

TAX TRANSPARENCY REPORT 2022



This report shows our economic contribution to the societies in which we operate and the rigor of our tax practices.



“Sustainability is a top priority at Holcim, and finance plays a key role. As a responsible taxpayer, Holcim is strengthening the communities in which we live and work.”

JAN JENISCH
Chairman and CEO

“This is our third annual Tax Transparency Report. We increased our total contributions in 2022, supporting essential services like education, health care and transport.”

STEFFEN KINDLER
Chief Financial Officer

CONTENTS

OUR HISTORY AND STRATEGY 04

We have grown from our Swiss roots to a global building solutions producer

TOTAL ECONOMIC CONTRIBUTION 11

A summary of our total contribution to the communities in which we operate

THE TAXES WE PAY 12

The taxes we paid in 2022 across the globe

OUR APPROACH TO TAX 26

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

BASIS OF THIS REPORT 32



OUR HISTORY

Holcim is Switzerland’s leading provider of innovative and sustainable building solutions. Holcim is listed on the SIX Swiss Exchange and is a significant employer in Switzerland, with over 1,600 employees.

We are proud to be a Swiss-headquartered multinational group that can trace its roots in Switzerland back over 110 years to its first cement plant in Holderbank.

Today, Holcim is a global building solutions producer present in around 60 countries; however, Switzerland remains the headquarters location of Holcim and plays an important role in its global product and process innovation.



FEBRUARY 1912

Holcim established its first cement plant in the small farming village of Holderbank in the Swiss canton of Aargau.

1920s

World War I put a temporary brake on the company’s development, but soon it moved into Belgium, France, Lebanon and Egypt.



POST 1945

Post-World War II, the group experienced a boom period with expansion into the US, Brazil and South Africa.

1950s

Significant growth in Switzerland supported by the extension of the Swiss national road network and the power plant construction boom.



1958

Holcim listed on the Zurich and Basel Stock Exchanges.



1960s

Holcim began a phase of expansion in Latin America that would propel the Group to become a global leader in building materials.



1970s, 1980s and 1990s

Further expansion into Latin America, China, Eastern Europe, North Africa and Spain.



2015

Holcim merged with Lafarge to become a world leader in the building materials industry.



2021

Holcim acquired Firestone Building Products, further accelerating growth in the Solutions & Products business segment.



STRATEGY 2025 - ACCELERATING GREEN GROWTH



ACCELERATING GROWTH

With today's megatrends, the construction sector has never been more attractive. In this context, we will accelerate growth across all our markets with leading profitability and cash flow. Holcim's profitable growth will be driven by innovative and sustainable building solutions, from ECOPact green concrete to energy-efficient roofing systems. We will lead the green transformation of materials with solutions like ECOPlanet, including by using 20 percent construction & demolition waste inside. We will further fuel our growth with bolt-on acquisitions in mature markets in the aggregates and ready-mix concrete businesses. Strengthening our performance, we will scale up digitalization across our value chain, from operations and distribution to our building solutions and customer experience.

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



EXPANDING SOLUTIONS & PRODUCTS

We will reach 30 percent of Group net sales in Solutions & Products by 2025. Growing closer to our customers, this business will expand its range of integrated solutions and systems from roofing and insulation to facades and tile adhesives, driving energy efficiency and green retrofitting. Roofing sales are delivering double-digit growth in the USD 40 billion North America roofing market, and we are on track to reach our 2025 target of USD 4 billion in roofing sales two years ahead of schedule.

▲ Nike's EMEA distribution center, Belgium uses Elevate roofing.

29.9BN

Net sales
CHF

4.8BN

Recurring EBIT
CHF

0.9x

Leverage ratio

9.5%

Return on
invested capital

STRATEGY 2025 – ACCELERATING GREEN GROWTH CONTINUED



LEADING IN SUSTAINABILITY & INNOVATION

Sustainability is at the core of our strategy. We were the first global building materials and solutions company to have our 2030 and 2050 net-zero targets validated by the Science Based Targets initiative (SBTi) for all scopes. This year, the SBTi approved our upgraded near-term targets in line with the 1.5°C science-based framework. We will remain at the forefront of green building solutions, with 25 percent of ready-mix net sales coming from ECOPact, with at least a 30 percent lower CO₂ footprint. Driving circular construction, we will recycle 10 million tons of construction & demolition waste by 2025. We will continue to deploy smart technologies, from 3D printing using 50 percent less materials, to innovative low-emission raw materials like calcined clay. We will further develop next-generation technologies including over 50 projects in carbon capture, usage and storage and mineralization, in line with our net-zero journey.

