

# ANNUAL GENERAL MEETING 2019

INVITATION TO THE SHAREHOLDERS

Wednesday, 15 May 2019, at 10:00 a.m.  
Samsung Hall, Hoffnigstrasse 1,  
8600 Dübendorf, Switzerland



LafargeHolcim





# **INVITATION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF LAFARGEHOLCIM LTD**

**Wednesday, 15 May 2019, at 10:00 a.m.**

**Doors open at 08:30 a.m.**

**Samsung Hall, Hoffnigstrasse 1,  
8600 Dübendorf, Switzerland**

# DEAR SHAREHOLDER,

The 2018 fiscal year was marked by significant progress in Strategy 2022 – “Building for Growth”.

We grew faster than the market and improved the Recurring EBITDA of the company through greater efficiency and cost discipline. After several years of transition and adjustments to the organizational structure, our company is now well-positioned to thrive in a growing global building materials market. We have the best assets in the industry and highly motivated teams all around the world to further capture opportunities.

While our financial results attest to a successful strategy, this only tells part of the story. Your company aims to create value not only for its shareholders but also for society as a whole, as we have been doing for more than one-hundred years. From the Grand Paris Express in France, currently the largest infrastructure project in Europe, to transformative projects in Ecuador and India, our products and services help to improve people’s lives and spur economic growth.

As a global leader in building materials, we also contribute our expertise to sheltering families in our communities – as our colleagues at the Holcim Mexico Foundation have done for instance in Puebla, Mexico, by building 120 houses for families affected by the 2017 earthquake. In India, we are the industry leader in reducing CO<sub>2</sub> emissions and are known for extensive community services in the villages where we operate. It is our vision to be at the forefront of sustainable construction solutions and innovation, and for our stakeholders to see us as a responsible and ethical company.



Respect and responsibility towards the needs of all our stakeholders is part of our culture. In this context, upholding Health & Safety as a core value is highly important to us. I am happy to report that we have made a major step forward in reaching our goal of a zero-harm culture.


Last year, we have also further strengthened our corporate governance, for instance through the creation of the Ethics, Integrity & Risk Committee (EIRC), which is now fully part of our governance structure. We strongly believe that with our reviewed and strengthened governance and compliance organization we have taken all necessary measures to ensure that LafargeHolcim meets today's best corporate governance practices.

I would like to conclude my letter with a remark on an issue that is personally very important to me. We must be aware of the bigger environment for our success and not only consider our immediate business context. As a Swiss-based company with deep commitments to the EU and indeed to countries around the world, we are perhaps especially aware of the interdependencies upon which everyone's well-being depends – not just LafargeHolcim's. We live up to the responsibilities that come with our presence around the world. We aim to be second-to-none as a steward of global prosperity.

My sincere thanks go of course also to our employees around the world. They embody our spirit of responsibility towards all stakeholders and their pride in our company will be the best guarantee of business success.

I also wish to thank our colleague Dr. Thomas Schmidheiny, who decided not to stand for re-election to the Board. In recognition of his many years of service to LafargeHolcim, my colleagues and I have decided to appoint him Honorary Chairman of the Group. His deep experience and wise counsel will be truly missed.

Finally, I would like to thank my fellow Board members for their commitment and counsel and to the members of the Executive Committee for further strengthening LafargeHolcim's role as the global leader in building materials and solutions.

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a horizontal line and a small flourish at the end.

Beat Hess  
Chairman of the Board of Directors

# DEAR SHAREHOLDER,

In the business year 2018, we made excellent progress in executing our Strategy 2022 – “Building for Growth” and made significant improvements to our performance. Our momentum accelerated in the second half of 2018, during which we exceeded our sales targets while profitability increased over-proportionally.

Switching gears to **Growth** is the most fundamental principle of Strategy 2022. First results have been achieved and the growth momentum accelerated throughout the year, with a strong Net Sales increase of 5.1% on a like-for-like basis. All four business segments contributed to this growth. Four bolt-on acquisitions were completed in 2018 in Europe and North America which drove growth and added to the company's presence in ready-mix concrete and aggregates. These acquisitions had immediate impact on profitability and brought our company closer to our end-customers. Four more bolt-on acquisitions have been signed in 2019 in Europe, Australia and North America.

In terms of **Simplification & Performance**, we have successfully established a new operating model with more P&L accountability for the countries and leaner corporate support functions. Consequently, we have closed four corporate offices in Singapore, Miami, Zurich and Paris. The associated CHF 400 million SG&A savings program was executed successfully and is delivering results ahead of target.





