

Sustainability Report 2016

So the world builds better



LafargeHolcim

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OUR SUSTAINABLE DEVELOPMENT STRATEGY, THE 2030 PLAN, IS DESIGNED TO HELP US RESPOND TO A RANGE OF BUSINESS, SOCIAL AND ENVIRONMENTAL CHALLENGES. THE STRUCTURE OF THIS REPORT REFLECTS OUR PLAN AND OUR OVERARCHING OBJECTIVE – TO CONTRIBUTE TO A MORE SUSTAINABLE CONSTRUCTION SECTOR.



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APPROACH

SUSTAINABILITY IS ONE OF FOUR GLOBAL STRATEGIC PILLARS FOR LAFARGEHOLCIM AND A FOCUS AREA FOR OUR TRANSFORMATION PROGRAM.

38

GLOBAL INTEGRITY LINE
AVAILABLE IN 38 LANGUAGES

CHF 4,044

ESTIMATED TRIPLE
BOTTOM LINE VALUE



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SEEMA ARORA, EXECUTIVE DIRECTOR, CII-ITC CENTRE OF EXCELLENCE FOR SUSTAINABLE DEVELOPMENT

“LafargeHolcim has taken its first steps in mapping its sustainability report to the United Nations Sustainable Development Goals. I encourage LafargeHolcim to take the next step by strategically aligning its sustainable development strategy with the SDGs where it has the greatest impact, both positive and negative.”

CEO STATEMENT



ERIC OLSEN, CEO

Our overarching value is health and safety. With this top of mind, we embarked on a transformation in 2016 that will improve our record and move us toward our longer term ambition of zero harm.



OVER
90,000
EMPLOYEES



26.9bn
IN NET SALES



2,300+
OPERATING
SITES



2,000
GRANTED
PATENTS
OR PATENT
APPLICATIONS

I'm pleased to report on the good progress our company has made in advancing sustainable development in 2016 – our first full year of operation. Sustainability is a key pillar of our strategy and a core value for the company; we consider sustainability to be both a responsibility and a business opportunity.

The year was especially noteworthy for the launch of The 2030 Plan (see page 5). The plan is structured around a key objective – contributing to a more sustainable construction sector. The 2030 Plan addresses four main fields of action: climate, circular economy, water and nature, and people and communities. This report details the progress we have made toward a series of interim 2020 targets (see page 5), en route to The 2030 Plan's key goal: generating one third of net sales from enhanced sustainability solutions.

Our overarching value is health and safety. With this top of mind, we embarked on a transformation in 2016 that will improve our record and move us toward our longer term ambition of zero harm. Among the set of measures is an active focus on safer driving. Figures show that road traffic incidents represent the highest safety risk and this must be addressed.

Since the publication of our last sustainability report we have taken decisive steps to further improve compliance with our Code of Business Conduct. This followed the conclusion of an independent investigation related to our operations in Syria in 2013 and 2014. Among the resulting measures are the creation of a new Ethics, Integrity & Risk Committee and the adoption of a more rigorous risk assessment process focusing in particular on interactions with third parties.

In 2017, we look forward to announcing the winners of the LafargeHolcim Foundation Awards. The Awards, which operate on a three-year cycle, are the most significant global competition for sustainable construction design, with around CHF 2 million in prizes going to proposals that best combine sustainable construction solutions with architectural excellence. The Awards are just one facet of our commitment to sustainability in the construction and building sector. Inside this report you will see plenty more.

Our company is equipped to effect a real change in sustainability. As the stakeholders serving on our external report review panel made clear, they expect we will use our global reach and scale to influence the standards for the industry. As chairman of the Cement Sustainability Initiative for 2017, I will work with my peers to drive a meaningful sustainability agenda for the cement sector.

Population growth and urbanization mean that the world will build more than ever before. At LafargeHolcim we're determined to support that effort with building that is more durable, more affordable, more beautiful and more sustainable. We have an important role to play in helping the world build better.

SUMMARY OF TARGETS AND CURRENT PERFORMANCE

Below is a summary of our progress against our main sustainable development performance targets.

AREA	TARGETS			
	2016	2020	2025	2030
The 2030 Plan				
INNOVATION				
% turnover from 2030 Solutions – solutions with enhanced sustainability performance	6% of revenues (estimated) Measurement methodology has been developed and is currently being deployed	10%	20%	33%
CLIMATE				
Reduction of CO ₂ emissions per tonne of cement vs 1990	24% reduction	33% reduction	37% reduction	40% reduction
Avoidance of CO ₂ emissions from buildings and infrastructure	Reporting methodology has been developed and is currently being deployed			10 million tonnes
CIRCULAR ECONOMY				
Use of waste-derived resources	54 million tonnes	>60 million tonnes	>65 million tonnes	80 million tonnes
Supply of recycled aggregates from construction and demolition waste, and reclaimed asphalt pavement	6.5 million tonnes (estimated) Reporting methodology being developed	>12 million tonnes	>18 million tonnes	26 million tonnes
WATER AND NATURE				
Reduction of specific freshwater withdrawal in cement operations vs 2015	356 l/tonne cement. 2015 value restated to 361 l/tonne (2% reduction)	20% reduction	25% reduction	30% reduction
Implementation of Wash Pledge	Assessments being carried out	Implemented at all sites		
Impact on water resources in water-scarce areas	Reporting methodology has been developed and was piloted in 2016			Demonstrate a positive impact
Impact on biodiversity	Biodiversity indicators reporting methodology being deployed			Demonstrate a positive change
PEOPLE AND COMMUNITIES				
Fatalities	18 onsite	Zero onsite	Zero onsite	Zero onsite
	68 offsite		50% reduction offsite	Zero offsite
	86 fatalities			Zero fatalities
LTIFR (employees and contractors onsite)	1.03 per million hours worked	<0.5	<0.25	<0.2
TIFR – reduction vs 2015 (employees and contractors onsite)	3.59 per million hours worked (13% increase)	30% reduction	40% reduction	50% reduction
Occupational Illness Rate	Work in progress to establish robust reporting procedures		<0.5	<0.1
Gender diversity (minimum of each gender)	Top management: 10% Senior management: 16% Middle management: 19%	20% at each management level		30% at each management level
Beneficiaries from our affordable housing solutions, our inclusive business initiatives, and our social investments	6.9 million people (cumulative)	25 million (cumulative)	50 million (cumulative)	75 million (cumulative)
Participation in collective action to combat bribery and corruption in high-risk countries	Target countries have been identified. Work is in progress to implement.	3 high-risk countries	10 high-risk countries	All high-risk countries
Other sustainability targets				
AIR EMISSIONS				
Reduction of average specific emissions of dust, NO _x and SO ₂ (g/tonne cement) vs 2015	Dust: 55 g/tonne (16.0% increase) NO_x: 982 g/tonne (4.8% reduction) SO₂: 196 g/tonne (9.4% increase)	15% reduction	20% reduction	25% reduction
STAKEHOLDER ENGAGEMENT				
Community engagement plans in place at site level	Cement plants: 66% Aggregates and concrete: 28%	Cement plants: 80% Aggregates and concrete: 40% at cluster level	Cement plants: 100% Aggregates and concrete: 60% at cluster level	Cement plants: 100% Aggregates and concrete: 80% at cluster level

STRATEGY, GOVERNANCE AND INTEGRITY

STRATEGY

Sustainability is one of four global strategic pillars for LafargeHolcim Group. Our sustainability programs and performance are considered fundamental to our business success.

STRATEGIC FOCUS

Commercial transformation	Cost leadership	Asset-light mindset	Sustainability
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ENABLERS

People and culture	Health and safety	Communication	Performance management	Finance
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LafargeHolcim has a successful sustainable development track record. Building on this heritage, sustainability actively supports our business strategy: it is a key driver for differentiation, revenue generation, and value creation.

Sustainability has also been identified as a key component in the LafargeHolcim transformation program. The Agile, Collaborative, and Empower (ACE) change program includes a workstream on sustainability sponsored by Executive Committee members Roland Köhler and Urs Bleisch. The aim is to leverage sustainability drivers to boost performance and seize opportunities on our transformation journey.

THE LAFARGEHOLCIM SUSTAINABILITY STRATEGY: THE 2030 PLAN

Our sustainable development strategy, The 2030 Plan, was launched in early 2016. Developed with internal and external stakeholders, it is designed to help us rise to a range of business, social, and environmental challenges.

The plan is structured around one overarching objective – generating one third of net sales from more sustainable products and solutions, supported by four main fields of action: climate, circular economy, water and nature, and quality of life of communities and employees.

JERMYN BROOKS, BUSINESS ADVISORY BOARD, TRANSPARENCY INTERNATIONAL

“LafargeHolcim’s disclosure on responsible tax is a strong move in the right direction and is welcomed. I encourage LafargeHolcim to respond to civil society’s demand for greater transparency and move towards a country by country approach.”



2030 PLAN


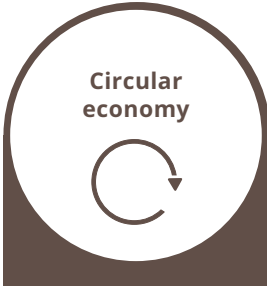


WE WILL GENERATE
ONE THIRD OF NET SALES
FROM SOLUTIONS WITH
ENHANCED SUSTAINABILITY
PERFORMANCE

It addresses the positive impacts our operations can have beyond the boundaries of our plants. This long-term strategy has been translated into interim 2020 targets which have been discussed with relevant executive members and cascaded to all Group companies.

THE DIAGRAM BELOW OUTLINES THE LAFARGEHOLCIM 2030 PLAN. FOR MORE DETAILS, VISIT OUR WEBSITE AT WWW.LAFARGEHOLCIM.COM/SUSTAINABLE-DEVELOPMENT

THE 2030 PLAN BUILDING FOR TOMORROW

WE WILL GENERATE ONE THIRD OF NET SALES FROM SOLUTIONS WITH ENHANCED SUSTAINABILITY PERFORMANCE

	 <p>Climate</p>	 <p>Circular economy</p>	 <p>Water and nature</p>	 <p>People and communities</p>
In-house	We will reduce net specific CO ₂ emissions by 40% per tonne of cement (vs 1990)	We will use 80 million tonnes of waste-derived resources per year	We will reduce specific freshwater withdrawal in cement operations by 30% We will implement The WASH Pledge on all sites	We want zero fatalities We will reduce LTIFR to <0.20 We will reduce TIFR by 50% We will reduce our disease rate to <0.1 We will have 30% minimum gender diversity at all management levels
Beyond our fence	We will help our customers avoid 10 million tonnes of CO ₂ being released from buildings each year through our innovative solutions	We will provide end-of-life solutions for our products and will supply four times more recycled aggregates from CDW/RAP	We will make a positive impact on water in water-scarce areas We will show a positive change for biodiversity	We will develop initiatives to benefit 75 million people We will engage in collective action to combat bribery and corruption in high-risk countries
Innovative solutions	<ul style="list-style-type: none"> - Low-carbon cement and concrete - Insulating concrete - Thermal-mass solutions 	<ul style="list-style-type: none"> - Recycled aggregates - Urban mining solutions - Waste management services 	<ul style="list-style-type: none"> - Rainwater harvesting - Pervious concrete - Stormwater protection - Vertical green solutions 	<ul style="list-style-type: none"> - Affordable housing materials and solutions - Affordable sanitation solutions

Note: all targets are for 2030. Baseline year is 2015 unless stated otherwise.

CDW: Construction and Demolition Waste, RAP: Reclaimed Asphalt Pavement, WASH: Water, Sanitation and Hygiene Implementation at the Workplace, LTIFR: Lost Time Injury Frequency Rate, TIFR: Total Injury Frequency Rate.

MATERIALITY

Alongside our corporate and local risk management process, we also conduct material issue reviews every second year to ensure that sustainability risks and opportunities are correctly prioritized.

The last review took place in 2015, conducted by DNV GL, who worked according to GRI G4 reporting guidelines. The review included external and internal stakeholder engagement, industry peer research, sector initiatives, and wider sustainability trends.