▲ *Pian-Médoc School, France built with ECOPact, 90–115 kg lower CO₂ footprint per m³.*



DELIVERING SUPERIOR PERFORMANCE

Our “Strategy 2025 – Accelerating Green Growth” financial targets are:

- 3–5 percent net sales growth (like for like)
- Over-proportional increase in Recurring EBIT (like for like)
- 45 percent cash conversion
- 10 percent return on invested capital in 2025
- Ratio of net financial debt to EBITDA of under 1.5× in 2025

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

- 25 percent of ready-mix sales from ECOPact, with at least a 30 percent lower CO₂ footprint
- 10 million tons of construction & demolition waste recycled in our products
- Green CAPEX of CHF 500 million
- >40 percent of financing agreements linked to sustainability goals

We will deliver these results by fostering an engaged, diverse, inclusive and high-performance culture while operating at the highest level of ethics and integrity.

▲ *Seven Gardens Oak House quarter, Wiesbaden, Germany, built with DYNAMax ultimate performance concrete.*

13%
of total ready-mix
net sales from
ECOPact green
concrete

6.8M
tons of
construction &
demolition waste
recycled

403M
Green CAPEX
CHF

PUSHING THE BOUNDARIES OF INNOVATION

Innovation is one of the keys to our success. It all begins with our researchers working in the Switzerland Technology Center as well as our industry-leading Holcim Innovation Center in Lyon, France.

To spread innovation across our markets, researchers from the Innovation Center work in close collaboration with our network of regional innovation hubs. Together with our commercial teams, they support our customers in all their building needs from concept to creation.

Our experts cut across all fields of building, from masons to engineers to material scientists, to experts in artificial intelligence and data mining. The Innovation Center drives cutting-edge research in more than 15 areas, from CO₂ reduction to ultra-high strength concrete and 3D printing. Through this system, we launched over 450 new products in 2022.

Next-generation materials

One of our primary aims in 2022 was to develop the next generation of our green concrete, ECOPact. ECOPact already delivers 100 percent performance with at least 30 percent lower carbon footprint. Our aim now is to take the carbon reduction even steeper, particularly by incorporating a greater variety of low-emission raw materials into their green formulation.

One of the most important innovative raw materials is construction & demolition waste, so that we can drive a truly circular construction. We also passed a major milestone in 2022, creating clinker from 100 percent recycled material. By mid-2023 we expect to complete our journey to 100 percent recycled concrete with a social housing project in France.

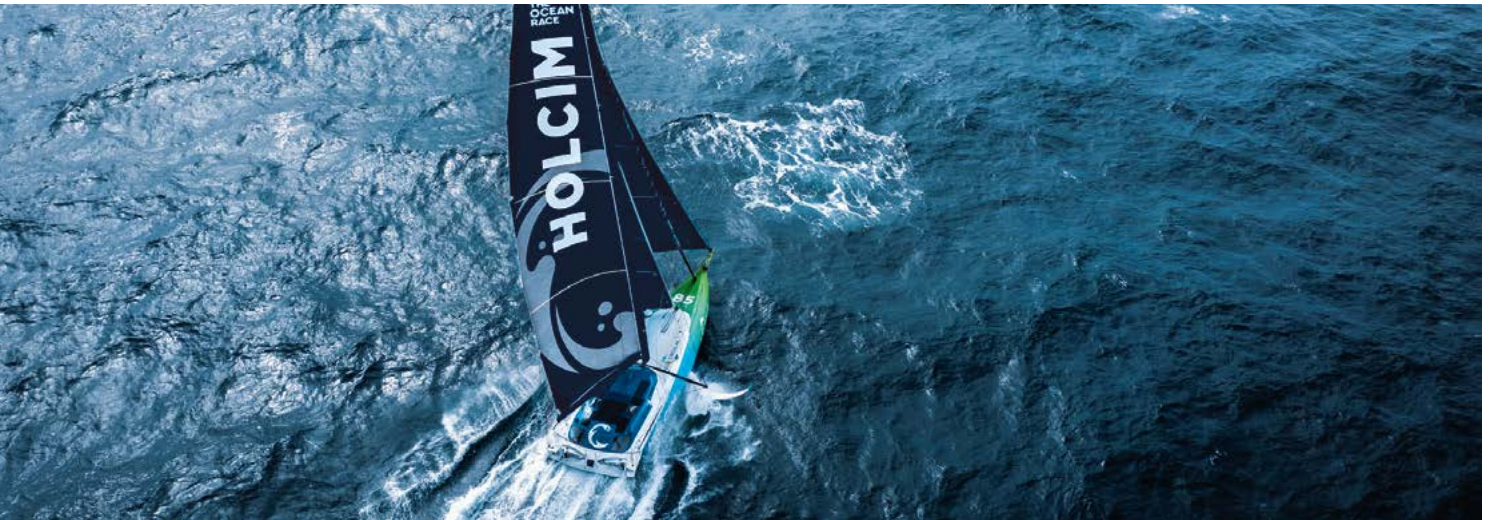
Tax incentives and subsidies

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

When available, we take advantage of incentives in order to reinject these into employment and further innovation investment.

