes and governmental contributions information presented on page 28 in the Tax Transparency Report 2020 of Holcim Ltd. for the period ended 31 December 2020 is not prepared, in all material respects, in accordance with the Basis of preparation of the report.

Intended users and purpose of the report
This report is prepared for, and only for, the Board of Directors and Management of Holcim Ltd., and solely for the purpose of reporting to them on selected Total economic contribution and the Total taxes and governmental contributions information for the financial year ended 31 December 2020 presented in the Tax Transparency Report 2020 of Holcim Ltd. and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or
to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the Basis of preparation of the report, to enable the Management to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over its Tax Transparency Report 2020, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Holcim Ltd. for our work or this report.

PricewaterhouseCoopers SA

Guillaume Nayer  Romano Luisoni

Genève, 17 November 2021

"The maintenance and integrity of the Holcim Ltd. website is the responsibility of the Board of Directors, the work carried out by the assurance providers does not involve consideration of the maintenance and integrity of the Holcim Ltd. website and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported sustainability information or criteria since they were initially presented on the website."