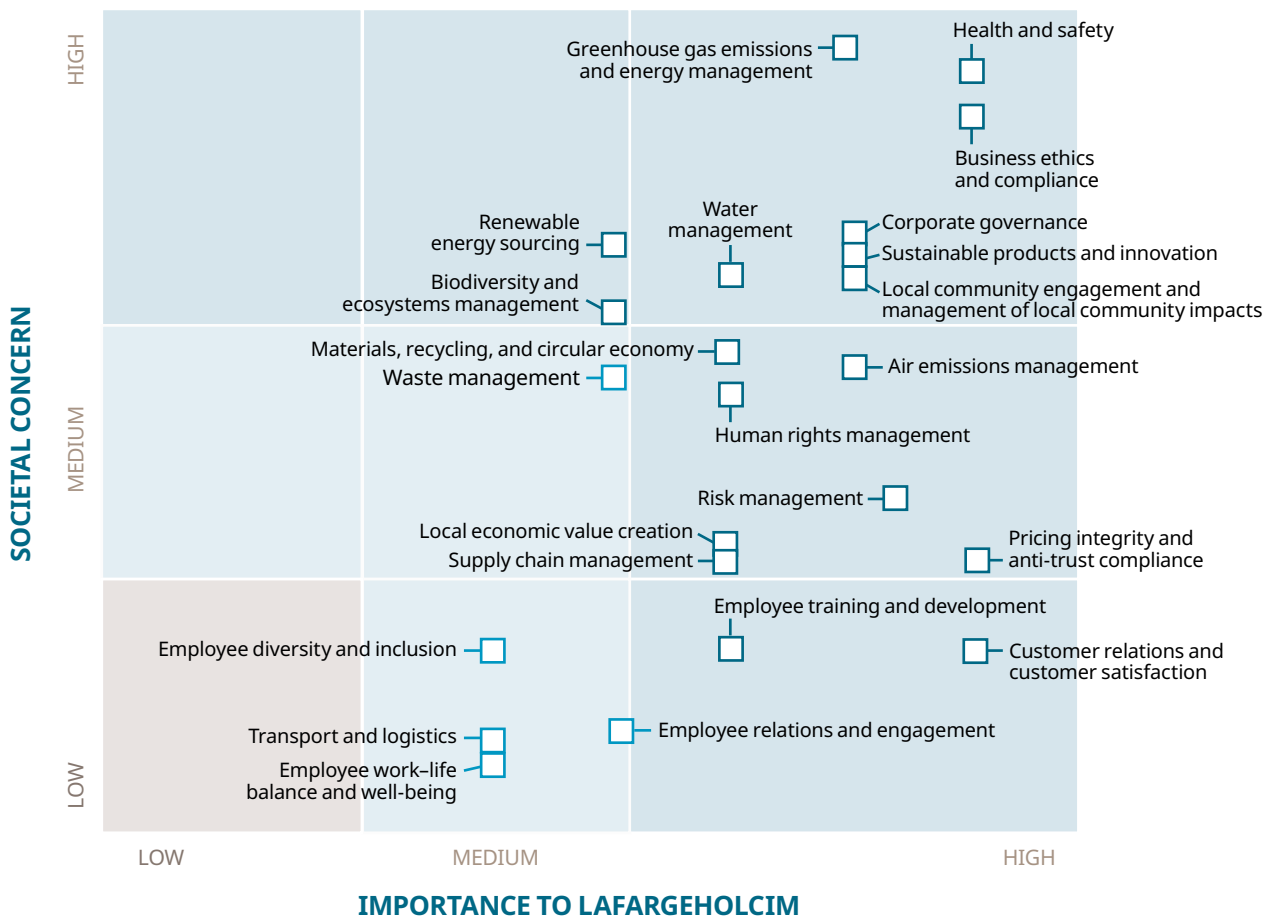
Stakeholders' material issues were spread across environment, social, and governance issues, as well as across the company's value chain, from supplier management to sustainable products (at the product use stage).

The consensus among external stakeholders was that our size and impact requires a leadership position on our most material issues to drive better performance in these areas, throughout the industry and along our value chain.



HEALTH AND SAFETY IS THE OVERARCHING VALUE AT LAFARGEHOLCIM AND OUR MOST MATERIAL ISSUE

THE DIAGRAM BELOW SHOWS THE KEY ISSUES FROM THE MATERIALITY REVIEW. FOR MORE INFORMATION ON THE REVIEW, GO TO WWW.LAFARGEHOLCIM.COM



GOVERNANCE

Our commitment to sustainable development is driven by the LafargeHolcim Executive Committee (Exco).

In addition, there is a Strategy and Sustainable Development Committee at Board level which oversees sustainability topics. The charter of the Committee can be found at: www.lafargeholcim.com/corporate-governance

Day-to-day responsibility for sustainable development delivery rests with every employee. The commitment of line managers and their teams to The 2030 Plan is critical to achieving our sustainability ambitions.

COMPLIANCE AND INTEGRITY

Our Code of Business Conduct (CoBC) ensures that directors, officers, and employees share LafargeHolcim's commitment to conducting business with transparency and integrity. It provides guidance on how to put this commitment into practice and helps to ensure that we adhere to the laws and regulations in our operating countries. The CoBC is available in 38 languages and has been issued in all Group companies. In associated companies or joint ventures where LafargeHolcim does not exercise equity or management control, all available means have been used to seek the adoption of the CoBC or at least equivalent standards.

The CoBC is supported by a variety of speak-up channels, including the global "Integrity Line," enabling employees to report any integrity-related concerns in 38 languages. It is a safe, confidential way to report possible CoBC violations or raise compliance-related questions.

In 2016, 680 reports were received by Group Compliance through the Line and other channels. Of those reports, 448 were related to the CoBC and handed over for investigation. By the end of 2016, 272 cases had been closed, with seven employees leaving the Group as a part of compliance remediation. The remaining 176 cases were still under investigation on 31 December 2016.

Beyond the CoBC, we have specific directives and programs to deal with anti-bribery, corruption, and fair competition, supported by training, including e-learning and face-to-face training. In 2016, 14,434 employees completed the anti-bribery and corruption e-learning module.

RESPONSIBLE TAX

LafargeHolcim recognizes demands from civil society for increased transparency on taxes paid. As a general principle, LafargeHolcim pays tax in the jurisdictions where business activities generate profits.

In the interests of transparency, we report on taxes paid per region on an annual basis in our Annual Report and Accounts. Furthermore, LafargeHolcim aims to comply fully with the Organization for Economic Co-operation and Development (OECD) initiative on country-by-country reporting, making detailed information available to tax authorities worldwide as the OECD initiative becomes implemented. A statement on our tax principles is available on our website at www.lafargeholcim.com/reports-publications

TRANSPARENT ENGAGEMENT

Engagement is conducted with integrity and in accordance with the highest ethical standards. Our credibility in the communities where we operate depends upon working together fairly and honestly, and is ensured through internal practices, guidelines, and rules, and adherence to external schemes. Our stakeholders have emphasized the important leadership role that we can play in terms of advocacy and engagement. Our advocacy positions on the focus areas of The 2030 Plan are available on our website at www.lafargeholcim.com/reports-publications

ALLEGATIONS OF MISCONDUCT IN SYRIA

In 2016, a number of publications reported allegations involving legacy Lafarge operations at its plant in Syria in the period 2013–2014.

After an independently conducted review, the Board took a number of decisions, beginning with the creation of a new Ethics, Integrity & Risk Committee. Decisions also include continuing efforts that were already underway, such as adopting a more rigorous risk assessment process.

There can be no compromise with compliance nor with adherence to the standards reflected in the company's Code of Business Conduct.

OUR VALUES

Our values are the foundation for our company culture and provide a framework for the way we expect our employees to behave. Our foremost value is our absolute commitment to health and safety. We are committed to ensuring both employees and contractors can work safely on our sites and in the community. This commitment is embedded in the personal objectives of every employee in the company.



HEALTH AND SAFETY

Health and safety is the overarching value of LafargeHolcim. At LafargeHolcim, we want to do more than prevent accidents; we want to create a healthy and safe environment for our employees, contractors, communities, and customers based on a true safety culture.



CUSTOMERS

Means we will continue to build an organization and culture that is centered on markets and customers. We understand who our customers are and who our end users are. We listen to them and understand what drives their businesses and what they value in order to be able to anticipate their needs and provide innovative solutions for shared value creation.



RESULTS

Stands for a passion to achieve our goals and deliver on our targets through rigorous execution with zero harm to people. We strive for continuous improvement, and challenge the status quo with innovative solutions that drive lasting results for shareholders.



INTEGRITY

Means creating an environment where compliance is a central commitment. We have the courage to make the right decisions based on our ethical principles at all times, even when it means foregoing a business opportunity.



SUSTAINABILITY

Stands for demonstrating leadership in environmental stewardship and being a responsible role model for future generations. We proactively engage with stakeholders to create shared value with society. And we drive sustainable solutions through the entire value chain.



PEOPLE

Stands for openness and inclusion, and for truly caring for and respecting every individual. We seek out diversity and embrace new and different ideas, experiences, and perspectives, and are open to collaboration and sharing. We enable teams and empower individuals to reach their full potential and succeed. We recognize high performance and will address underperformance.



Customers



Results



Integrity



Sustainability



People

MEASURING OUR VALUE

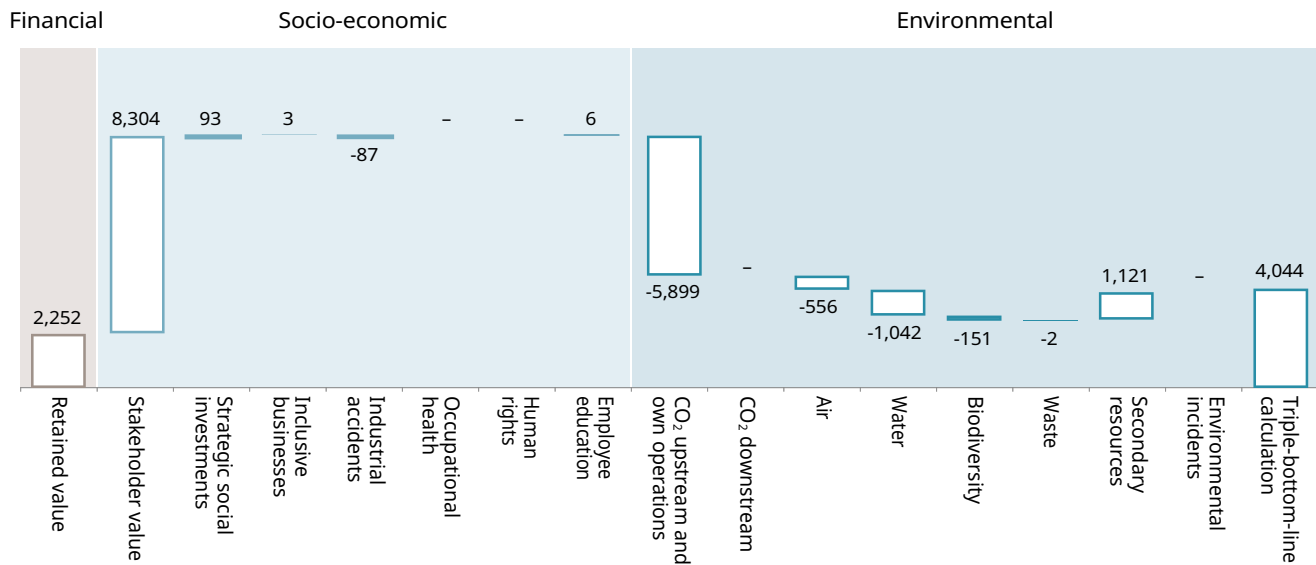
As an important step to achieve its long-term sustainability ambitions and to establish where it needs to focus efforts to enhance the value we add to people, profit, and the planet, LafargeHolcim has endeavored to establish the order of magnitude of its financial impacts across the triple bottom line. The result, the LafargeHolcim Integrated Profit and Loss (IP&L) statement, is shown in the diagram below.

The IP&L is not intended to be a definitive statement of financial account. It is a tool to allow us to understand and share with stakeholders the extent of our impacts and to track progress against the LafargeHolcim 2030 Plan.

The tool enhances decision-making processes and sustains value creation in the long term, by raising awareness of risks and opportunities posed by externalities (through quantification), and allows analysis on what the impact could be on the bottom line.

A document containing all the assumptions and the calculation values used, together with a short animation explaining the IP&L statement, can be found on our website at www.lafargeholcim.com/reports-publications

We are working with other leading companies in an impact valuation roundtable to develop this discipline and share best practices with other interested companies. A white paper describing how impact valuation can be practically implemented has recently been finalized by this group and shared with the World Business Council for Sustainable Development (WBCSD) and other parties. The white paper can be found on our website at www.lafargeholcim.com/sustainable-development



Triple bottom line can be used to assess opportunities beyond compliance

Compliance with governance, social and environmental requirements and standards

Year: 2016
Scope: LafargeHolcim Global
Results in: million CHF

The IP&L statement is not part of LafargeHolcim's financial reporting or projections. The IP&L is intended to raise awareness of externalities that may or may not affect LafargeHolcim's business, and to assess their relative importance. It contains preliminary considerations which may be subject to change. Furthermore, the IP&L may also change, for example, as valuation techniques and methodologies evolve. It should be considered as indicative and it neither represents any final factual conclusions nor is intended to assert any factual admission by any person regarding the impact of LafargeHolcim or any of its related parties on environment or society.

WHAT THE IP&L TELLS US

The IP&L confirms that in our first full year of operation, our overall value, taking into account the monetized social and environmental impacts, is significantly higher than the financial retained earnings of the company. In particular, the “stakeholder value” calculation shows that our contribution to local economies through the multiplied effect of salaries, taxes, and social investment is significant.

We are very disappointed with our safety performance and this remains one of our greatest challenges, and will remain our number one priority. The human cost of an accident cannot be monetized, but even if only considering the foregone capacity of a person to generate income, the cost is considerable. The impact on lives and families is immeasurable. Safety is our overarching value and we will continue to act to improve the safety and the health of employees, contractors, third parties, and communities.