For example, in 2022 Holcim secured two investments from the European Union Innovation Fund for its breakthrough carbon capture, utilization and storage projects in Germany and Poland. Furthermore, in France we benefit from R&D tax incentives as a result of the activities performed in our industry-leading Innovation Center in Lyon.

PUSHING THE BOUNDARIES OF INNOVATION CONTINUED



We are setting the pace of green transformation in the cement industry, becoming the first company in our industry to set 2050 targets validated by the Science Based Targets initiative. We will reach net zero largely through adaptations to our key cement segment while maintaining market-leading positions and strong profitability.

Intellectual assets

With the largest innovation capability of the industry, we draw on 300 patent families and more than 80 percent of our researchers' time is dedicated to advancing green construction.

Sustainability accounts for two-thirds of the patent portfolio – 45 percent directly relating to low-carbon solutions such as carbon capture and innovative low-emission raw materials, while another 20 percent are related to other sustainability drivers such as 3D printing, a great example of smart design that can reduce material use by up to 50 percent. We work with over 40 leading universities around the world in fields ranging from materials science to civil engineering to sustainable construction. One such partnership is with the MIT Climate and Sustainability Consortium, where we are working on a lighthouse project to demonstrate a truly circular system where a building can be assembled and reassembled multiple times.

Applied innovation

We apply innovation across our plants to drive more efficient and sustainable operations. The Plants of Tomorrow initiative brings together a range of innovations aimed at improving performance, circularity and carbon neutrality.

We aim to accelerate the adoption of new technologies and solutions across our entire value chain, from quarry to lorry. To date, we have deployed more than 800 applications across 180 plants, utilizing technologies from automation and robotics to artificial intelligence and digital twins. By 2025, we will reach more than 5,000 deployments.



DIGITALIZING OUR PLANTS

25 Sites	3,000 Users worldwide
1,600 Deployments	42 Proprietary solutions
27,000 Innovators	

▲ With GO CIRCULAR, Holcim is racing around the world to promote circular for a net-zero future.

◀ The Plants of Tomorrow initiative improves performance, circularity and carbon neutrality.

DECARBONIZING BUILDING

From our operations to our products to buildings in use, we are decarbonizing building for a net-zero future.

GREEN OPERATIONS

DECARBONIZING HOLCIM

We are decarbonizing Holcim with green operations, from green energy and mobility to green product formulation, all the way to next-generation technologies like carbon capture, usage and storage.

BUILDING BETTER WITH LESS

DECARBONIZING CONSTRUCTION

We offer the broadest ranges of low-carbon materials such as ECOPact green concrete, delivering 100 percent performance with at least 30 percent less CO₂ – as well as enabling smart design systems like 3D printing that can reduce material use by up to 50 percent.



CIRCULAR CONSTRUCTION

BUILDING NEW FROM OLD

We drive circular construction to build new from the old. As a world leader in recycling, we put circularity at the core of everything we do. In Switzerland we launched the world's first cement with 20 percent recycled construction and demolition waste, and upcycle plastic bags in roofing systems.

MAKING BUILDINGS SUSTAINABLE

DECARBONIZING CITIES

Holcim Solutions & Products, from roofing to insulation, are making buildings more sustainable in use to decarbonize our cities, driving energy efficiency and green retrofitting.

OUR VALUE CHAIN

Our success and growth are shared fairly at each step of our value chain and we generate considerable value – both financial and social – for the communities in which we operate.

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

TOTAL ECONOMIC CONTRIBUTION

In 2022, Holcim contributed more than CHF 26.1 billion to communities across the world.

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



EMPLOYEES¹

Employee expenses for salary, wages and incentives

CHF 4.0BN



PROCUREMENT¹

Payments made to our suppliers for the purchase of utilities, goods and services

CHF 18.2BN



PAYMENTS TO GOVERNMENTS²

Total taxes paid plus governmental fees and infrastructure improvements

CHF 1.9BN



SHAREHOLDERS, LENDERS AND INVESTORS²

Dividend and interest payments

CHF 2.0BN

**TOTAL
CHF
26.1BN**



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 32.