We made strong progress towards closing the gap to best-in-class performance in the Aggregates and Ready-Mix Concrete business segments. Both businesses developed positively in terms of volumes, pricing and profitability. These two business segments will play an important role in reaching the next level of performance of LafargeHolcim.

The strategy driver **Financial Strength** has led to improvements across all key performance indicators. More than CHF 1.5 billion was refinanced at attractive terms, thereby improving our company's debt maturity profile and reducing financing costs. The sale of the Indonesian business contributes to the strengthening of our balance sheet. All measures taken in 2018 have already led to a successful de-leveraging, with the Net Financial Debt/Recurring EBITDA ratio improving to 2.2x (from 2.4x in 2017).

With regard to **Vision & People**, the new operating model and leadership team have been established effectively. Globally our leaders are empowered and the simplified performance management system and corresponding incentive scheme has been implemented in all countries. All initiatives are supported by the launch of the new LafargeHolcim Business School.

Our progress and performance in 2018 is based on the commitment of our 75,000 employees. I thank all LafargeHolcim leaders and employees for their contributions, agility and entrepreneurial spirit in driving Strategy 2022 – “Building for Growth”.

For 2019, we expect solid global market demand for our products and we aim to grow our business profitably. The execution of our new strategy has successfully started and I am confident that we will see a further acceleration of our momentum.

On behalf of all LafargeHolcim employees, I thank you for your trust and support.

Best regards,

A handwritten signature in black ink, appearing to read 'J. Jenisch', with a stylized flourish at the end.

Jan Jenisch  
Chief Executive Officer

# **AGENDA AND MOTIONS OF THE BOARD OF DIRECTORS**

## 1.

### **Management report, annual consolidated financial statements of the Group, annual financial statements of LafargeHolcim Ltd, and compensation report; auditor's reports**

#### **1.1 Approval of the management report, the annual consolidated financial statements of the Group, and the annual financial statements of LafargeHolcim Ltd**

Motion of the Board of Directors: Approval of the management report, the annual consolidated financial statements of the Group and the annual financial statements of LafargeHolcim Ltd.

#### **1.2 Advisory vote on the compensation report**

Motion of the Board of Directors: Acceptance of the compensation report in an advisory vote.

## 2.

### **Discharge of the members of the Board of Directors and the persons entrusted with management**

Motion of the Board of Directors: Grant of discharge to the members of the Board of Directors and the persons entrusted with management during the financial year 2018.

### 3.

#### **Appropriation of available earnings and distribution payable out of capital contribution reserves**

##### **3.1 Appropriation of available earnings**

Motion of the Board of Directors: The Board of Directors' motion is that the available earnings of CHF 13,034 million (comprising retained earnings of CHF 11,650 million carried forward from the previous year and net income for 2018 of CHF 1,384 million) be carried forward to the new account.

Explanations of the Board of Directors: Instead of a dividend from available earnings, the Board of Directors proposes under agenda item 3.2 a distribution payable out of capital contribution reserves. All available earnings may therefore be carried forward to the new account.

##### **3.2 Distribution payable out of capital contribution reserves**

Motion of the Board of Directors: The Board of Directors' motion is, subject to the approval of the motion under agenda item 4, to distribute CHF 2.00 per registered share payable out of capital contribution reserves in the form of either new registered shares issued at a discount of 8%, cash or a combination thereof (scrip dividend), in each case pursuant to the terms and conditions set forth in the enclosed brochure "Dividend Distribution 2019, Shareholder Information".

LafargeHolcim Ltd will abstain from making any distribution with respect to treasury shares existing at the time of the distribution.

Explanations of the Board of Directors: Subject to the approval by shareholders of the creation of authorized capital under agenda item 4, the Board of Directors is asking shareholders to approve a tax-privileged distribution of CHF 2.00 per registered share payable out of capital contribution reserves recognized by the Swiss Federal Tax Administration. The capital contribution reserves may be distributed free of Swiss federal withholding tax and will not be subject to income tax for Swiss resident individuals holding shares as a private investment.

The Board of Directors proposes that such a distribution be made in the form of either new registered shares of LafargeHolcim Ltd, a cash payment or a combination thereof. Shareholders will be entitled to elect to either receive new registered shares issued at a discount, subject to any legal restrictions applicable

in their home jurisdiction, or to receive a cash payment in the amount of CHF 2.00 per registered share, or a combination thereof. Should no election be made, the distribution will be paid out entirely in cash.

Both the delivery of the new registered shares issued at a discount and the cash payment is scheduled for June 25, 2019.