As with the previous IP&L, given the scale of our operations, CO₂ emissions have the largest negative impact. The development of products and services that help the end users to reduce emissions in the “use phase” will be an important lever to mitigate this impact, and a key activity in achieving our 2030 Plan ambition of generating one third of revenue from sustainability-enhanced products and services. We are continuing our work on developing and implementing methodologies to measure CO₂ savings downstream, and we are confident that in future years we will be able to demonstrate the positive contribution from innovative products, services, and applications.

Water usage continues to have a negative impact, but we are confident that the plans we have in place, including the implementation of the Water Positive Impact Methodology described in the Water and Nature section, will mitigate this impact.

The IP&L highlights significant challenges for us, but it also underlines opportunities. We are confident that as we implement The 2030 Plan, the IP&L will assist us to measure the effectiveness of our programs.



THE IP&L INDICATES SIGNIFICANT CHALLENGES FOR US, BUT ALSO UNDERLINES SOME OPPORTUNITIES. THE IP&L WILL ASSIST US TO MEASURE OUR PROGRESS AND THE EFFECTIVENESS OF OUR PROGRAMS.



CUSTOMER FOCUS

SUSTAINABILITY IS A RESPONSIBILITY AND AN OPPORTUNITY. OUR DEVELOPMENT OF NEW PRODUCTS AND SERVICES IS DRIVEN BY OUR COMMITMENT BOTH TO SUSTAINABILITY AND TO CUSTOMER NEEDS.

445,000 **CHF 10m**

PEOPLE BENEFITING FROM AFFORDABLE HOUSING

INVESTED IN A SUSTAINABLE BRICK COMPANY



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INNOVATION AS A DIFFERENTIATOR

LafargeHolcim believes commercial excellence and customer satisfaction begins with product differentiation and providing a unique customer experience.

With our unparalleled expertise, and research and development resources, it is important to continue to be an exemplary innovator in our industry. We already have an ambitious innovation pipeline and we are working on a number of significant product developments focusing on sustainable construction.

We know that one third of total worldwide greenhouse gas emissions come from buildings during their life cycle. To rise to this challenge we already have many innovative solutions to address CO₂ emissions in buildings, and we are striving for more. Beyond making a difference for our planet, building business around sustainability can also make a competitive difference. LafargeHolcim is preparing for future carbon pricing and cost of waste management as economic pressure points for our customers.

For examples of sustainability-enhanced products, please see the case study on AIRIUM and Fundatherm on page 27.

AFFORDABLE HOUSING

We are developing residential construction solutions to address the significant need for affordable housing in Asia Pacific, Middle East & Africa, and Latin America in particular. Drawing on the expertise of our global research and development center, our affordable housing solutions help address the enormous and growing challenge of providing decent and sustainable affordable housing, while contributing to the bottom line.

In 2016, affordable housing projects were in place or being assessed in 25 LafargeHolcim operating countries, benefiting an estimated 445,000 people and contributing CHF 20 million to pre-tax profits.

In Indonesia, the Group is contributing to the delivery of the government's "One Million Houses" strategic program through construction materials and capacity building for contractors.

Case study: 14Trees partnership

As part of the affordable housing program we continue to develop solutions such as DURABRIC: a low-carbon, non-fired earth and cement brick. The product reduces construction costs, is more resilient than traditional clay bricks, and greatly reduces both CO₂ emissions and deforestation caused by using wood-fired bricks.

In 2016, in order to scale up sustainable building and economic growth in Sub-Saharan Africa, LafargeHolcim teamed up with CDC (the UK Government's Development Finance Institution) to create 14Trees, a joint venture company. The company is so named as building a simple house with DURABRIC will on average save 14 trees per house built, from not having to fire the bricks. This additionally reduces CO₂ emissions tenfold and mitigates the rate of deforestation. The partnership aims to accelerate the production and commercialization of DURABRIC in the region. LafargeHolcim and CDC have jointly invested CHF 10 million, and intend on collaborating to further finance the company's future growth.

At the end of 2016, 14Trees opened a new brick factory in Lilongwe to provide Malawi with DURABRIC for a variety of building needs.



A FOCUS ON RETAIL

Retail plays an essential role in the success of LafargeHolcim, generating 60 percent of our net sales.

This sector also provides an opportunity to help us better serve and understand the needs of the different partners at every point in the distribution chain to empower retailers by providing attractive, end-to-end solutions for individual home builders, homeowners, masons and contractors, while providing employment and creating livelihoods.

An example of this is our depot and container shop program, which aims to serve remote areas in countries such as Zambia and Uganda.

NET PROMOTER SCORE

As part of our continual improvements to customer experience management, we use customer insight to create value.

As a measurement of customer intimacy, LafargeHolcim utilizes a global "Customer Experience Management" process across the business. We believe this approach is more robust than just managing complaints and measuring customer satisfaction.

LafargeHolcim applies the Net Promoter Score methodology, which allows for a direct dialogue with customers and continuously improves our customers' experience and loyalty. This methodology actively tracks our brand impact, which we measure regularly in all markets in collaboration with Nielsen. The Net Promoter Score reflects the percentage of customers who would actively recommend or "promote" LafargeHolcim minus the percentage of customers who would "detract."

In 2016, LafargeHolcim recorded a global Net Promoter Score of 55.7, reflecting the perception and experience of over 7,500 customers. An NPS score of over 50 is generally considered to be solid.

DRIVING THE SHIFT: ENERGY-EFFICIENT BUILDINGS

Buildings consume around one third of global energy and generate approximately 20 percent of man-made greenhouse gas emissions. Reducing energy use in buildings is not only a climate change imperative and a LafargeHolcim commitment. It also presents a sizeable market opportunity.

Under the umbrella of the World Business Council for Sustainable Development (WBCSD), key players in the construction sector like LafargeHolcim are joining forces through the Energy Efficiency in Buildings (EEB) program. The EEB is a business-led, cross-sectoral initiative bringing together public and private sectors to understand local market challenges and drive energy-efficiency funding.

As a founding member and co-chair of the initiative, LafargeHolcim is playing an active role in deploying the program. In the last four years, EEB has piloted "EEB Labs": three-day workshop platforms in ten cities around the world to create and implement action plans on building energy-efficiency investment.

If the world is to achieve the climate goals agreed at COP21 in Paris, global investment in energy-efficient buildings will need to grow from the current USD 90 billion investment in 2014 to an annual USD 215 billion investment by 2020.



IN 2016, LAFARGEHOLCIM RECORDED A GLOBAL NET PROMOTER SCORE OF 55.7, REFLECTING THE PERCEPTION AND EXPERIENCE OF OVER 7,500 CUSTOMERS.



PEOPLE AND COMMUNITIES

WE ARE DETERMINED TO PROTECT AND IMPROVE THE LIVES OF PEOPLE IN THE AREAS WE WORK BY CHAMPIONING HEALTH AND SAFETY, DIVERSITY, ANTI-CORRUPTION, AND HUMAN RIGHTS.



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13,000

HOURS OF DRIVER TRAINING IN UGANDA

CHF 48m

IN SOCIAL INVESTMENTS AND INCLUSIVE BUSINESS PROJECTS

THE 2030 PLAN: FOR PEOPLE AND COMMUNITIES



HEALTH AND SAFETY IS OUR GREATEST PRIORITY. BY 2030, WE WANT TO ACHIEVE A ZERO FATALITY TARGET, A LOST-TIME INJURY FREQUENCY RATE OF <0.2, A 50 PERCENT REDUCTION IN TOTAL INJURY FREQUENCY RATE (VS 2015), AND AN OCCUPATIONAL ILLNESS RATE OF <0.1.

WE WILL CHAMPION DIVERSITY IN OUR SECTOR AND WE WANT TO PROMOTE EQUALITY AND DIVERSITY AT LAFARGEHOLCIM. WE WANT TO ACHIEVE A MINIMUM OF 30 PERCENT GENDER DIVERSITY AT ALL MANAGEMENT LEVELS AROUND OUR BUSINESS BY 2030.

WE WILL ACT FOR THE RESPECT OF UNIVERSAL HUMAN RIGHTS AND WILL ROLL OUT OUR HUMAN RIGHTS PROGRAM TO ALL COUNTRIES.

BY 2030, WE WANT TO HELP 75 MILLION PEOPLE LIVE BETTER LIVES THROUGH OUR AFFORDABLE HOUSING SOLUTIONS, OUR INCLUSIVE BUSINESS INITIATIVES, AND OUR SOCIAL INVESTMENTS.

WE WANT TO WORK WITH OTHERS TO FIGHT BRIBERY AND CORRUPTION IN ALL THE HIGH-RISK COUNTRIES WHERE WE OPERATE.

WE WANT TO DEPLOY OUR SUSTAINABLE PROCUREMENT INITIATIVE IN ALL COUNTRIES WHERE WE OPERATE.

HEALTH AND SAFETY

We regretfully report that fatalities and injuries increased in 2016, with 86 deaths (three employees, 44 contractors, and 39 third parties). Of these, 18 occurred on site, four on sites not run by LafargeHolcim and 64 occurred at public sites, 61 of these in road traffic incidents. Each on-site fatality is reviewed with the CEO and off-site and road fatalities reviewed with a member of the Executive Committee, to ensure that any learning is identified and communicated to every applicable site to minimize future risks.

Health and safety is the overarching company value of LafargeHolcim. We aim to embed it in everything we do. In 2016, we continued on our health and safety roadmap, moving us toward our “Zero Harm” ambition.

To ensure all operations around the world implement key learnings from fatal incidents, we have developed a procedure called a Mandatory Safety Release (MSR). It is used to accelerate the implementation of key learnings following investigation, where there may be a risk of reoccurrence. The first such MSR was issued in December 2015 and required all cement sites to review and align their processes for managing hot material spillages from our kilns. This MSR program is now being implemented globally.

HEALTH AND SAFETY PERFORMANCE MANAGEMENT

During 2016, a standardized health and safety performance management process was implemented globally. The Executive Committee in every country developed an improvement plan using this process to reduce the key health and safety risks in their businesses, and to improve safety performance across operations. Our ability to effectively execute these strategic initiatives has laid the foundation for improving results.

Our 2016 health and safety roadmap has five priority areas:

- Leadership and accountability
- Health and safety management systems
- People capability
- Effective execution
- Road safety

All activities have been supported by engagement and communication at different levels. Our global “Health and Safety Days” during May and June 2016 were built around the theme, “I care, I share, I act.” As part of the initiative, employees were asked to individually commit to an action that tangibly helps improve health and safety.

Lost Time Injury Frequency Rate and Total Injury Frequency Rate for employees and contractors onsite

Region	LTIFR ¹	TIFR ²
Asia Pacific	0.59	3.16
India	1.10	2.51
Latin America	1.25	3.41
Europe	2.33	5.59
North America	0.90	9.29
Middle East Africa	0.58	2.33
Corporate	1.38	2.76
Group total	1.03	3.59

¹ Number of lost time injuries per million hours.

² Number of injuries including fatal injuries, except first aid, per million hours.

Fatalities (number)

Region	Employees	Contractors	3rd parties
Asia Pacific	1	2	3
India	0	16	10
Latin America	0	4	11
Europe	0	4	3
North America	2	2	0
Middle East Africa	0	15	12
Corporate	0	1	0
Group total	3	44	39

Case study: Rewarding road safety

With 95 percent of road incidents due to driver skill or behavior, our Road Safety Roadmap has two main areas: driver training and driver monitoring via an In Vehicle Monitoring System (IVMS).

Road safety is the greatest safety challenge faced by LafargeHolcim globally, particularly in developing countries. Recognizing the challenge, Uganda has started a road safety program to improve driver standards of our contracted transporters.

Drivers are trained and assessed in their vehicles to gain a LafargeHolcim driver passport. In 2016, there were 13,000 hours of driver training in Uganda and 350 trucks fitted with IVMSs, including driver cameras.

Driver score cards highlight and reward the safest drivers while identifying the drivers who need retraining. A bonus is paid to transporter employers and drivers based on commercial and safety key performance indicators.

The company also works with the community, extending its training and reflective vests to hundreds of boda boda (motorcycle) drivers in the community.

The road safety program in Uganda is part of the LafargeHolcim Middle East Africa Regional and Group Health and Safety Ambition to achieve "Zero Harm."



CARING ABOUT HEALTH

We attach as much importance to health as we do to safety, with a focus on controlling workplace health risks, ensuring fitness to perform work tasks safely, and promoting the health and well-being of our employees and contractors.

Based on interviews with management and feedback from Health and Safety teams, Human Resources, worker representatives, and health practitioners, a corporate Health Plan was developed and approved by the Executive Committee in September 2016.

Implementation started in January 2017 in all countries, including an assessment of country-specific health programs to identify strengths, priorities for improvement, and the need for specialist support.