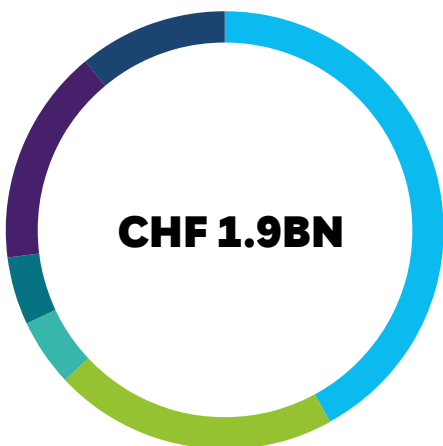
THE TAXES WE PAY

In 2022, total taxes and governmental contributions paid by Holcim were CHF 1.9 billion.

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

Much focus is often placed on the taxes we pay on our profits, but these taxes represent only 42 percent of our total tax contribution.

⊕ See page 32 for more detail on how we define our taxes



● Profit taxes	42.1%
● People taxes	21%
● Product taxes	5.3%
● Property taxes	5.3%
● Other taxes	15.8%
● Other payments to government	10.5%

PROFIT TAXES

CHF 800M

include taxes on company income, profits and capital gains

PEOPLE TAXES

CHF 420M

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

PRODUCT TAXES

CHF 140M

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

PROPERTY TAXES

CHF 150M

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

OTHER TAXES

CHF 170M

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

OTHER PAYMENTS TO GOVERNMENT

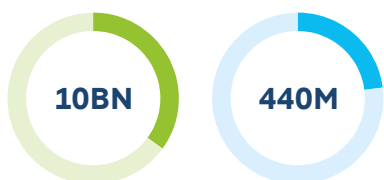
CHF 220M

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

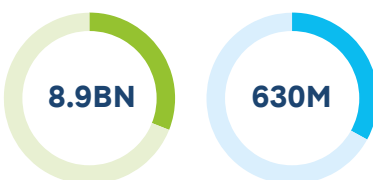
WE CONTRIBUTE WHERE WE DO BUSINESS

85 percent of the CHF 1.9 billion paid to government was located where 90 percent of sales occur.