The issue price of the new registered shares will be determined by the Board of Directors based on the daily volume weighted average price of the registered shares of LafargeHolcim Ltd listed on the SIX Swiss Exchange AG during the period of nine trading days from May 27, 2019 to June 7, 2019 less a discount of 8%.

The new registered shares will be issued out of authorized capital, the creation of which the shareholders are asked to approve under agenda item 4. The issue price will be determined and publicly announced by the Board of Directors on June 11, 2019 (at around 7:00 am CEST). If a shareholder elects to receive new registered shares, the distribution amount (in Swiss Francs), which the shareholder is entitled to, will be divided by the issue price per new registered share (which includes the aforementioned discount), resulting in the number of registered shares to be allocated. The residual amount will be paid in cash.

In case that the General Meeting of Shareholders does not support the proposal under agenda item 4, no distribution according to the proposal under this agenda item 3.2 will take place.

For further information with respect to the scrip dividend, see the enclosed brochure "Dividend Distribution 2019, Shareholder Information".

Shareholders should note that due to certain legal restrictions shareholders in certain jurisdictions may not be entitled to make an election to receive new registered shares. The brochure "Dividend Distribution 2019, Shareholder Information" is accordingly, due to legal restrictions, not being sent to shareholders resident in certain of those jurisdictions. In any event, the aforementioned brochure is not an offer or solicitation of an offer for the sale or subscription of shares.

## 4.

### Creation of authorized capital in connection with scrip dividend

Motion of the Board of Directors: The Board of Directors' motion is that the Articles of Incorporation be amended with a new Article 3<sup>ter</sup> authorizing the Board of Directors to issue up to 40,000,000 registered shares to shareholders electing to receive new registered shares issued at a discount in connection with the scrip dividend proposed under agenda item 3.2. The Board of Directors proposes the following new Article 3<sup>ter</sup> of the Articles of Incorporation pursuant to this motion:

#### Article 3<sup>ter</sup>

The Board of Directors is authorized, at any time until May 15, 2021, to increase the share capital by a maximum of CHF 80,000,000 through the issuance of a maximum of 40,000,000 registered shares, to be fully paid-in, with a par value of CHF 2.00 each, which are reserved exclusively for issuance to shareholders in connection with a scrip dividend. Increases by underwriting as well as partial increases are permissible. The issue price and the time of dividend entitlement will be determined by the Board of Directors. Upon acquisition, the new registered shares will be subject to the transfer restrictions pursuant to Art. 5 of the Articles of Incorporation.

Subject to any legal restrictions applicable in their home jurisdiction, the subscription rights of existing shareholders are granted. The new registered shares will be paid-in out of reserves from capital contributions. The subscription rights will not be tradeable. The Board of Directors is authorized to determine any further modalities relating to the exercise of the subscription rights. The Board of Directors may allow not exercised subscription rights to expire without compensation.

Explanations of the Board of Directors: Under agenda item 3.2, the Board of Directors proposes a distribution in the form of either new registered shares issued at a discount, a cash payment or a combination thereof. The new registered shares to be issued to shareholders electing to receive new registered shares in lieu of a cash payment shall be issued out of authorized capital. The Board of Directors will need a maximum of 40,000,000 registered shares to service the scrip dividend proposed under agenda item 3.2. Subject to any legal restrictions applicable in their home jurisdiction, the subscription rights of existing shareholders in relation to such new registered shares will be granted. The new registered shares to be issued to shareholders electing to receive new registered shares in lieu of a cash payment will be paid-in out of reserves from capital contributions.



In case that the General Meeting of Shareholders does not support this proposal, no distribution according to the proposal under agenda item 3.2 will take place.

## 5.

### Re-elections and elections

#### **5.1 Re-elections of members of the Board of Directors and re-election of the chairman of the Board of Directors**

For biographical information on all candidates please refer to the enclosed brochure "Elections Board of Directors – Curricula Vitae".