We aim to protect our workforce from health hazards at work, such as dust, noise and cement handling. We also accommodate illness and disability, support health care where needed, and encourage participation in well-being and community health engagement activities. This includes a target that 15 percent of our corporate social responsibility (CSR) program beneficiaries are reached through our external health initiatives by 2030.

PROTECTING HUMAN AND LABOR RIGHTS

Our approach to managing human rights is risk based and fully aligned with the UN Guiding Principles on Business and Human Rights. We have developed and are deploying a Human Rights Management System, categorizing countries into low, medium, or high business risk, using the UN Development Index and the Freedom House Index.

All Group countries identified as high risk, and countries where an incident has occurred, are required to conduct a Human Rights Impact Assessment (HRIA), with all other countries required to conduct a Human Rights Self-Assessment. See page 20 for a description of the HRIA process.

This is followed by consultations at representative sites throughout the country with a broad range of stakeholders including employees, contractors, trade unions, community members, local authorities, and NGOs.

By the end of 2016, Human Rights Assessments had been conducted in 35 out of 70 countries where we have operational sites, 17 of which were full-impact assessments in identified high business risk countries.

ENGAGING ON HUMAN RIGHTS

LafargeHolcim works in good faith with stakeholders to resolve human rights and labor rights issues brought to its attention. In 2016, working with the Swiss National Contact Point of the Organization for Economic Co-operation and Development (OECD), the long-running dispute between our Group companies in India and the PCSS Union was resolved.

Additionally, the company is in discussions with the National Contact Point on a land dispute in Indonesia. Statements on these cases from the National Contact Point can be found at www.seco.admin.ch

Case study: Engaging with trade unions

At LafargeHolcim, we have an active dialogue with our social stakeholders as a key element of our business culture. During the course of 2016, discussions were ongoing with global trade unions represented by IndustriALL Global Union, and Building and Wood Workers' International (BWI). This culminated in a formal meeting in January 2017 to launch the process for developing a Global Framework Agreement with four key pillars: fundamental rights, health and safety, exchange of information and solution of conflicts, and contractor management.

Detailed discussions between LafargeHolcim and the BWI and IndustriALL on the agreement are expected to take place in 2017, culminating in a protocol signing before year end. We have also reached an agreement for a new European Works Council that was signed formally by our top management in April 2017.



Eric Olsen (CEO), and EXCO Members Roland Köhler and Caroline Luscombe signing the European Works Council agreement

Case study: Human Rights Impact Assessment in practice

LafargeHolcim proactively manages human rights through its Human Rights Management program, supported by a "Human Rights Directive" which is mandatory for all Group companies. The approach is risk based, with countries classified according to potential risk, using the UN Development Index and the Freedom House index as reference points. Countries are required to conduct either a full HRIA or a self-assessment according to their risk classification.

An HRIA is conducted with a risk-mapping workshop for the full local Executive Committee. This is followed by consultations at sites with a broad range of stakeholders, including employees, contractors, trade unions, community members, local authorities, and NGOs.

These consultations involve interviews and focus groups where participants are asked to identify risks and opportunities relating to employment practices (including within contractors and suppliers), and community impacts. The findings from these consultations are classified into human rights indicators as based on the standards articulated in the Universal Declaration of Human Rights, the Core Conventions of the International Labor Organization, and the Organization for Economic Co-operation and Development. The prioritized recommendations are presented to the country CEO and a detailed local action plan is developed. The final assessment report and plan are shared with the regional Executive Committee member. Progress is monitored through the annual LafargeHolcim Stakeholder Questionnaire.



Human rights workshop at a Human Rights Impact Assessment

DIVERSITY AND INCLUSION

LafargeHolcim values diversity and promotes a workplace that is inclusive, fair, and which fosters respect for all employees. We promote equal opportunities in recruitment, employment, promotion, development, compensation, and retention. We treat employees at all times with dignity and respect – including direct and contracted employees.

Our Group sustainability strategy has set a target to achieve 30 percent minimum of each gender at all management levels by 2030. During 2016, an internal women's task force engaged with 850 male and female employees to assess company culture and provide recommendations to the Group Executive Committee to progress gender balance.

As a result, we have started to deploy a regional approach to diversity and inclusion, cascading Group targets and ensuring local action plans and objectives are consistent and realistic. In 2016, this approach was implemented in Central and South America, and will be extended during 2017.

We also continue to develop diversity and inclusion champions, and raise internal awareness by sponsoring and participating in women's conferences around the world. In 2016, a total of 30 senior leaders, both men and women, participated in the Women's Forum events in Dubai, Mexico, and France.

Diversity performance 2016

	Male	Female	Total	Percentage of women
Top management level (TML)	155	18	173	10%
Senior management level (SML)	1,254	236	1,490	16%
Other management levels	22,391	5,631	27,752	19%

Figures for TML and SML taken from Annual Report 2016.

2015 MODERN SLAVERY ACT

The UK Government published the Modern Slavery Act in 2015, requiring companies with operations in the UK to publish an anti-slavery statement. Our Group company in the UK, Aggregate Industries, will publish such a statement by June 2017, and has issued an interim statement which is available at www.aggregate.com

NURTURING OUR TALENT

Our people are our most valuable asset. Since the merger, we have completed a full talent assessment and review by country, region, and at the Group level. Our focus now is on developing people and their capabilities, including identifying our talent pipeline, succession planning, and conducting a strength analysis across our workforce.

One talent management focus is learning and development. We want to enhance the skills of our people, offering them growth opportunities and improving their performance. In 2016, we launched global Commercial Academies for senior leaders and Sales Academies in the regions.

In 2016, Group companies reported that they had conducted 2.7 million hours of training, benefiting over 70,000 employees, including language, management, and compliance learning.



WE WANT TO ENHANCE THE SKILLS OF OUR PEOPLE, OFFERING THEM GROWTH OPPORTUNITIES AND IMPROVING THEIR PERFORMANCE.

INVESTING IN COMMUNITIES

With The 2030 Plan, LafargeHolcim aims to enhance local economies and wealth for people at the “base of the pyramid.” By 2030, LafargeHolcim aims to reach 75 million people through its affordable housing projects (see page 14), its social investments, and inclusive business models.

Strategic social investment is achieved through collaborative community projects based on core themes of education, employment, shelter and infrastructure, community health and environment projects. This engagement, while addressing societal needs, helps maintain our social “license to operate.”

At LafargeHolcim we also contribute to the quality of life for low-income stakeholders. You can read about our affordable housing solutions on page 14.

In 2016, LafargeHolcim Countries reported investments of CHF 48 million in social investments and inclusive business projects, benefiting 5.7 million people directly. Details of these investments and beneficiaries can be found in the performance data tables on page 46.

STAKEHOLDER AND COMMUNITY ENGAGEMENT

LafargeHolcim recognizes the value of engaging with the communities in which we operate. By 2025, we aim to have formal Stakeholder Engagement Plans (SEP) in place covering all of our cement sites and 60 percent of our aggregate and concrete sites. See our performance progress on page 5.

Typically, the SEP is developed in collaboration with local stakeholders, which include representatives from local government, associations, schools, and local NGOs. These stakeholders normally also participate in our Community Advisory Panels (CAPs), local platforms for dialogue provided by LafargeHolcim where community representatives discuss project ideas, address conflicts, or voice concerns. Concerns can include waste co-processing activities, dust, emissions, transport and employment, and are usually resolved at local community meetings.

LafargeHolcim further engages on a global level as a member of the Corporate Support Group of the International Committee of the Red Cross (ICRC). This engagement allows us to implement our commitment to sustainable development in conflict-affected regions where both LafargeHolcim and the ICRC operate.

SUSTAINABLE PROCUREMENT

LafargeHolcim recognizes the importance of responsibility along our value chain. We have developed a Supplier Code of Conduct, informed by the UN Global Compact (UNGC) principles, which is communicated to all suppliers.

Countries identify and prioritize suppliers that pose a higher sustainability risk. Those suppliers, and all new suppliers, are evaluated by an independent third party, using a risk-based methodology, ranging from self-assessment questionnaires to full audits. Remediation plans are agreed with suppliers to address shortfalls.

Countries report annually on their supplier assessments in the annual procurement scorecard. By 2020, we aim to have 80 percent of high-risk suppliers assessed. By 2030, we will ensure 100 percent of high-risk active suppliers are assessed with consequence management in place. Furthermore, we will identify and assess larger higher-risk sub-suppliers.

THE 2030 PLAN CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS: FOR PEOPLE AND COMMUNITIES



No poverty – our social investment and inclusive business programs throughout the world contribute to this goal.



Good health and well-being – our social investment programs in community health care and our health and safety initiatives contribute to this goal.



Quality education – our social investment education programs contribute to this goal.



Gender equality – our diversity and inclusion programs and targets on gender diversity contribute to this goal.



Clean water and sanitation – our inclusive business projects on sanitation and community water projects contribute to this goal.



Decent work and economic growth – our social investment programs on education and micro enterprise development contribute to this goal. The Skill and Entrepreneurship Development Institutes set up by the Ambuja Cement Foundation are a good example.



Peace, justice and strong institutions – our 2030 Plan, which aims to work with others to fight bribery and corruption in high-risk countries, contributes to this goal.



Partnerships for the goals – we have partnerships with many organizations at a local and global level which contribute to this goal. An example is our partnership with the ICRC.



CARING FOR THE CLIMATE

THE PARIS AGREEMENT ON CLIMATE CHANGE SETS A NEW AND AMBITIOUS COURSE IN THE CLIMATE CHANGE EFFORT. IT HAS HIGHLIGHTED THAT LEADERSHIP IN CO₂ EFFICIENCY IS CRUCIAL FOR COMPANIES WITH SIGNIFICANT GLOBAL CARBON FOOTPRINTS.

24%

REDUCTION IN CO₂ EMISSIONS PER TONNE OF CEMENT SINCE 1990

22%

REDUCTION IN ENERGY CONSUMPTION PER TONNE OF CLINKER SINCE 1990



- 25 OUR PERFORMANCE
- 26 MANAGING ENERGY
- 26 CLIMATE CHANGE RISKS
- 26 WORKING ACROSS THE VALUE CHAIN
- 28 THE LAFARGEHOLCIM FOUNDATION

ROGER BAUMANN, COO & HEAD OF SUSTAINABILITY, CREDIT SUISSE REAL ESTATE

“I encourage LafargeHolcim to consider aligning its climate change targets with the Science-Based Targets Initiative and to articulate what its strategy is for transitioning away from fossil fuels.”

THE 2030 PLAN: FOR CLIMATE



BY 2030, WE WANT TO PRODUCE 40 PERCENT LESS NET CO₂ PER TONNE OF CEMENT THAN WE DID IN 1990 – REPRESENTING AN ADDITIONAL 20 PERCENT REDUCTION USING 2016 AS THE REFERENCE YEAR.

BY 2030, WE WANT TO HELP OUR CUSTOMERS AVOID RELEASING 10 MILLION TONNES OF CO₂ EVERY YEAR FROM THEIR BUILDINGS AND INFRASTRUCTURE BY USING OUR INNOVATIVE SOLUTIONS.

OUR PERFORMANCE

As a result of past efforts, LafargeHolcim is one of the most carbon-efficient cement companies in the world. In 2016, our cements contained an average of 72 percent clinker, and net CO₂ emissions per tonne of cement were 583kg/tonne, a reduction of 24 percent against the 1990 benchmark. The LafargeHolcim 2030 Plan outlines our target to emit 40 percent less CO₂ per tonne of cement than we did in 1990, committing us to maintaining a similar rate of reduction in the future.

The commitment was set based on improving our performance in known improvement levers and adding a “stretch target” for potential new technology developments. In line with the Paris Agreement, we will review this target every five years to acknowledge technical innovations and evolving regulations.

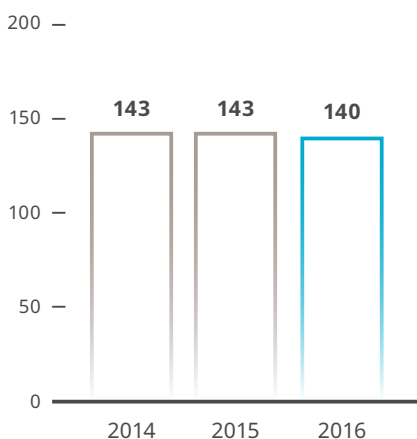
We are currently reducing carbon intensity per tonne of cement by:

- Continuing to replace clinker in final products and developing innovative clinker types and low CO₂ binders. Since 1990 we have reduced the amount of clinker in products by 14 percent with alternative

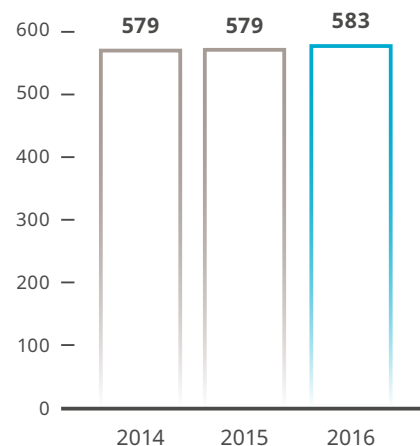
mineral components, and aim to reduce it even further in the future.

