

Report on Payments to Governments

LafargeHolcim Ltd

For the year ended December 31, 2016



LafargeHolcim

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Report on Payments to Governments 2016

1 About this Report

This report has been prepared in line with Chapter 10 of the EU Accounting Directive (2013/34/EU) and Article 6 of the EU Transparency Directive (2004/109/EC), as amended, which have been transposed in French legislation. Its publication aims to provide for enhanced transparency of payments made to governments in the context of extractive activities.

Article 42 1. of the Directive 2013/34/EU states that “*Member States shall require large undertakings and all public-interest entities active in the extractive industry or the logging of primary forests to prepare and make public a report on payments made to governments on an annual basis.*”

The provisions of this Directive are integrated in Article L.225-102-3 of the French Commercial Code.

Due to the listing of its shares on Euronext Paris, France, and the resulting requirement to comply with the General Regulations of the *Autorité des marchés financiers* (AMF), LafargeHolcim is required to disclose a consolidated report on payments to governments for the year 2016.

2 Basis of Preparation and Scope

LafargeHolcim Ltd as parent of the Group has prepared the report on a consolidated basis and reports the activity of any of its subsidiary undertakings that perform extractive operations. Taxes, royalties, license fees, production entitlements and infrastructure improvements to governments are presented on a cash paid basis during the reporting period. In-kind payments are converted into monetary value at the date of settlement.

The report includes all payments to governments for activities which relate to exploration, prospection, discovery, development and extraction of minerals or other materials of each of our consolidated subsidiaries at the end of financial year 2016 for the 12-month period ended December 31, 2016.

Payments made to a government as a single payment or as a series of related payments of EUR 100'000 or more in the financial year 2016 form part of this report. Amounts in currencies other than Swiss Franc (presentation currency for this report) have been converted based on the average annual foreign exchange rates prevailing as at December 31, 2016.

This report excludes payments by non-consolidated entities (such as those that are accounted for using the equity method) regardless of the amounts paid and also excludes payments to governments related to the processing, marketing and trading of any of our products. Equally, any donations made, for example in respect of social or community programs, are excluded.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided.

Unless noted otherwise in the report, the following terms have the meanings noted below:

Government

Any national, regional or local authority of a EU Member State or of a third country. It includes a department, agency or other undertakings controlled by that authority.

Project

A project means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. Where multiple such agreements are substantially interconnected, these are considered a single project.

For the 12-month reporting period ending December 31, 2016, LafargeHolcim does not have material projects for which payments to governments were made. The aggregated payments to governments in connection to those projects amount to CHF 4.0 million and are included in the payments per government shown within this report.

Production entitlements

Represents host government's share of production. This payment is generally made in kind. It does not include the working interest production share of government-owned companies where said companies are acting as partners in a joint venture.

Taxes

Represents taxes levied on the income, production or profits of a consolidated subsidiary, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes. These taxes are generally represented as income taxes paid in the consolidated statement of cash flows of LafargeHolcim. Where practical, we have reported the amounts associated with the extractive operations only. Tax payments are made in accordance with current local regulations, which may include instalments.

Royalties

Represents percentage of production payable to the owner of mineral rights.

Dividends

Represents dividends paid to a host government holding an interest in a consolidated entity. Dividends paid to a host government as an ordinary shareholder of our Group company are excluded as long as the dividends are paid to the government under the same terms and conditions as applicable to other shareholders.

For the 12-month reporting period ending December 31, 2016, LafargeHolcim does not have any dividends to report.

Bonuses

Represents bonuses paid for and in consideration of signature, discovery, production, awards, grants and transfers of extraction rights. This also includes bonuses related to achievement or failure to achieve certain production levels or certain targets, and discovery of additional mineral reserves/ deposits.

For the 12-month reporting period ending December 31, 2016, LafargeHolcim does not have any bonuses to report.

Fees

Represents license fees, surface or rental fees, and other consideration for licenses and/or concessions paid for access to the area where extractive operations are conducted.

Infrastructure improvements

Represents payments for local development, including the improvement of infrastructure, not directly necessary for the conduct of extractive operations but mandatory pursuant to the terms of a production sharing contract or to the terms of a law relating to LafargeHolcim's activities.

3 Consolidated overview

The consolidated overview discloses the sum of LafargeHolcim's payments to governments related to extractive operations per Group region and per payment type. The overview is based on the location of the receiving government.

Receiving Group region in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
Asia Pacific		138'448	76'305	21'107	648	236'508
Europe		99'855	18'390	5'395	251	123'890
Latin America		79'413	5'365	1'639		86'417
Middle East Africa	4'781	107'711	10'611	29'326	1'082	153'512
North America		36'989	2'304	7'885	551	47'729
Total	4'781	462'416	112'975	65'352	2'532	648'056

4 Payments per government

This overview discloses the sum of LafargeHolcim's payments to governments related to extractive operations in each country and per payment type. The overview is based on the location of the receiving government.