##### **5.1.1 Re-election of Dr. Beat Hess as a member and re-election as chairman of the Board of Directors**

Motion of the Board of Directors: Re-election of Dr. Beat Hess as a member of the Board of Directors and re-election as chairman of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

##### **5.1.2 Re-election of Paul Desmarais, Jr. as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Paul Desmarais, Jr. as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

##### **5.1.3 Re-election of Oscar Fanjul as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Oscar Fanjul as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

##### **5.1.4 Re-election of Patrick Kron as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Patrick Kron as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

##### **5.1.5 Re-election of Adrian Loader as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Adrian Loader as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.1.6 Re-election of Jürg Oleas as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Jürg Oleas as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.1.7 Re-election of Hanne Birgitte Breinbjerg Sørensen as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Hanne Birgitte Breinbjerg Sørensen as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.1.8 Re-election of Dr. Dieter Spälti as a member of the Board of Directors**

Motion of the Board of Directors: Re-election of Dr. Dieter Spälti as a member of the Board of Directors for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.2 Elections of members of the Board of Directors****5.2.1 Election of Colin Hall as a member of the Board of Directors**

Motion of the Board of Directors: Election of Colin Hall as a member of the Board of Directors for a term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.2.2 Election of Naina Lal Kidwai as a member of the Board of Directors**

Motion of the Board of Directors: Election of Naina Lal Kidwai as a member of the Board of Directors for a term of office of one year, expiring after the completion of the Annual General Meeting 2020.

**5.2.3 Election of Claudia Sender Ramirez as a member of the Board of Directors**

Motion of the Board of Directors: Election of Claudia Sender Ramirez as a member of the Board of Directors for a term of office of one year, expiring after the completion of the Annual General Meeting 2020.

### **5.3 Re-elections of members of the Nomination, Compensation & Governance Committee**

#### **5.3.1 Re-election of Paul Desmarais, Jr. as a member of the Nomination, Compensation & Governance Committee**

Motion of the Board of Directors: Re-election of Paul Desmarais, Jr. as a member of the Nomination, Compensation & Governance Committee for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

#### **5.3.2 Re-election of Oscar Fanjul as a member of the Nomination, Compensation & Governance Committee**

Motion of the Board of Directors: Re-election of Oscar Fanjul as a member of the Nomination, Compensation & Governance Committee for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

#### **5.3.3 Re-election of Adrian Loader as a member of the Nomination, Compensation & Governance Committee**

Motion of the Board of Directors: Re-election of Adrian Loader as a member of the Nomination, Compensation & Governance Committee for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

#### **5.3.4 Re-election of Hanne Birgitte Breinbjerg Sørensen as a member of the Nomination, Compensation & Governance Committee**

Motion of the Board of Directors: Re-election of Hanne Birgitte Breinbjerg Sørensen as a member of the Nomination, Compensation & Governance Committee for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

### **5.4 Re-election of the auditor and re-election of the independent proxy**

#### **5.4.1 Re-election of the auditor**

Motion of the Board of Directors: Conferral of the mandate for the auditor for the financial year 2019 on Deloitte AG, Zurich, Switzerland.

#### **5.4.2 Re-election of the independent proxy**

Motion of the Board of Directors: Re-election of Dr. Thomas Ris of Ris & Ackermann, Attorneys at Law, St. Gallerstrasse 161, 8645 Jona, Switzerland, as the independent proxy for a further term of office of one year, expiring after the completion of the Annual General Meeting 2020.

## 6.

### **Compensation of the Board of Directors and of the Executive Committee**

#### **6.1 Compensation of the Board of Directors for the next term of office**

Motion of the Board of Directors: Approval of the total maximum amount of compensation for the members of the Board of Directors for the period from the Annual General Meeting 2019 to the Annual General Meeting 2020 of CHF 5,100,000. For further details, see the enclosed brochure "Compensation votes at the Annual General Meeting 2019".

#### **6.2 Compensation of the Executive Committee for the financial year 2020**

Motion of the Board of Directors: Approval of the total maximum amount of compensation of the Executive Committee for the financial year 2020 of CHF 40,000,000. For further details, see the enclosed brochure "Compensation votes at the Annual General Meeting 2019".

## 7.

### **Capital reduction through cancellation of shares repurchased under the share buyback program**

Motion of the Board of Directors: The Board of Directors' motion is to:

- a) reduce the share capital of CHF 1,213,818,160 by CHF 20,567,308 to CHF 1,193,250,852 by way of cancellation of 10,283,654 registered shares with a nominal value of CHF 2.00 each which were bought back by LafargeHolcim Ltd under the share buyback program announced in June 2017 and completed in March 2018;
- b) to confirm as a result of the special report of the auditors that the claims of the creditors are fully covered notwithstanding the capital reduction; and
- c) to amend Article 3 of the Articles of Incorporation as follows:

### **Article 3**

The Company has a share capital of CHF 1,193,250,852 which is divided into 596,625,426 registered shares of CHF 2.00 nominal value each, fully paid-in.

[remainder of Article 3 remains unchanged]

The proposed amendments to Article 3 do not take into account the registered shares to be issued out of authorized capital in connection with the scrip dividend as proposed under agenda items 3.2 and 4.