- Significantly reducing fossil fuels used in our production processes by using more waste-derived fuels, including biomass waste and municipal solid waste.
- Investing further in the energy efficiency of our production facilities. Since 1990, we have reduced our specific thermal consumption by 22 percent and aim to improve further.
- Exploring new strategies and technologies such as Carbon Capture and Usage (CCU). Together with other member companies of the WBCSD CSI, LafargeHolcim developed the Low Carbon Technology Partnership Initiative (LCTPi) of the cement industry, identifying the pathways to address climate change in the sector and making sure actions are taken accordingly. To accelerate progress in the LCTPi deployment, in 2016 LafargeHolcim partnered with ArcelorMittal, Evonik, and Solvay to evaluate the feasibility and potential of different technologies for CCU.

Total Scope 1 CO₂ emissions – net
(million tonnes)



Specific CO₂ emissions – net
(kg/tonne cementitious material)



MANAGING ENERGY

At the core of the cement production process is a rotary kiln, in which limestone, clay and other raw materials are heated to approximately 1,450 degrees Celsius. As such, the manufacture of cement is an energy and material-intensive process. Alongside our 2030 Plan pledge, fuel costs are rising, so there is a commercial incentive to be energy efficient, optimize the fuel mix, and use alternative fuels.

Since 1990, we have increased our cement production by around 90 percent. In the same period our annual energy consumption increased by just 24 percent, with consumption per tonne of clinker reduced from 4,558 megajoules in 1990 to 3,540 megajoules in 2016. To maintain this momentum, we are optimizing our low-carbon power-producing assets such as waste heat recovery units, purchasing renewable power where it is economically advantageous and technically feasible, and launching new research and development initiatives in renewable energies through the study of new solutions focused on the building-integrated photovoltaic (BIPV) and local energy storage for buildings or eco-districts.

CLIMATE CHANGE RISKS

Climate-related risk carries direct and indirect exposure for global manufacturing businesses. The main risks identified for LafargeHolcim are:

- *Increased carbon pricing:* as a large carbon emitter, increases in carbon pricing can have a significant impact on the company. LafargeHolcim engages transparently with governments, advocating efficient, effective, fair, and consistent regulations. We support carbon pricing in a framework of a level playing field between domestic producers, importers, and industries. Our advocacy positions can be found at www.lafargeholcim.com
- *Physical risks:* these include operations being affected by extreme weather conditions such as flooding or water shortages. LafargeHolcim has a comprehensive Business Risk Management (BRM) program in place to manage all identified risks, including business continuity plans in the event of natural disasters.
- *Litigation risk:* an emerging phenomenon in some jurisdictions. Corporations are increasingly targeted. LafargeHolcim remains committed to transparency on our carbon performance and reducing carbon intensity.

WORKING ACROSS THE VALUE CHAIN

Buildings are responsible for generating approximately 20 percent of man-made greenhouse gas emissions, and we have a critical role to play to help decrease that footprint. We therefore aim to reduce carbon emissions from buildings and infrastructure by 10 million tonnes of CO₂ per year through our innovative products and solutions.

In 2016, working with climate experts, we developed a protocol for quantifying avoided greenhouse gas emissions throughout the life cycles of cement and concrete products. The protocol provides a consistent methodology to calculate avoided emissions through the value chain due to innovative, climate-efficient cement and concrete products.

The protocol has been developed primarily for internal use at LafargeHolcim. However, the overall framework is applicable to cement-based products in general. The guidelines could consequently be used by all companies from the cement industry and construction sector. The protocol can be downloaded at www.lafargeholcim.com/reports-publications

Our 2030 Solutions – insulating concretes

AIRIUM™ was commercially launched in 2016 and is an insulating foam that improves energy efficiency for buildings from floor to ceiling. AIRIUM is entirely mineral based, and offers maximum fire resistance, extreme durability, and is 100 percent recyclable. With the launch of three pilots in Austria, France, and Morocco in 2016, the commercialization of this technology is underway. For more information on AIRIUM, visit www.airium.com

Fundatherm™ has been developed and marketed by our Group company in Austria. Fundatherm is a cement-bound bed, installed as a 100 percent mineral

foundation for underfloor slabs. It is an excellent insulator and also compensates for stresses over the entire building life cycle to protect the foundation. It also withstands constantly changing moisture loads, is temperature compensating, sound absorbing, and non-flammable. Fundatherm is a natural building material. Due to its components (cement, water, and Liapor-blowing clay), it already has natural insulating and moisture-regulating properties; petroleum-based materials are completely unnecessary from the ground up.

For further information on Fundatherm, visit www.lafarge.at/i-beton/fundatherm



LAFARGEHOLCIM FOUNDATION FOR SUSTAINABLE CONSTRUCTION

A key initiative in our efforts to promote sustainable construction design and practice is the LafargeHolcim Foundation for Sustainable Construction. Through the Foundation, we interact with opinion leaders throughout the construction industry to promote greater sustainability of the built environment around the world.

Since its creation in 2003, the Foundation has enriched its network of experts and partner universities to encourage sustainable construction at national, regional, and global levels. It connects our Group to stakeholders along the value chain of the construction industry, including architects, engineers, urban planners, contractors, NGOs, authorities, and students of the respective disciplines.

The Foundation has established itself as a globally significant information hub for sustainable construction through its main activities: organizing academic symposiums for expert discussions; disseminating new approaches and best practices; and conducting the LafargeHolcim Awards – the world’s most significant competition for sustainable design.



LAFARGEHOLCIM WILL CONTINUE ITS MISSION TO CUT ITS NET CO₂ EMISSIONS PER TONNE OF CEMENT AND HELP ITS CUSTOMERS AVOID CO₂ EMISSIONS RELEASED FROM BUILDINGS AND INFRASTRUCTURE.

Case study: The Foundation in action

The Foundation carries out activities in three-year cycles. The fifth International LafargeHolcim Awards closed for submissions in March 2017 and attracted more than 3,500 valid entries from over 120 countries – an increase of 40 percent by comparison to the last competition. The Awards recognize ecologically, socially, and economically outstanding projects and visions in sustainable construction. Independent juries in five geographical regions will evaluate the entries and nominate some 50 prize winners of the latest Awards – the world’s most significant competition in sustainable design.

The triennial LafargeHolcim Forum is organized jointly with renowned partner universities of the Foundation from all continents and enables academic discussion about sustainable construction. The symposium strengthens our connections with innovative minds. In April 2016, 300 architects, engineers, building professionals, and experts from all generations and geographic regions gathered in Detroit for the fifth International LafargeHolcim Forum. The theme of the conference was “Infrastructure Space,” examining how infrastructure can be designed to contribute to a sustainable living environment.

A 420-page book edited by Ruby press Berlin contains a collection of 25 essays inspired by the most recent LafargeHolcim Forum. *Infrastructure Space* was launched at the Aedes Metropolitan Laboratory in Berlin in an all-female line-up including the presentation of case studies and a discussion about the role of architects in researching and designing infrastructure.



Launch of *Infrastructure Space* in Berlin (l-r): Charlotte Malterre-Barthes, Sarah Nichols, Nancy Couling, Dulya Bouchi, and Ilka Ruby.

More about the LafargeHolcim Foundation and its activities is available at www.lafargeholcim-foundation.org

THE 2030 PLAN CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS: FOR CLIMATE



7 AFFORDABLE AND CLEAN ENERGY
Affordable and clean energy – our use of waste as an energy source and our research into renewable energy sources contribute to this goal.



9 INDUSTRY INNOVATION AND INFRASTRUCTURE
Industry, innovation and infrastructure – our solutions for sustainable and efficient infrastructure and the most advanced research and development capability in the sector contribute to this goal.



13 CLIMATE ACTION
Climate action – our targets to reduce carbon intensity, promotion of sustainable construction, and innovative solutions contribute to this goal.



17 PARTNERSHIPS FOR THE GOALS
Partnerships for the goals – our partnerships with initiatives such as the Energy Efficiency in Buildings coalition and membership of organizations such as the WBCSD and Cement Sustainability Initiative contribute to this goal.



PROMOTING A CIRCULAR ECONOMY



IN 2016, LAFARGEHOLCIM OPERATIONS MANAGED 46 MILLION TONNES OF WASTE GLOBALLY. BY USING WASTE AS FUEL OR RAW MATERIAL, WE'RE STRIVING FOR A CLEANER WORLD, IMPROVED LIVELIHOODS, AND OFFERING SOLUTIONS TO THE GLOBAL WASTE CHALLENGE.

- 31 USING WASTE AS A RESOURCE
- 32 REDUCING VIRGIN MATERIAL USE

54

MILLION TONNES OF
WASTE-DERIVED
PRODUCTION RESOURCES

15%

OF ENERGY FROM
ALTERNATIVE FUELS



THE 2030 PLAN: FOR CIRCULAR ECONOMY



BY 2030, WE WANT TO USE 80 MILLION TONNES OF RESOURCES DERIVED FROM WASTE IN OUR OPERATIONS EACH YEAR, INCLUDING BIOMASS WASTE.

WE WILL SUPPLY FOUR TIMES OUR 2015 VOLUME OF RECYCLED AGGREGATES FROM RECLAIMED ASPHALT PAVEMENT AND CONSTRUCTION AND DEMOLITION WASTE BY 2030.

USING WASTE AS A RESOURCE

Through our wholly owned waste management services company, Geocycle, we continue to innovate with energy recovery and materials recycling throughout the cement and concrete manufacturing process.

With waste volumes increasing globally, treating waste can be demanding, complex, and costly. Waste management requires smarter, more sustainable, and economically feasible solutions. At Geocycle, we offer highly safe and ecological waste solutions applying international standards, including the GIZ guidelines on co-processing waste and the Basel Convention, for superior governance and performance.

Geocycle offers strategic waste assessment through to expertise regarding local regulations. It also provides logistics to transport cement production waste to its state-of-the-art pre-processing facilities, where waste is transformed into fuel and raw materials. Geocycle and LafargeHolcim have 80* pre-processing platforms globally, serving 180 cement kilns.

Using waste as fuel or raw material is both economical and ecologically sound. The fuels derived from waste, including biomass residues, can replace traditional fuels, including coal, petcoke, and natural gas. In 2016, 15 percent of LafargeHolcim's thermal energy demand for clinker production was covered by alternative fuels, reducing CO₂ emissions by 8 million tonnes.

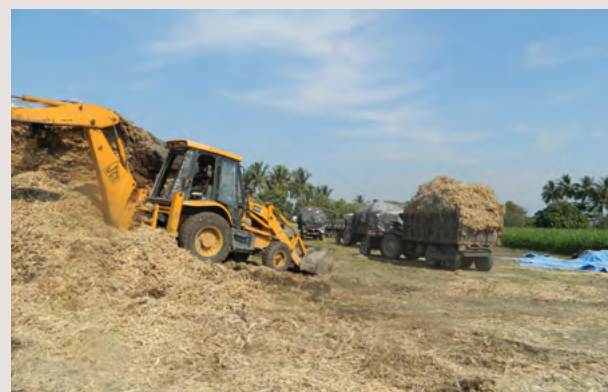
* This figure includes all joint ventures not included in the figure provided in the performance data table on page 41.

Case study: Increasing alternative fuel use

In Saint-Pierre-la-Cour, France, the "Solid Shredded Waste Line" provides the largest LafargeHolcim cement plant in France with alternative, waste-derived resources for use in its production process. Commissioned in 2013, it co-processes industrial waste, used tires, animal meals, polluted water, and contaminated wood in the kiln. Thanks to the new line, 80 percent of the fuel used in the cement plant comes from alternative sources. This equates to savings of 100,000 tonnes of CO₂ emissions annually, and reduces the amount of waste going to landfill by 60,000 tonnes per year.

From a local perspective, more than two thirds of the fuels co-processed by the plant are sourced in Pays de la Loire and neighboring Brittany, generating a significant and sustainable waste solution – and jobs – for the region.

In India, the Ambuja Cement Foundation (ACF) has been working to build farmer-producer companies as independent people's institutions to help farmers gain leverage in the market. Six farmer-producer companies operate in four locations and carry out agro-based business with Ambuja Cements Limited and other organizations. In exchange, Ambuja Cements Limited acquires agricultural biomass residues for alternative fuels in their plants.



REDUCING VIRGIN MATERIAL USE

Alternative raw material use helps minimize LafargeHolcim's environmental footprint by reducing the use of virgin natural resources. We also improve the building material life cycle by recycling construction and demolition waste. These approaches divert materials away from landfill and avoid using natural aggregate reserves.

Waste from construction sites can be utilized as a partial substitute for limestone in the kiln or as an alternative aggregate. The materials come mainly from construction and demolition waste or reclaimed asphalt pavement. We supply about 6.5 million tonnes of recycled aggregate, and plan to supply 26 million tonnes by 2030.

An example of such a product is Aggneo™, a range of new-generation, high-quality recycled aggregates that meets various sustainable construction needs in the civil, industrial, commercial, and residential segments. In addition, using inert excavated waste as quarry refill helps rehabilitate quarries back to useful land. See www.lafarge.com/en/aggneo for more information.