NORTH AMERICA

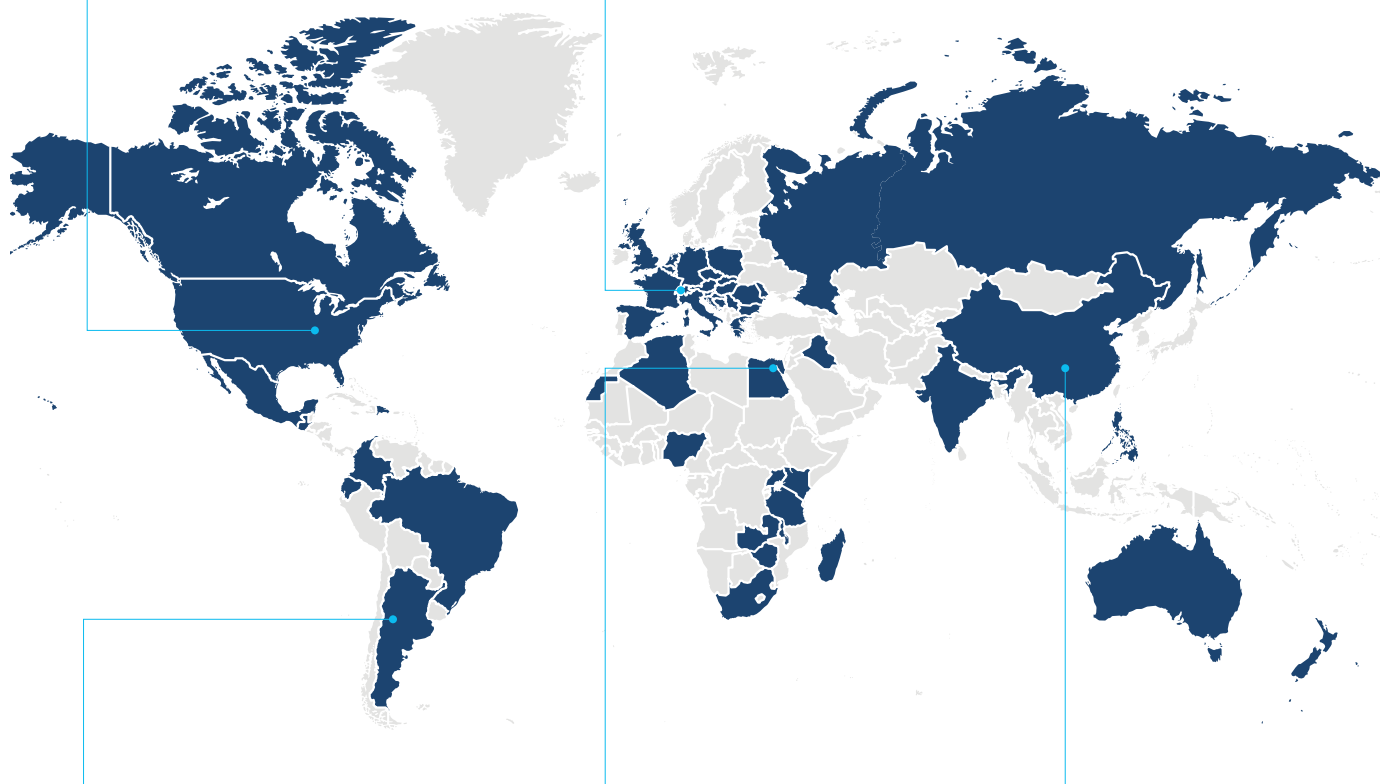


EUROPE

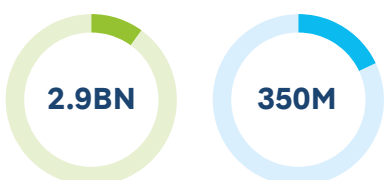


Key

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



LATIN AMERICA



MIDDLE EAST & AFRICA



ASIA PACIFIC



OUR LARGEST COUNTRIES

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

These are ordered by revenue with the largest countries shown first, and represent over 80 percent of the total paid to governments across the globe. On the following pages, we provide additional analysis on these countries.

Country	Revenues	Government payments
1. United States of America	CHF 7,437 million	CHF 325 million
2. Canada	CHF 2,551 million	CHF 115 million
3. India	CHF 2,521 million	CHF 200 million
4. France	CHF 1,994 million	CHF 183 million
5. United Kingdom	CHF 1,795 million	CHF 98 million
6. Mexico	CHF 1,352 million	CHF 154 million
7. Australia	CHF 1,185 million	CHF 17 million
8. Switzerland	CHF 1,050 million	CHF 93 million
9. Germany	CHF 855 million	CHF 38 million
10. Poland	CHF 578 million	CHF 32 million
11. Nigeria	CHF 563 million	CHF 9 million
12. Romania	CHF 524 million	CHF 23 million
13. Belgium	CHF 490 million	CHF 29 million
14. Philippines	CHF 465 million	CHF 17 million
15. Ecuador	CHF 366 million	CHF 53 million
16. Egypt	CHF 358 million	CHF 36 million
17. Spain	CHF 338 million	CHF 30 million
18. Brazil	CHF 327 million	CHF 18 million
19. China	CHF 313 million	CHF 37 million
20. Iraq	CHF 311 million	CHF 15 million



◀ Gateway in Washington D.C. built using Holcim ultra-high performance concrete.

KEY COUNTRY HIGHLIGHTS¹



1. UNITED STATES OF AMERICA

350 SITES
7,000 EMPLOYEES

With a strong presence in the United States since the 1950s, today we are present in 43 states. Holcim is the number one building materials and solutions provider in the US.



2. CANADA

400 SITES
5,300 EMPLOYEES

As part of the Holcim Group, Lafarge is Canada's largest provider of sustainable and innovative building solutions including aggregates, cement, ready-mix and precast concrete, asphalt and paving, and road and civil construction.

TOTAL PAYMENTS TO GOVERNMENT CHF 325.0 MILLION



+ Learn more at holcim.us/about-us

TOTAL PAYMENTS TO GOVERNMENT CHF 114.9 MILLION



+ Learn more at lafarge.ca/en/future-isnt-written-its-built

¹ The breakdown of payments to government may not add up to the total reported for a country due to rounding

KEY COUNTRY HIGHLIGHTS CONTINUED



3. INDIA

100 SITES
10,700 EMPLOYEES

Holcim operated in India through two listed entities, Ambuja Cements Ltd and ACC Limited. In September 2022, Holcim closed the sale of its business in India.



4. FRANCE

470 SITES
5,000 EMPLOYEES

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

TOTAL PAYMENTS TO GOVERNMENT CHF 199.9 MILLION



TOTAL PAYMENTS TO GOVERNMENT CHF 183.3 MILLION



+ Learn more at
lafarge.fr/groupe-holcim-en-france

KEY COUNTRY HIGHLIGHTS CONTINUED

5. UNITED KINGDOM

200 SITES
3,900 EMPLOYEES

As part of the Holcim Group, Aggregate Industries offers a full range of construction products to help our partners work sustainably, safely, professionally and profitably.