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
Asia Pacific		138'448	76'305	21'107	648	236'508
Australia		3'216	4'661	7'311		15'188
National government		960		489		1'449
Regional / local government		2'256	4'661	6'822		13'739
China		29'509		1'266		30'775
National government		14'800		578		15'379
Regional / local government		14'709		688		15'397
India		73'873	65'708	445	648	140'674
National government		73'873				73'873
Regional / local government			65'708	445	648	66'801
Indonesia		5'467	714	11'561		17'742
National government		2'362		11'420		13'781
Regional / local government		3'105	714	142		3'961
Malaysia		17'235	3'739	525		21'499
National government		17'235				17'235
Regional / local government			3'739	525		4'263
New Zealand			561			561
Regional / local government			561			561
Vietnam		9'147	922			10'069
National government		9'147	922			10'069

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
Europe		99'855	18'390	5'395	251	123'890
Azerbaijan		2'954		142		3'097
National government		2'954		142		3'097
Belgium		6'129				6'129
Regional / local government		6'129				6'129
Bulgaria		891		1'173		2'064
National government		891		1'173		2'064
Croatia		274	339			613
National government			192			192
Regional / local government		274	147			421
Czech Republic		3'518				3'518
National government		3'518				3'518
France		14'377	207			14'584
National government		11'774				11'774
Regional / local government		2'603	207			2'810
Germany		2'526	566	905		3'996
National government		1'901		365		2'266
Regional / local government		625	566	540		1'730
Greece		524	1'712	162		2'398
National government		524				524
Regional / local government			1'712	162		1'874
Hungary		454				454
Regional / local government		454				454

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
Italy		664		1'279		1'943
Regional / local government		664		1'279		1'943
Moldova		904				904
National government		904				904
Poland		7'902	7'381		251	15'535
National government		941	7'381			8'323
Regional / local government		6'961			251	7'212
Romania		11'250	2'512	150		13'912
National government		9'652	2'512			12'164
Regional / local government		1'599		150		1'749
Russia		929		872		1'801
National government		929				929
Regional / local government				872		872
Serbia		1'441	287	275		2'003
National government		1'318				1'318
Regional / local government		123	287	275		685
Spain		6'772		274		7'046
Regional / local government		6'772		274		7'046
Switzerland		6'774	5'050			11'824
Regional / local government		6'774	5'050			11'824
Ukraine				164		164
Regional / local government				164		164

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
United Kingdom		31'573	335			31'908
National government		25'088	335			25'423
Regional / local government		6'485				6'485
Latin America		79'413	5'365	1'639		86'417
Brazil		793				793
National government		793				793
Chile			131	657		788
National government				657		657
Regional / local government			131			131
Colombia		30'498	402			30'900
National government		27'395	402			27'797
Regional / local government		3'103				3'103
Costa Rica		456		126		582
National government		456				456
Regional / local government				126		126
Ecuador		1'281	4'669			5'950
National government		1'281	4'669			5'950
El Salvador		20'076		856		20'932
National government		19'807				19'807
Regional / local government		269		856		1'125
Mexico		21'363				21'363
National government		21'363				21'363

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
Nicaragua		4'945	162			5'107
National government		4'945	162			5'107
Middle East Africa	4'781	107'711	10'611	29'326	1'082	153'512
Algeria		49'143	5'130		1'082	55'354
National government		49'143	5'130		1'082	55'354
Egypt		9'675		12'044		21'720
National government		9'675		12'044		21'720
Iraq	4'781			15'627		20'408
Regional / local government	4'781			15'627		20'408
Jordan		1'527				1'527
National government		1'527				1'527
Kenya		3'439		291		3'730
National government		3'439				3'439
Regional / local government				291		291
Lebanon		11'566				11'566
National government		11'566				11'566
Madagascar		2'475		692		3'167
National government		2'475				2'475
Regional / local government				692		692
Malawi		844				844
National government		844				844
Nigeria		1'610	841			2'451
National government		1'610	841			2'451

Receiving country in kCHF	Production entitlements	Taxes	Royalties	Fees	Infrastructure improvements	Total 2016
South Africa		3'986	2'252			6'237
National government		3'986	1'482			5'467
Regional / local government			770			770
Tanzania		1'438				1'438
National government		1'438				1'438
Uganda		10'470	2'044	347		12'860
National government		10'470	2'044			12'514
Regional / local government				347		347
Zambia		7'155	344	325		7'824
National government		7'155	344			7'499
Regional / local government				325		325
Zimbabwe		4'385				4'385
National government		4'385				4'385
North America		36'989	2'304	7'885	551	47'729
Canada		19'245	2'161	7'048	551	29'004
National government		9'743				9'743
Regional / local government		9'502	2'161	7'048	551	19'261
United States		17'744	144	837		18'725
National government		7'320				7'320
Regional / local government		10'423	144	837		11'404
Total	4'781	462'416	112'975	65'352	2'532	648'056

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