Explanations of the Board of Directors: Under the share buyback program announced in June 2017 and completed in March 2018, LafargeHolcim Ltd repurchased a total of 10,283,654 registered shares for capital reduction purposes. This is to ask the shareholders to approve the cancellation of the repurchased shares.

### **LafargeHolcim Ltd**

#### **Dr. Beat Hess**

Chairman of the Board of Directors  
Jona, 18 April 2019

(The original German text as published in the Swiss Official Gazette of Commerce is binding.)

#### **Enclosures**

- Registration form with reply envelope
- Brochure "Elections Board of Directors - Curricula Vitae"
- Brochure "Compensation votes at the Annual General Meeting 2019"
- Brochure "Dividend Distribution 2019, Shareholder Information"

# DOCUMENTATION AND ORGANIZATIONAL INFORMATION

### Documentation

The 2018 Annual Report with the management report, the annual consolidated financial statements of the Group and the annual financial statements of LafargeHolcim Ltd, the compensation report, the auditor's reports, and the motion for the appropriation of retained earnings is available for inspection by the shareholders at the company's registered office, and on [www.lafargeholcim.com](http://www.lafargeholcim.com). The Annual Report will be delivered to shareholders upon written request (see enclosed form) starting 6 May 2019.

### Admission to the Annual General Meeting

Upon written request, registered shareholders will receive an admission card prior to the Annual General Meeting. The shareholders of LafargeHolcim Ltd registered in the share register on 3 May 2019 as shareholders with voting rights shall be entitled to vote.

Delivery of the admission card will be carried out starting 6 May 2019.

The registration in the share register has no influence on the trading of shares by registered shareholders before, during and after the Annual General Meeting.

### Issue of proxy

Shareholders who are not able to attend the Annual General Meeting in person are requested to arrange for being represented by another shareholder entered in the share register as a shareholder with voting rights, or by the independent proxy (unabhängiger Stimmrechtsvertreter) Dr. Thomas Ris of Ris & Ackermann, Attorneys at Law, St. Gallerstrasse 161, 8645 Jona, Switzerland. Please use the enclosed proxy form for granting power of attorney.

### Electronic authorization and instructions for the independent proxy

Shareholders may cast their votes electronically at: [www.lafargeholcim.com/agm](http://www.lafargeholcim.com/agm) by issuing a power of attorney and their instructions electronically to the independent proxy. The requisite login data is included in the invitation documents provided to the shareholders. The Nimbus ShApp shareholder application is used, and Nimbus AG supports the independent proxy. Shareholders may submit their voting instructions electronically, or change any instructions they may have already provided, up to but no later than 13 May 2019 at 11:59 p.m.

**Speakers' desk**

Shareholders who wish to speak at the Annual General Meeting are requested to notify the speakers' desk (Wortmeldeschalter) near the podium before the Annual General Meeting begins.

**Simultaneous translations**

The Annual General Meeting will be conducted in German and partially in English. Simultaneous translation into German, English and French will be available.

**Cloakroom**

Backpacks, umbrellas, bags and other bulky items are to be left at the cloakroom.

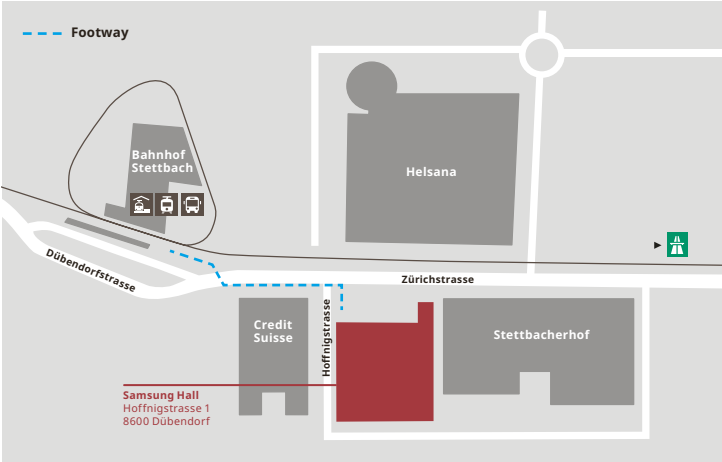
**Means of transport**

Shareholders are asked to use public transport as there will be only a few parking facilities (for a fee) at the meeting location, Samsung Hall, Dübendorf.

The Samsung Hall is just steps away from Stettbach train station. After arriving at Stettbach train station, it is best to take the exit "Süd" to get to the Samsung Hall.



# DIRECTIONS





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