6. MEXICO

50 SITES
3,500 EMPLOYEES

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

TOTAL PAYMENTS TO GOVERNMENT CHF 97.7 MILLION



+ Learn more at aggregate.com/about-us

TOTAL PAYMENTS TO GOVERNMENT CHF 154.2 MILLION



+ Learn more at holcim.com.mx/quienes-somos

KEY COUNTRY HIGHLIGHTS CONTINUED



7. AUSTRALIA

250 SITES
2,300 EMPLOYEES

Established in 1901, Holcim continues to supply aggregates, sand, concrete, concrete pipe and products to the Australian market.



8. SWITZERLAND

55 SITES
1,600 EMPLOYEES

Holcim is one of Switzerland's leading providers of innovative and sustainable construction solutions in the areas of structural engineering, civil engineering and infrastructure. Holcim also has its global headquarters in Zug.

TOTAL PAYMENTS TO GOVERNMENT CHF 16.9 MILLION



Learn more at lafarge.rs/1-About_us

TOTAL PAYMENTS TO GOVERNMENT CHF 93.1 MILLION



Learn more at holcim.com.au/about-us

KEY COUNTRY HIGHLIGHTS CONTINUED



9. GERMANY

130 SITES
2,200 EMPLOYEES

Holcim Germany is one of the leading companies in Germany for innovative, sustainable and digital construction products and solutions. As pioneers in sustainable construction, Holcim develops tailor-made solutions with a clear focus on climate protection and the circular economy.



10. POLAND

50 SITES
1,700 EMPLOYEES

As part of the Holcim Group, Lafarge has been operating in Poland since 1995 and currently operates three business lines: cement, concrete and aggregates. In addition, LH Engineering provides large infrastructure and paving solutions.

TOTAL PAYMENTS TO GOVERNMENT CHF 38.1 MILLION



+ Learn more at
holcim.de/de/ueber-uns/auf-einen-blick

TOTAL PAYMENTS TO GOVERNMENT CHF 32.4 MILLION



+ Learn more at
lafarge.pl/lafarge-w-polsce

KEY COUNTRY HIGHLIGHTS CONTINUED

11. NIGERIA

4 SITES
2,500 EMPLOYEES

Lafarge Africa Plc is a publicly quoted company on the Nigerian Exchange Limited (NGX) and serves Nigeria with a wide range of building and construction solutions designed to meet housing and construction needs from small projects like individual home buildings to major construction and infrastructure projects.

12. ROMANIA

38 SITES
1,900 EMPLOYEES

Holcim Romania is active in the production of high-performance construction materials and a national leader in innovative and sustainable building materials.

TOTAL PAYMENTS TO GOVERNMENT CHF 9.4 MILLION



+ Learn more at lafarge.com.ng/lafarge-nigeria

TOTAL PAYMENTS TO GOVERNMENT CHF 23.2 MILLION



+ Learn more at holcim.ro/ro/despre-noi

KEY COUNTRY HIGHLIGHTS CONTINUED

13. BELGIUM

23 SITES
900 EMPLOYEES

Holcim Belgium offers a complete range of solutions for the construction of residential and non-residential buildings, engineering structures and road works. In 2022, Holcim Belgium acquired Compaktuna and Cantillana to further expand its Solutions & Products offering.

14. PHILIPPINES

7 SITES
1,000 EMPLOYEES

Holcim Philippines, Inc. is listed on the Philippine Stock Exchange and is one of the leading building solution companies in the country. The company has a deep portfolio of innovative solutions fostered by a full range of products from structuring to finishing applications.

TOTAL PAYMENTS TO GOVERNMENT CHF 28.6 MILLION



+ Learn more at holcim.be/fr/holcim-belgique

TOTAL PAYMENTS TO GOVERNMENT CHF 17.3 MILLION



+ Learn more at holcim.ph/about-us

KEY COUNTRY HIGHLIGHTS CONTINUED

15. ECUADOR

13 SITES
1,000 EMPLOYEES

Holcim has been present in Ecuador since 1976 when Cemento Nacional was acquired and today produces cement, concrete, aggregates and building product solutions to supply the construction sector.

16. EGYPT

6 SITES
1,500 EMPLOYEES

As a member of the Holcim Group, Lafarge Egypt launched one of the largest cement plants in the region in Ain Al-Sokhna. Lafarge Egypt has established business operations in cement, ready-mix concrete, and geocycle for waste management and thermal treatment.

TOTAL PAYMENTS TO GOVERNMENT CHF 53.3 MILLION



+ Learn more at holcim.com.ec/quienes-somos

TOTAL PAYMENTS TO GOVERNMENT CHF 36.1 MILLION



+ Learn more at lafarge.com.eg/en/1-About_us

KEY COUNTRY HIGHLIGHTS CONTINUED



17. SPAIN

35 SITES
1,000 EMPLOYEES

Holcim Spain operates five cement factories, 20 concrete plants, plus waste management facilities and innovation laboratories. It is the first and only company in the sector to obtain the double “Calculate and Reduce” seal from the Spanish Ministry for the Ecological Transition and the Demographic Challenge (MITECO) and is immersed in the start-up of what will be the first CO₂ capture plant located in a cement factory in Spain.

