



# LafargeHolcim Ltd

## Nomination, Compensation & Governance Committee

### Charter

Review date: July 26, 2018

## 1. Purpose

### 1.1 Mission

The Nomination, Compensation & Governance Committee ("NCGC") is an expert committee formally appointed by the Board of Directors ("Board") of LafargeHolcim Ltd ("Company").

Its mission is to support the Board in the performance of its duties, in particular in the following areas:

- planning and preparing succession at Board and Executive Committee (ExCo) level;
- monitoring of developments, planning and preparing with regard to compensation for the Board and the ExCo;
- planning and preparing targets and performance assessment at Board and ExCo level;
- monitoring of developments, planning and preparing in all governance related matters;
- briefing of the Board accordingly;
- informing the Board of the decisions taken by the NCGC, and;
- submitting NCGC recommendations to the Board.

### 1.2.1 Duties – nomination

#### Board

Within the framework of its mission the NCGC has in particular the following duties related to nomination:

- reviewing of the composition and size of the Board to ensure appropriate expertise, diversity and independence of the Board;
- succession planning for the Board and for its committees by - based on selection criteria per-determined by the NCGC - making recommendations to the Board for motions to the General Meeting for re-election and election of candidates for Board and NCGC membership;
- making proposals for the nomination of the Chairman, the Vice-Chairman and of the Chairmen of the Board Committees as well as for Board members and Board Committee members;



### **1.2.2 Duties – nomination (cont.)**

*CEO / ExCo*

- determination of selection criteria for the succession of CEO and ExCo Members;
- succession planning for the CEO and ExCo Members for recommendation of nominations to the Board;

*Other matters*

- taking note of the succession planning for the Area Managers;
- taking note of the succession planning for the corporate function heads;
- taking note of the succession planning of the executive committees of the 10 Group companies with the highest turnover, and;
- submitting motions to the Board of Directors in other nomination-related issues.

### **1.2.3 Duties – compensation**

Within the framework of its mission the NCGC has in particular the following duties related to compensation:

*Board*

- taking note of the compensation of the Board for the last period;
- preparing for submission to the Board of the motions to the General Meeting regarding the compensation of the members of the Board for the next period and providing the Board with elements of comparison and benchmarking with market practice;

*CEO / ExCo*

- taking note of the compensation of the CEO and ExCo for the last period;
- preparing for submission to the Board of the motions to the General Meeting regarding the compensation of the CEO and ExCo for the next period;
- defining and implementing the rules for the determination of the variable mid-term and long-term remuneration while taking care to ensure these rules are compatible with the annual evaluation of the ExCo Member's performance assessment and with the mid-term and long-term strategy of the Company and the Group;

*Other matters*

- being informed of the remuneration policy concerning the leadership personnel of the Company (other than the ExCo) and of its Group companies and examining the coherence of this policy;
- reviewing and advising of the board on the information disclosed in the remuneration section of the annual report, and;
- submitting motions to the Board of Directors in other compensation-related issues.



**1.2.4 Duties – objectives**

Within the framework of its mission the NCGC has in particular the following duties related to objectives and assessment:

- advise and motion to the Board for the objectives for the current year for the CEO based on a proposal submitted jointly by the Chairman and the CEO;
- advise and motion to the Board for the Group objectives for the current year of the individual ExCo members based on proposal submitted by the CEO, and;
- advise and motion to the Board for remuneration policy for CEO, ExCo.

**1.2.5 Duties – assessment**

Within the framework of its mission the NCGC has in particular the following duties related to objectives and assessment:

- in view of forthcoming re-elections: review/performance assessment of the members of the Board presented by the Chairman of the NCGC, jointly with the Statutory Chairman;
- assessment of last year's performance of the CEO based on a proposal submitted by the Chairman;
- assessment of last year's performance of the individual ExCo members based on proposal submitted by the CEO;
- preparation of proposal to the Board for the assessment of the Chairman;
- conducting of yearly self-assessment of the NCGC in respect of the previous year, and;
- submission of motions to the Board of Directors in other objectives and assessment-related issues, including assessment of high potentials and talent management.

**1.2.6 Duties - governance**

Within the framework of its mission the NCGC has in particular the following duties related to governance, avoiding duplication with respective duties of other committees:

- dealing with all corporate governance related matters in line with the mandate given to the NCGC as per this NCGC charter;
- monitoring and assessing of developments corporate governance, including regular review of relevant structures;
- analyzing of the external perception of corporate governance at the Company;
- ensuring that the Company's governance rules remain effective and among the best in the market;
- reviewing proposals to be made to the Board for the amendment of the Articles of Incorporation, the organizational rules, the functions diagram and the committee charter;



## LafargeHolcim

### **1.5. Duties – governance (cont.)**

- reviewing proposals to be made to the Board to amend the code of conduct, the overall policy landscape and the policies and directives approved by the Board;
- reviewing the criteria for the determination of the independence of directors;
- giving its prior approval before the CEO and ExCo members accept a board or other significant mandate on the board of a company outside of the Group and inform the Board;
- submission of motions to the Board of Directors in other governance-related issues;
- reviewing the annual assessment of the functioning and effectiveness of the Board prepared by the Chairman for submission to the Board;
- reviewing and advising of the board on the information disclosed in the corporate governance section of the annual report and;
- reviewing conflicts and related party transactions.

## **2. Powers**

### **2.1 Collection of information and assistance**

The NCGC is empowered by the Board to collect all information and assistance from within the Company that is needed to perform the specific tasks and duties imposed upon it by this NCGC Charter.

### **2.2 Professional support**

The NCGC is authorised by the Board to obtain subject-specific professional consultancy services from third parties.

## **3. Composition**

### **3.1 Qualification requirements**

The NCGC consists of at least four members of the Board with the following qualification requirements:

- all members of the NCGC shall be independent based on Appendix 1 to the Swiss Code of Best Practice for Corporate Governance;
- all members of the NCGC shall have basic knowledge in the field of succession planning, assessment, nomination and remuneration of members of the Board and executives, and;
- all members of the NCGC shall have basic knowledge in the field of Corporate Governance.

### **3.2 Chairman**

The NCGC constitutes itself and elects its Chairman from among its members who has no casting vote in case of a tie.



## LafargeHolcim

**3.3 Election** The members of the NCGC are elected individually by the General Meeting for a term of office until completion of the next General Meeting and may be re-elected. If there are vacancies on the NCGC, the Board may appoint the missing members from among its members for the remaining term of office.

**3.4 Minute taking** The minutes are generally taken by the Secretary of the Board or, on a case by case basis, by a member of the NCGC.

### 4. Meetings

**4.1 General** The NCGC shall hold an ordinary meeting at least four times a year.

The Chairman (unless he is a member of the NCGC) and the Group CEO shall attend the meetings upon invitation by the Chairman of the NCGC from time to time.

At the discretion of the Chairman of the NCGC, the ExCo Members, other executive bodies within the Group or third parties may be invited to attend the meetings.

**4.2 Minutes** The NCGC shall report to the Board and shall submit the NCGC minutes to the members of the Board for their information and as a basis for the adoption of resolutions.

**4.3 Compensation** The Board shall determine the compensation of the Chairman and members of the NCGC.

### 5. Standard Agenda Items and timing through the year

The Standard Agenda Items to be dealt with by the NCGC and the timing through the year for the NCGC treating these Standard Agenda Items are set out in Attachment 1 to this NCGC Charter.

signed by Oscar Fanjul

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Chairman of the Nomination, Compensation & Governance Committee

signed by Beat Hess

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Chairman of the Board of Directors

Date: July 26, 2018