Other examples of reused waste include fly ash, spent pot liners (from the aluminum industry), and contaminated soils to provide iron and alumina correctives for clinker production raw mix. Byproducts of other industrial processes, including blast furnace slag, can be used to replace clinker in the final cement product. In 2016, our cement contained an average of 72 percent clinker, and our aim is to reduce that to around 65 percent by 2030.



LAFARGEHOLCIM WILL CREATE MORE VALUE FROM WASTE BY TRANSFORMING IT INTO FUEL AND RAW MATERIALS FOR ALL OUR PRODUCTION PROCESSES.

Case study: Utilizing 80 million tonnes of waste

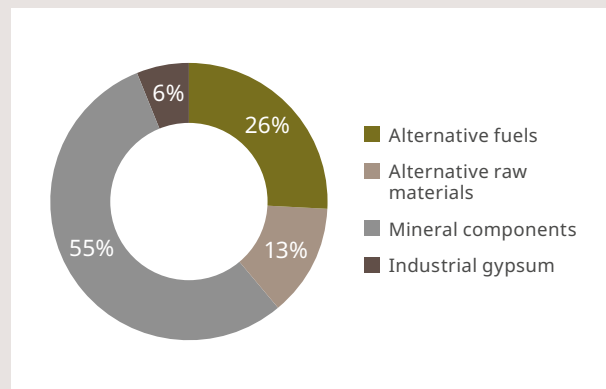
In the LafargeHolcim 2030 Plan, we aim to use 80 million tonnes of resources derived from waste in our operations each year, including biomass waste. In 2016, LafargeHolcim used 593 million tonnes of natural raw materials. Additionally, we used 46 million tonnes of waste-derived resources.

Using waste-derived resources to produce cement means waste is reused and does not end up in landfill or incinerated without any production benefit.

Aside from reuse and recycling, co-processing is the most ecological way to avoid waste. Our co-processing solution prevents residues and reduces landfill, freeing valuable land for better use. It also eliminates toxins that can find their way into soil and groundwater. In addition, we save municipalities from having to sink valuable funds into ecologically regressive technologies.

To put it into context, 80 million tonnes of waste diverted from landfill and other disposal methods is equivalent to one 25-tonne truck every 10 seconds, non-stop over the period of a year, or 240 times the weight of the Empire State building in New York.

Where our 80 million tonnes of waste-derived resources will come from:



THE 2030 PLAN CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS: FOR CIRCULAR ECONOMY



Affordable and clean energy – the use of waste-derived non-fossil fuels contributes to this goal.



Climate action – the use of waste-derived non-fossil fuels contributes to this goal.



Responsible consumption and production – the use of waste-derived resources as alternative fuel and raw material sources contributes to the goal.



Partnerships for the goals – our partnerships with organizations such as GIZ and WBCSD contribute to this goal.



SAFEGUARDING WATER AND NATURE

WITH AROUND ONE THIRD OF OUR CEMENT PRODUCTION LOCATED IN WATER-SCARCE AREAS, WE ARE DETERMINED TO REDUCE FRESHWATER WITHDRAWAL AND ACHIEVE A POSITIVE IMPACT IN WATER SCARCE AREAS. WE ALSO COMMIT TO ACHIEVE A POSITIVE CHANGE ON BIODIVERSITY.



- 35 A POSITIVE IMPACT IN WATER-SCARCE AREAS
- 36 A POSITIVE CHANGE FOR BIODIVERSITY
- 37 WBCSD WASH PLEDGE

7%

REDUCTION IN FRESHWATER WITHDRAWAL VS 2015

Published

WATER, QUARRY REHABILITATION AND BIODIVERSITY DIRECTIVES

PROF. DR. GUILLAUME HABERT, ETH ZÜRICH

“I encourage LafargeHolcim to consider enhancing the granularity of its reporting on water and biodiversity by showing where its operations are located in relation to areas of great water scarcity and biodiversity value.”

THE 2030 PLAN: FOR WATER AND NATURE



BY 2030, WE WANT TO REDUCE THE AMOUNT OF FRESHWATER WE WITHDRAW TO PRODUCE OUR CEMENT BY 30 PERCENT (VS 2015).

WE WANT TO MAKE A POSITIVE IMPACT ON WATER SOURCES WHERE IT IS SCARCE.

WE WANT TO DEMONSTRATE A GLOBAL POSITIVE CHANGE ON BIODIVERSITY BY 2030.

WE WANT TO MAKE SURE THAT ALL EMPLOYEES AND CONTRACTORS CAN ACCESS SAFE WATER, SANITATION, AND HYGIENE FACILITIES ON ALL OUR SITES.

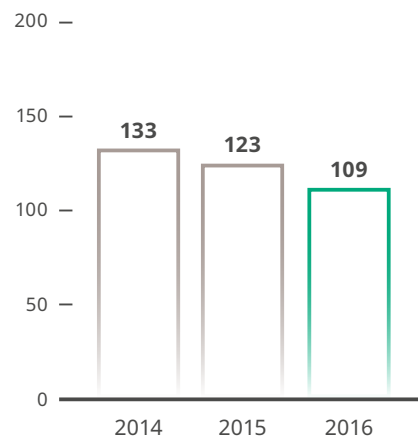
A POSITIVE IMPACT IN WATER-SCARCE AREAS

LafargeHolcim is committed to reducing freshwater withdrawal in its cement segment by 30 percent by 2030. We will do this by harvesting rainwater, reusing water, and using freshwater resources efficiently. In 2016, we withdrew 356 liters of freshwater per tonne of cement.

As water scarcity is an increasingly important issue for society generally, our concern for water goes beyond operational boundaries. We are committed to showing a positive impact on water resources in water-scarce areas. To demonstrate this, we have developed a Water Positive Impact Methodology (WPIM). This has been reviewed by the Swiss Development Agency to determine a water positive index using a water credit/water debit approach. A "water scarce" area is determined by employing the World Business Council for Sustainable Development (WBCSD) Global Water Tool: any area with an annual total renewable supply per person of less than 1,000 cubic meters is classified as water scarce. The LafargeHolcim WPIM methodology was successfully piloted on two projects, including groundwater recharge and efficient agriculture by Ambuja Cement Ltd, in India.

To facilitate achieving our targets, a mandatory Water Directive was approved and published during 2016. The Water Directive sets the rules and regulations for managing water in a responsible manner. It also sets the framework for appropriate actions to manage risks and make positive contributions to water resources and ecosystems. Additionally, individual targets on reduction of freshwater withdrawal have been agreed for each LafargeHolcim country.

Total water consumption
(million m³) – all segments

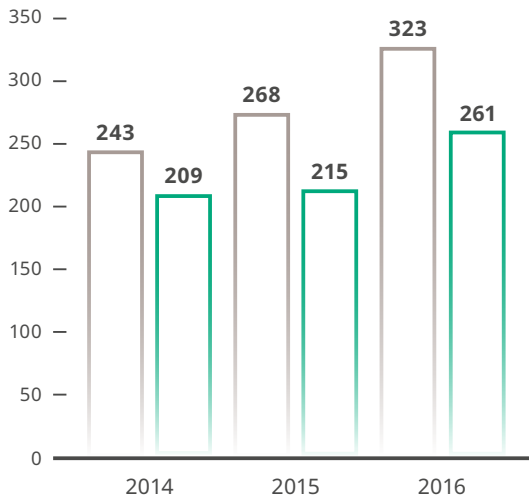


A POSITIVE CHANGE FOR BIODIVERSITY

The 2030 Plan commits LafargeHolcim to demonstrate a global positive change in our approach to biodiversity. Our unique Biodiversity Indicators Reporting System (BIRS) was designed by independent experts in collaboration with the International Union for the Conservation of Nature. In 2016, BIRS was deployed at several plants in India and Indonesia. We will embed the system in other operating areas using a “train-the-trainer” approach.

The BIRS methodology enables LafargeHolcim to aggregate the biodiversity scores across sites in a selected region or country into a national, regional, or global biodiversity index. Through BIRS, we will be able to monitor the relative changes in biodiversity and understand the changes to habitats and ecosystems. In 2016, a mandatory Quarry Rehabilitation and Biodiversity Directive was approved by the LafargeHolcim Executive Committee.

Quarries with high biodiversity value
(number)



- Quarries with high biodiversity value
- Quarries with high biodiversity value with biodiversity management plans in place

WBCSD WASH PLEDGE

Access to drinking water, sanitation, and hygiene (known as WASH) is an increasingly important topic for large businesses. Even though this is a basic human right, it is estimated that worldwide 663 million people are still without safe drinking water and 2.4 billion people lack access to basic sanitation. These gaps are not just a societal health risk, but create economic problems through reduced productivity, damage to brand integrity, and increased worker illness.

With more than 90,000 employees, LafargeHolcim can play a significant part in addressing this issue. The Group therefore intends to sign the “WASH Pledge at the Workplace,” an initiative developed by the WBCSD, of which LafargeHolcim is a member. By signing the pledge, companies commit to providing employees and contractors with safe WASH at all operations within three years.

In 2016, all LafargeHolcim countries completed a WASH self-assessment to determine our baseline, and action plans to address shortfalls are currently being developed.



LAFARGEHOLCIM WILL REDUCE FRESHWATER WITHDRAWAL IN ALL ITS BUSINESS LINES AND GIVE MORE WATER TO COMMUNITIES AND NATURE THAN WE WITHDRAW IN WATER-SCARCE AREAS.

Case study: Harvesting rainwater in Australia

Water withdrawal in Australia is highly regulated, in many areas limiting industrial sites' withdrawal of freshwater. Legislation also requires regulatory approval to discharge process water from a site to an offsite waterbody. The approval criteria are stringent.

In its aggregates operations in Australia, LafargeHolcim now harvests and stores rainwater in large onsite catchment areas for production use. The system is designed to allow excess rainwater to bypass the catchment area and leave the site as uncontaminated stormwater run-off.

For its concrete business operations, LafargeHolcim operates on a zero "process-water discharge" and uses recycled water in its batching operations over freshwater, wherever possible.

Projects include a stormwater project at Beenleigh aggregate quarry resulting in increased rainwater-holding capacity and real-time remote access water use monitoring. At Southport Concrete, the plant is now producing concrete with 100 percent recycled water, resulting in significant reduction in local water withdrawal from municipal sources.



Case study: Biodiversity in Spain

The LafargeHolcim quarry in Yepes, Spain, covers 1,000 hectares in the center of the semi-arid Iberian Peninsula. LafargeHolcim has progressively restored the quarry over a number of years.

Thanks to inputs from the WWF and a collaboration with the University of Toledo, we have avoided monoculture pine re-planting. Instead, we provided heterogeneous reliefs with slopes, holes, and ponds, creating habitats for fauna that was already colonizing these areas. The aim was to create a natural reserve in the middle of an extensive agricultural area, where recreation and biodiversity awareness could be promoted.

The economic value provided by the restoration, estimated by an independent third party, is EUR 350,000 per year. It was calculated that for each euro invested in rehabilitation, three euros are generated in ecosystem services, which more than 13,000 people can enjoy.

The ongoing investment in biodiversity awareness and biodiversity workshops will make this valuation even higher in the future, making nature conservation and ecological values even more appreciated by the community.



THE 2030 PLAN CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS: **FOR WATER AND NATURE**



Clean water and sanitation – our water-management programs and targets contribute to this goal.



Life on land – our commitment to demonstrating a positive global change for biodiversity contributes to this goal.



Partnerships for the goals – LafargeHolcim has been working closely with nature conservation NGOs, at local and global levels, to design and implement sustainable biodiversity management practices.



PERFORMANCE AND ASSURANCE

WE TRACK AND PUBLISH OUR PERFORMANCE ACROSS A WIDE RANGE OF MEASURES, INCLUDING ECONOMIC AND GOVERNANCE, ENVIRONMENTAL, HEALTH AND SAFETY, SOCIAL PERFORMANCE AND STAKEHOLDER ENGAGEMENT. AN OUTLINE OF OUR REPORTING METHODOLOGY IS COMPLEMENTED BY AN ASSURANCE STATEMENT, OUR COMMUNICATION ON PROGRESS, AND A STATEMENT FROM OUR REPORT REVIEW PANEL.