TOTAL PAYMENTS TO GOVERNMENT CHF 29.9 MILLION



18. BRAZIL

34 SITES
1,400 EMPLOYEES

Holcim operated in Brazil until September 2022, when it divested its business to Companhia Siderúrgica Nacional.

TOTAL PAYMENTS TO GOVERNMENT CHF 18.2 MILLION



Learn more at
lafargeholcim.es/lafargeholcim-en-espana

KEY COUNTRY HIGHLIGHTS CONTINUED

19. CHINA

150 SITES
15,000 EMPLOYEES

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

20. IRAQ

5 SITES
1,400 EMPLOYEES

Lafarge Iraq, as part of the Holcim Group, produces cement in the north and south of the country. Lafarge Iraq is also proud to have installed Iraq's first-ever dry mortar plant.

TOTAL PAYMENTS TO GOVERNMENT CHF 36.5 MILLION



+ Learn more at huaxincem.com

TOTAL PAYMENTS TO GOVERNMENT CHF 15.2 MILLION



+ Learn more at lafarge-iraq.com/en/3-AboutUs

KEY COUNTRY HIGHLIGHTS CONTINUED

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

Country	Total payments to government ¹	Country	Total payments to government ¹
Algeria	49,174	Austria	5,183
Bangladesh	33,682	Zimbabwe	4,914
Argentina	32,844	Morocco	4,172
El Salvador	31,006	Luxembourg	3,634
Colombia	24,795	South Africa	2,999
Greece	24,503	Republic of Moldova	2,144
Costa Rica	18,347	Azerbaijan	1,959
Kenya	16,968	Singapore	1,373
Russian Federation	14,033	Lebanon	1,154
Hungary	13,918	Jordan	709
Nicaragua	13,595	Slovakia	663
Uganda	10,314	New Zealand	530
Serbia	9,017	Croatia	436
Netherlands	8,470	Turkey	421
United Arab Emirates	7,484	Qatar	405
Bulgaria	6,188	Cyprus	260
Italy	5,843	Seychelles	226
Tanzania	5,774	Portugal	175
Czech Republic	5,462	Slovenia	160

¹ All figures are CHF '000.

OUR APPROACH TO TAX

We operate according to the world's highest governance standards. We recognize that taxes are a vital source of revenues for governments to support economic growth and enhance social development.

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

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



PILLAR 1: ALIGNMENT WITH OUR BUSINESS STRATEGY

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



PILLAR 2: TAX GOVERNANCE

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



PILLAR 3: TAX TRANSPARENCY

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



PILLAR 4: TAX RISK MANAGEMENT

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



PILLAR 5: TAX ADVOCACY

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

PILLAR 1

ALIGNMENT WITH OUR BUSINESS STRATEGY

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

Our Strategic Priorities:

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

To align adopted tax positions with commercial and economic reality.

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

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

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

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

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

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

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

PILLAR 2

TAX GOVERNANCE

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

When the business seeks tax advice and where alternative legitimate options exist to achieve the same commercial result, the most tax-efficient approach is recommended.

As tax laws are not always clear, getting this right requires careful judgment and we recognize that the tax authorities may not always agree with the judgments we make.

To reduce potential areas of disagreement:

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

We consider the reputational consequences of each filing position.

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

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

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

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

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

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

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

PILLAR 3

TAX TRANSPARENCY

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

We have an important role in society and take responsibility for acting in a fair and transparent manner toward all external stakeholders. Relationships between Holcim and tax authorities in

all countries where we operate should be transparent and based on mutual trust. We support efforts to increase public trust in tax systems.

We are committed:

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

If questions or assessments from tax authorities appear not to be legitimate or are based on misunderstandings of the facts or the law, we will 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 Holcim's approach to tax, economic contribution and taxes paid via appropriate disclosures.

PILLAR 4

TAX RISK MANAGEMENT

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

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

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

We focus on the following risk areas:

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

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

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

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

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

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

PILLAR 5

ADVOCACY

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

Holcim recognizes that any advocacy should not improperly influence decisions and should never be misused for any corrupt or illegal purpose. Governments are responsible for their fiscal policy and resulting laws.

We respect the roles and responsibilities of the institutions and organizations we engage with.

Our advocacy means:

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

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

We advocate for pro-growth tax policies and harmonized, transparent incentive regimes throughout the world.