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PERFORMANCE DATA TABLES

ECONOMIC AND GOVERNANCE

Sales <i>Note EG1</i>	GRI Ref	2015	2016
Net sales (CHF billion)		29.4	26.9
Cement (million tonnes)	201-1	255.7	233.2
Aggregates (million tonnes)		292.2	282.7
Ready-mix concrete (million m ³)		56.8	55.0
Suppliers and contractors <i>Note EG2</i>			
Screening			
Suppliers identified as "High Risk" (for sustainability criteria aligned with the LafargeHolcim Supplier Code of Conduct) (%)	308-2 414-2	7.5	27
"High Risk" suppliers screened			
H&S criteria (%)	414-1 308-1	45	39
Environmental criteria (%)		34	31
Human rights and labor criteria (%)		33	25
Bribery and corruption criteria (%)		34	23
Contractors screened			
H&S criteria (%)	414-1 308-1	84	37
Environmental criteria (%)		63	25
Human rights and labor criteria (%)		62	26
Bribery and corruption criteria (%)		56	21
National market suppliers			
Group companies with a policy to favor national market suppliers (%)	204-1	20	10
Suppliers from national markets (%)		74	79
Government relations			
Political donations (CHF)	415-1	294,344	63,611
Countries making political donations		5	2
Average subsidies from national governments (grants, tax relief and other financial benefits) (CHF million)	201-4	15.1	6
Entities receiving subsidies		12	16

Notes to the performance data table

Note EG1 Taken from the LafargeHolcim Annual Report 2016.

Note EG2 Figure for 2016 includes all contractors. Previous year referred to suppliers and only a portion of contractors (high spend). All contractors are now considered as "High Risk" with respect to health and safety and working conditions, and thus included. The scope of assessments has increased to include both legacy operations - resulting in slightly lower figures.

ENVIRONMENTAL

Number of plants included in evaluation	GRI Ref	2014	2015	2016
Cement and grinding plants		282	283	261
Kilns		-	-	233
AFR pre-processing facilities		-	-	53
Aggregates		572	544	561
Ready-mix plants (incl. concrete product plants)		1,465	1,424	1,422
Materials				
Alternative raw materials substitution rate – cement production (%) <i>Note EN1</i>		7.7	7.8	10.5
Total raw material consumption – all segments (million tonnes)	301-2	642.6	630.1	583.6
Waste-derived resources – all segments (million tonnes) <i>Note EN2</i>		53.3	53.5	54.2
Waste and recycling				
Non hazardous waste recovered (million tonnes)		0.19	0.34	0.46
Non hazardous waste disposed (million tonnes)	306-2	0.27	0.56	1.85
Hazardous waste recovered (million tonnes)		0.01	0.01	0.02
Hazardous waste disposed (million tonnes)		0.01	0.02	0.05
CO₂ emissions <i>Note EN3</i>				
Total CO ₂ emissions – gross (million tonnes)	305-1	147	147	145
Total CO ₂ emissions – net (million tonnes)		143	143	140
Specific CO ₂ emissions – gross (kg/tonne cementitious material)	305-4	598	599	603
Specific CO ₂ emissions – net (kg/tonne cementitious material)		579	579	583
Total Scope 1 emissions (cement, aggregates, ready-mix and own-power generation) (million tonnes)	305-1	149	150	153
Total Scope 2 emissions (million tonnes)	305-2	11	11	11
Other atmospheric emissions				
Dust				
Number of kilns reporting		242	237	207
Specific emissions (g/tonne of cementitious material)		54	47	55
Total emissions (tonne/year)		14,388	12,698	13,199
NO_x				
Number of kilns reporting		229	226	205
Specific emissions (g/tonne of cementitious material)		1,078	1,038	982
Total emissions (tonne/year)		289,680	278,061	234,644
SO₂				
Number of kilns reporting		241	236	204
Specific emissions (g/tonne of cementitious material)		189	179	196
Total emissions (tonne/year)	305-7	50,731	47,799	46,915
VOC				
Number of kilns reporting		167	165	151
Specific emissions (g/tonne cementitious material)		29	29	32
Total emissions (tonne/year)		7,889	7,838	7,569
Mercury				
Number of kilns reporting		164	170	143
Specific emissions (mg/tonne of cementitious material)		12	9	8
Total emissions (tonne/year)		3.2	2.4	1.9
Dioxins/furans				
Number of kilns reporting		163	158	153
Specific emissions (ng TEQ/tonne of cementitious material)		23	24	18.7
Total emissions (g TEQ/year)		6.2	6.4	4.5

Notes to the performance data table

Note EN1 Due to changes in reporting methodologies, previous years' values have been restated like for like.

Note EN2 Includes alternative raw material, industrial mineral components (consumed and sold externally), alternative fuels, volume of return concrete recycled, secondary/recycled aggregates and recycled asphalt.

Note EN3 Cementitious material is defined following the CSI definition: Total clinker produced plus mineral components consumed for blending and production of cement substitutes, including clinker sold, excluding clinker bought. Compared with Gross CO₂ emissions, net CO₂ emissions don't include CO₂ from alternative fossil fuels.

ENVIRONMENTAL (CONTINUED)**Other atmospheric emissions**

	GRI Ref	2014	2015	2016
Clinker produced with continuous monitoring of dust, NO _x and SO ₂ emissions (%)	305-7	84	85	80
Clinker produced with monitoring of dust, NO _x and SO ₂ emissions (%)		92	91	97

Energy

Total energy consumption				
Electrical and thermal - all segments (million GJ)	302-1	783	785	720
Total power consumption - all segments (GWh)		26,565	26,896	24,677
Total fuel consumption - all segments (million GJ)		688	688	633
Specific thermal energy consumption				
Clinker production (MJ/tonne clinker)	302-3	3,533	3,533	3,540
Cement production (MJ/tonne cementitious material)		2,518	2,529	2,548
Specific power consumption cement (kWh/tonne cement)		94	95	99
Thermal energy mix of clinker production (%)				
Coal	302-1	41.2	39.1	28.0
Coke		26.1	28.0	34.8
Oil		4.9	4.4	3.5
Gas		12.5	12.0	11.6
Other traditional fossil fuels		1.0	1.3	6.9
Alternative fossil fuels (excl. biomass)		9.4	9.8	10.0
Biomass		4.8	5.3	5.2
Clinker factor (average % of clinker in cements)		71	71	72

Biodiversity

Total number of quarries		913	855	805
Quarries with rehabilitation plan in place (%) <i>Note EN5</i>		85	88	85
Total of rehabilitated area (ha)		16,562.3	21,866.7	15,962.0
Quarries with high biodiversity value (number)	304-1 304-3	243	268	323
Quarries with high biodiversity value with biodiversity management plans in place (number)		209	215	261
Quarries with high biodiversity value with biodiversity management plans in place (%)		86	80	81

Notes to the performance data table

Note EN5 New and stricter directives regarding rehabilitation plans are currently being rolled out. Their implementation is not yet systematic and, in the meantime, the requirements defined in legacy reference documents and directives still apply. Historical data reflects the specific requirements for rehabilitation plans that were defined in legacy reference documents and directives.

ENVIRONMENTAL (CONTINUED)

Water	GRI Ref	2014	2015	2016
Water withdrawal				
Total – cement (million m ³) <i>Note EN6</i>	303-1	110	111	101
Total – aggregates (million m ³)		96	84	79
Total – RMX (million m ³)		16	15	18
From groundwater – all segments (million m ³)		54	54	52
From surface water – all segments (million m ³) <i>Note EN6</i>		111	101	88
From municipal water supplies or other water utilities (million m ³)		18	18	21
Rainwater harvested (million m ³)		20	21	13
From other water sources (million m ³)		10	11	25
Total water consumption – all segments (million m³)		133	123	109
Water discharge				
Total – all segments (million m ³) <i>Note EN6</i>	306-1	81	82	89
To surface water (million m ³) <i>Note EN6</i>		69	67	74
For offsite treatment (million m ³)		1	1	1
To others (million m ³)		10	14	15
Sites equipped with a water recycling system (% of total sites)	303-3	78	76	72
Management systems				
Cement				
Sites with an EMS equivalent to ISO 14001 (%)		-	72	87
Sites with an EMS certified acc. to ISO 14001 (%)		-	71	77
Aggregates				
Sites with an EMS equivalent to ISO 14001 (%)		-	81	54
Sites with an EMS certified acc. to ISO 14001 (%)		-	26	28
RMX				
Sites with an EMS equivalent to ISO 14001 (%)		-	34	41
Sites with an EMS certified acc. to ISO 14001 (%)		-	20	19
AFR				
Sites with an EMS equivalent to ISO 14001 (%)		-	-	83
Sites with an EMS certified acc. to ISO 14001 (%)		-	-	81
Environmental investments and compliance				
Provisions for site restoration and other environmental liabilities (million CHF) <i>Note EN7</i>		-	996	912
Number of countries reporting severe non-compliance cases <i>Note EN8</i>	307-1	-	10	24
Associated fines and penalties (million CHF)		-	2.3	0.4

Notes to the performance data table

Note EN6 Historical data has been corrected to reflect a more accurate business site value.

Note EN7 As per the LafargeHolcim Annual Report 2016 – Page 234.

Note EN8 This information was collected through a new set of reporting system protocols and tools by business units. A “severe” non-compliance case is any regulatory non-conformity which 1) seriously threatens the quality of environmental compartments (air, water, soil), 2) directly or indirectly endangers human, animal and plant health/life 3) if made public, would stir public concern and emotion, i.e. would negatively affect the company’s image, or 4) results in a significant fine or penalty (monetary or non-monetary sanctions).

HEALTH AND SAFETY

	GRI Ref	2014		2015		2016	
		Legacy Lafarge	Legacy Holcim	LafargeHolcim		LafargeHolcim	
Fatalities							
Personnel category							
Employees	403-2	3	5	5		3	
Contractors		13	22	28		44	
Third parties		8	20	17		39	
Total Group		24	47	50		86	
Location							
Onsite		7	22	15		18	
Offsite at public site		11	23	32		64	
Offsite at someone else's site		6	2	3		4	
Lost time injuries							
Personnel category							
Employees (LTIs)	403-2	72	217	239		231	
Contractors onsite (LTIs)		39	170	261		233	
Injury rates <i>Note HS1</i>							
Lost Time Injury Frequency Rate							
Employees (LTIFR) <i>Note HS2</i>	403-2	0.55	1.6	1.01		1.08	
Contractors onsite (LTIFR) <i>Note HS3</i>		0.56	1.3	1.03		0.99	
Employees and contractors onsite (LTIFR)		0.55	1.5	1.02		1.03	
Total Injury Frequency Rate							
Employees (TIFR)		-	4.8	3.52		4.28	
Contractors onsite (TIFR)	403-2	-	4.1	2.84		2.96	
Employees and contractors onsite (TIFR)		-	-	3.17		3.59	

Notes to the performance data table

Note HS1 LTIFR in legacy Lafarge includes fatalities.

Note HS2 For legacy Holcim: LTIFR employees included subcontracted personnel according to internal definitions.

Note HS3 For legacy Holcim "contractors onsite" refers to third party service providers onsite according to internal definitions.

SOCIAL

Workforce	GRI Ref	2015	2016
Group employees by region <i>Note SO1</i>			
Asia Pacific	102-8	36,199	31,274
Latin America		11,707	10,536
Europe		23,950	21,829
North America		11,265	12,257
Middle East Africa		16,123	13,191
Service and trading companies		1,712	1,816
Total Group		100,956	90,903
Group employees by employment contract and age interval			
Full-time employees (%)	102-8	98	99
Part-time employees (%)		2	1
Permanent employees (%)	405-1	92	94
Fixed-term contract employees (%)		8	6
Employees under the age of 30 (%)		16	14
Employees between 30 and 50 (%)		61	60
Employees above 50 (%)		24	26
Employee turnover and retention			
Employee turnover by type			
Overall employee turnover rate (%)	401-1	18	16
Voluntary employee turnover rate (%)		6	7
Hirings (%)		11	8
Dismissals (%)		2.5	2.0
Retirements (%)		1.4	1.4
Redundancies (%)		3.1	3.2
Deaths (%)		0.2	0.1
Employee turnover by region			
Asia Pacific (%)	401-1	19	11
Latin America (%)		18	22
Europe (%)		14	16
North America (%)		31	22
Middle East Africa (%)		11	13
Service and trading companies (%)		13	23
Diversity			
Female workforce <i>Note SO2</i>			
Top management level (%)	405-1	13	10
Senior management level (%)		16	16
Other management level (%)		19	19
Non-management level (%)		14	12
Women in total workforce (%)		13	14
Specific requirements			
Entities with a recruitment and/or career development plan aimed at a specific population (%)	405-1	72	71
of which, entities with a specific program for women (%)		57	48
of which, entities with a specific program for disabled workers (%)		40	31
Employee satisfaction			
Entities conducting employee satisfaction survey (%) <i>Note SO3</i>		53	100
Social dialogue			
Entities having strike actions		1	6
Entities where employees are covered by collective agreements (%)	102-41	74	66
Entities with workforce represented in H&S committees (%)	403-1	94	97

Increase in entities covered in the Social Questionnaire from previous year. (74 entities in 2015; 90 entities in 2016.)

Notes to the performance data table

Note SO1: Figures taken from LafargeHolcim Annual Report 2016, Page 72.

Note SO2: Figures for top management level and senior management level taken from Annual Report 2016. Other management levels taken from the annual Social Questionnaire.

Note SO3: All countries took part in the Global Pulse survey.

SOCIAL (CONTINUED)

Individual development	GRI Ref	2015	2016
Hours of training per employee			
Managers (%)	404-1	-	36
Non-managers (%)		-	27
Annual performance review			
Managers (%)		92	90
Non-managers (%)		50	48

Increase in entities covered in the Social Questionnaire from previous year. (74 entities in 2015; 90 entities in 2016.)