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

BASIS OF THIS REPORT

This Report is prepared from data recorded in our financial systems – 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 2022.

For our controlled entities, amounts included are 100 percent 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 18.2 billion gross value added. For further details please see our 2022 Integrated Profit & Loss Statement.¹

2. EMPLOYEES

This is the Group's total personnel expenses in accordance with note 15.3 of the 2022 Annual Report, less social security contributions which have been included under Total Taxes Paid (see item 4).

3. SHAREHOLDERS, LENDERS AND INVESTORS

This is the Group's total interest paid, pay-out on ordinary shares and dividends paid to non-controlling interests in accordance with the consolidated statement of cash flows – see page 184 of the 2022 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 value added tax (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:

Profit taxes and 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 income taxes to particular countries, withholding taxes on dividends are allocated to the country in which the withholding taxes are remitted, whereas withholding taxes on interest and royalties are allocated to the recipient country.

Property taxes

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

Social security contributions

This is based on the contributions we pay to government in addition to the salary and benefit costs of our employees. We only include social security costs borne and not those collected (e.g., contributions deducted from employee salaries).

Non-recoverable sales tax & VAT

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

Customs and excise duty

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

Other taxes

Payments to governments under other legislated tax rules.

Royalties

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

Government fees

Payments to governments in the form of fees typically levied on the initial or ongoing right to use a site or geographical area. This includes 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.

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

¹ <https://www.holcim.com/sites/holcim/files/2023-02/24022023-holcim-ipl-2022-statement-7920675781.pdf>

BASIS OF THIS REPORT CONTINUED

EXCLUDED AMOUNTS

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

EMPLOYEE TAXES COLLECTED

Tax payments made to governments on behalf of our employees.

INDIRECT TAXES

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

PENALTIES AND INTEREST

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

OTHER

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

REPORTING CURRENCY

All payments have been reported in CHF. Payments denominated in currencies other than CHF are translated for this report using the average exchange rate the year ended 31 December 2022.

COMPANY

This term refers to Holcim Ltd and its affiliates.

OTHER CLARIFICATIONS

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 utilized in our commercial activities.
- **Social contributions** – we must pay social contributions calculated by reference to our employee wage payments. These contributions can be borne by Holcim and not deducted from employee wages.
- **Excise duty** – an indirect tax on manufacturers due at the point of production rather than sale, which generally forms part of the cost of the product.
- **Customs duty** – an indirect tax imposed on goods as they either enter or leave a country.
- **Value-added tax (VAT)** – indirect tax due on goods and services, typically as a percentage of the sales price. These are normally borne by customers but in some circumstances Holcim may bare these costs where the VAT is irrecoverable.

WHAT ARE CONTROLLED FOREIGN COMPANY RULES AND HOW DO THEY IMPACT HOLCIM?

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

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

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

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

TAX TRANSPARENCY REPORT ASSURANCE STATEMENT

To the Executive Committee of
Holcim Ltd, Zug
Zurich, 02 June 2023

INDEPENDENT ASSURANCE REPORT ON TAX AND GOVERNMENTAL CONTRIBUTIONS DISCLOSED WITHIN THE TAX TRANSPARENCY REPORT

We have been engaged by the Executive Committee to perform a limited assurance engagement on the Tax and Governmental Contributions disclosed on pages 12 to 25 of the Tax Transparency Report of Holcim Ltd (hereafter the “Tax and Governmental Contributions” and the “Report”) which has been prepared for the period ending 31 December 2022 in accordance with the criteria described in the “Basis of this report” section in the Report.

EXECUTIVE COMMITTEE RESPONSIBILITIES

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

INDEPENDENCE AND QUALITY CONTROL

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

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

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

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

report” section of the Report in all material respects.

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

Our procedures included, amongst others:

- Assessing the suitability of the criteria described in the “Basis of this report” section of the Report in terms of their relevance, comprehensiveness, reliability, neutrality and understandability and their consistent application
- Reviewing of the non-financial reporting processes related to preparing the Tax and Governmental Contributions disclosures on pages 12 to 25
- Reviewing the Report regarding plausibility and consistency of the Tax and Governmental Contributions disclosures on pages 12 to 25 with the other information in the Report

TAX TRANSPARENCY REPORT ASSURANCE STATEMENT CONTINUED

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

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

CONCLUSION

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Tax and Governmental Contributions disclosed on pages 12 to 25 of the Tax Transparency Report of Holcim Ltd for the period ending 31 December 2022 has not been prepared, in all material respects, in accordance with the criteria described in the “Basis of this report” section in the Tax Transparency Report.

Ernst & Young Ltd

Jacques Pierres

Licensed audit expert
(Auditor in charge)

Daniel Zaugg

Licensed audit expert