STAKEHOLDER ENGAGEMENT

CSR spend	GRI Ref	2015	2016	
Total (CHF million)	201-1	59.7	48.0	
Overhead (%)		12	19	
Social investment projects (%)		70	68	
Donations (cash and in kind) (%)		13	10	
Inclusive business projects (%)		5	3	
Beneficiaries				
Total number (million people)	201-1	6.6	5.7	
Social investment projects (% of total beneficiaries)		68	76	
Education projects (%)		8	6	
Employment projects (%)		3	3	
Infrastructure (%)		16	13	
Health (%)		10	13	
Water (%)		22	28	
Other (%)		9	14	
Inclusive business projects (% of total beneficiaries)		13	8	
Low-income housing (%)		8	7	
Sanitation (%)		5	0	
Other (%)		0	1	
Donations (% of total beneficiaries)		19	16	
Cash (%)		10	8	
In kind (%)		9	8	
New beneficiaries in reporting year (million people)		Base year	3.0	
Cumulative total of individuals benefiting (million people)		6.6	9.6	
Stakeholder Engagement Plan <i>Note ST1</i>				
Total sites with Stakeholder Engagement Plan in place (%)			35	34
Cement, grinding and AFR sites (%)		62	66	
Aggregates, concrete (including RMX) and asphalt sites (%)		31	28	
Human rights				
Total countries with Human Rights Assessment (%)	412-1	44	50	
Impact assessment (%)		38	50	
Self-assessment (%)		50	50	

Notes to the performance data table

Note ST1 A Stakeholder Engagement Plan is a formalized document outlining the process used by operations to engage relevant stakeholders for the purpose of achieving agreed outcomes.

METHODOLOGY AND ASSURANCE

SCOPE OF CONSOLIDATION

LafargeHolcim strives to be a leader in transparency and to have a positive impact in the communities where it operates. Achieving this goal requires from us to maximize the reach that our sustainability practices have, starting from our assets and including not only those where we have financial control, but also those where we have operational and/or management control.

Therefore, LafargeHolcim reporting aims to cover all business units and their industrial production sites under the Group's operational/management control approach based on the following criteria:

- All companies where LafargeHolcim owns more than 50% of equities, or has management control are consolidated at 100%.
- Companies where LafargeHolcim does not own more than 50% of equities but has control over operations are consolidated at 100%.
 - This includes LafargeHolcim Companies in China, Bangladesh, Morocco and Gulf Cooperation Council states.
- Companies where LafargeHolcim has a Joint Venture at 50% have been weighted at 50% for environmental indicators, at 100% for H&S indicators; for social and stakeholder engagement, data is excluded.
 - This includes Cement Australia.

Huaxin data have been excluded from all consolidations.

For business divested during the year, environmental, social and stakeholders engagement data are excluded for the entire year; for H&S, data are included up to the time of divestment, when respective operations ceased to be under LafargeHolcim management control.

METHODS OF DATA COLLECTION AND REPORTING METHODOLOGIES

Economic and governance performance

Financial performance indicators follow IFRS principles. Data on sales included represent consolidated data from LafargeHolcim Group plants and entities covering all of the Group's operations, and are consistent with those reported in the LafargeHolcim Annual Report 2016. Data on supplier assessments was collected through the Procurement Scorecard.

Environmental performance

Environmental performance indicators follow the reporting guidelines of the World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD-CSI).

In 2016, environmental data were collected through a new set of reporting system protocols and tools by business units.

For environmental data we assess that the reported data this year covers the full scope of cement activities and at least 95% for all other product lines.

All sites that were active during the reporting year have been considered eligible to be included under the environmental reporting. For sites that were active less than six months, their impact has been estimated based on their production and the Group averages.

For environmental data, asphalt operations, cement terminals and RMX mobile plants are excluded.

- **CO₂ and power:** We use the CSI Revised Protocol Version 3 to calculate CO₂ emissions between the 1990 baseline and the reporting year. For CO₂, all historical data have been recalculated according to the updated Protocol, to enable comparison of data over time. Historical data are also restated to reflect changes in consolidation of companies and acquisitions/divestments. The coverage of the CO₂ data is 97%. For data not reported in 2016, the last available measurement or the Group average has been used to estimate the 2016 performance. The coverage of power data per segment is at least at 98%. Data not reported in 2016 are excluded from the consolidation.
- **Emissions:** 61% of the clinker produced in 2016 is covered by a monitoring system (continuous or discontinuous measurements) meaning dust, NO_x, SO₂, VOC/THC, heavy metals (Hg, Cd, Tl, Sb, As, Pb, Cr, Co, Cu, Mn, Ni and V), PCDD/F. The full production from a kiln is included in this coverage only when emissions of all pollutants (all 17 listed pollutants) are monitored, otherwise the production contribution from the kiln is considered zero. If the emission has not been measured in 2016, the last available measurement or the Group average has been used to estimate the 2016 performance at kiln level. Measurements older than three years represent 9% of the clinker produced in 2016. Based on the measured value, the absolute emissions are extrapolated to the total quantity of clinker produced by the Group. Emissions per tonne of clinker will be published on our website in a CSI indicators table.
- **Water:** The CSI water protocol has been used as a reference to measure the water performance of the Group. The coverage of the water data per product line is between 92% and 98%. For data not reported in 2016, the Group average has been used to estimate the 2016 performance.
- **Waste and recycling:** Waste comprises all forms of solid or liquid waste (excluding wastewater) and are defined as hazardous or non-hazardous based on the legislation of the country in which the site operates. Recovery takes into account recycling, downcycling and energy recovery. Overburden has been excluded from non-hazardous wastes disposed on site.

Health and safety (H&S)

H&S performance indicators follow the WBCSD-CSI reporting guidelines for H&S.

H&S data are gathered at country/Group reporting unit level and cover all business segments and their industrial production sites, including corporate and above country regional and service entities.

H&S data are collected via monthly reporting and an annual survey.

Data are segregated according to onsite and offsite incidents, and cover employees, contractors and third parties. The "hours worked" used to calculate safety data for employees and contractors are calculated and/or estimated locally by business units.

METHODOLOGY AND ASSURANCE (CONTINUED)

For H&S data we have reported legacy company performance for 2014, following legacy definitions, and consolidated data for 2015 and 2016 following new LafargeHolcim definitions.

Social performance

In 2016, social data were collected through a revised set of reporting system protocols and tools. Data are gathered at country/Group reporting unit level and cover all business segments and their industrial production sites, including corporate and above country regional and service entities.

The 2016 social data are derived from a survey covering 90 out of 97 entities representing more than 95% of the total Group workforce and include majority owned entities and managed assets. Among other aspects, the social survey collects data on employees, headcounts and human rights and includes questions to verify that neither child labor nor forced or compulsory labor is used.

Stakeholder engagement

In 2016, stakeholder data were collected through a revised set of reporting system protocols and tools. Data are gathered at country/Group reporting unit level and cover all business segments and their industrial production sites.

The 2016 stakeholder data are derived from a survey covering 75 out of 78 entities representing more than 95% of the total Group workforce and include majority-owned entities and managed assets. Among other aspects, the stakeholder survey collects data on CSR spending and beneficiaries, volunteering activities, political donations and subsidies, human rights management (other than labor-related human rights), stakeholder engagement activities and community engagement structures.

Reporting cycle

The LafargeHolcim Group will continue to report annually.

ASSURANCE STATEMENT

INDEPENDENT ASSURANCE REPORT ON A SELECTION OF SUSTAINABILITY INFORMATION

To the Executive Committee,

Further to the request made by LafargeHolcim, we present our report on a selection of sustainability information established for the year ended on 31 December 2016, presented in the Sustainability Report, consisting in selected environmental and health & safety indicators¹ (“the Environmental and Health & Safety Indicators”) and social and stakeholder engagement data collection processes² (“the Social and Stakeholder Engagement Data Collection Processes”).

Responsibility of the company

It is the responsibility of the Group Sustainable Development Department to establish the Environmental and Health & Safety Indicators and to implement the Social and Stakeholder Engagement Data Collection Processes in accordance with the protocols used by the Group.

Independence and quality control

Our independence is defined by regulatory requirements and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Our Responsibility

It is our role, based on our work:

- To attest that the Social and Stakeholder Engagement Data Collection Processes were implemented as described in the “Methodology and Assurance” section on page 47 under the sub-headings “Social performance” and “Stakeholder engagement” and in accordance with the 2016 Group social and stakeholder engagement questionnaires and definitions;
- To express a limited assurance conclusion, that the Environmental and Health & Safety Indicators, have been established, in all material aspects, in accordance with the reporting criteria applicable in 2016 (the “Reporting Criteria”), consisting in external standards elaborated by the World Business Council for Sustainable Development – Cement

Sustainability Initiative (WBCSD-CSI) available on the WBCSD web site completed with Group specific procedures, a summary of which is provided in the “Methodology and Assurance” section on page 47 under the sub-headings “Environmental performance” and “Health and Safety” or in notes underneath the data tables on pages 40 to 46.

1. Review of the Social and Stakeholder Engagement Data Collection Processes

We undertook interviews with the people responsible for the collection and preparation of the information at the headquarters of the Group in Holderbank, Switzerland and in Paris, France and at the country level for a selection of entities, in order to:

- Assess the suitability of the questionnaires and definitions used in the surveys, in relation to their relevance, completeness, reliability, neutrality, and understandability;
- Verify the implementation of the process for the collection and compilation of the Information.

Based on this work, we confirm that we have no comment on the fact that the Social and Stakeholder Engagement Data Collection Processes were implemented as described in the “Methodology and Assurance” section on page 47 under the sub-headings “Social performance” and “Stakeholder engagement” and in accordance with the 2016 Group social and stakeholder engagement questionnaires and definitions.

2. Limited assurance on a selection of Environmental and Health & Safety Indicators

We conducted the work described below in accordance with the international standard ISAE 3000³ (International Standard on Assurance Engagements).

Nature and scope of the work

We undertook interviews with people responsible for the preparation of the Environment and Health & Safety Indicators in the Sustainable Development, Health & Safety, and HR Departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Reporting Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;

1 Environmental and Health & Safety Indicators (presented in data tables on pages 41 to 44):

- **Materials:** Alternative raw materials substitution rate – cement production, total raw material consumption – all segments
- **Waste and recycling:** Non-hazardous waste (recovered, disposed) and Hazardous waste (recovered, disposed)
- **CO₂ emissions:** total CO₂ emissions (gross, net), Specific CO₂ emissions (gross, net), Total Scope 1 emissions, Total Scope 2 emissions
- **Other atmospheric emissions (total and specific):** Dust, NOx, SO₂, VOC, Mercury, Dioxins/Furans; clinker produced with continuous monitoring of dust, NOx and SO₂ emissions, clinker produced with monitoring of dust, NOx and SO₂ emissions
- **Energy:** Electrical and thermal – all segments, total power consumption – all segments, total fuel consumption – all segments, specific thermal energy consumption (clinker production, cement production), specific power consumption cement, Thermal energy mix of clinker production
- **Clinker factor**
- **Biodiversity:** Quarries, quarries with a rehabilitation plan in place
- **Water:** water withdrawal by segments (Cement, Aggregates, RMX)
- **Management Systems:** Cement, Aggregates, RMX
- **Fatalities:** by personnel category
- **Lost Time Injuries:** employees, contractors
- **Lost Time Injury Frequency Rate:** employees, contractors
- **Total Injury Frequency Rate:** employees, contractors

2 Social and Stakeholder Engagement Data Collection Processes covering:

- Group employees by region and per employment contract and age, Employee turnover, Diversity, Employee satisfaction, Social dialogue, and Individual development
- CSR Spend, Beneficiaries, Stakeholder engagement plan.

3 ISAE 3000: “Assurance Engagements other than audits or reviews of historical information”, International Federation of Accountants.

ASSURANCE STATEMENT (CONTINUED)

- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the Environment and Health & Safety Indicators and identify the procedures for internal control and risk management related to the preparation of the Environment and Health & Safety Indicators.

We determined the nature and extent of our tests and inspections based on the nature and importance of the Environment and Health & Safety Indicators, in relation to the characteristics of the Group, its social and environmental issues, its strategy in relation to sustainable development and industry best practices:

- At the Group level, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the sustainability report;
- At the level of the representative selection of sites and entities that we selected⁴, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 15% of the hours worked used for the calculation of safety indicators and between 8% and 20% of the environmental information⁵.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the Environment and Health & Safety Indicators cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the Environment and Health & Safety Indicators, taken together, have not been fairly presented, in compliance with the Reporting Criteria.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- For the Environment Indicators, except the automatic checks embedded in the new reporting tool, the new reporting protocols did not specify the internal controls to be performed at the various steps of the reporting process. Therefore, controls actually performed at Group Reporting Unit level were not always homogeneous. Additional checks need to be added in the tool to support Group validation, especially in relation to energy related indicators;
- The reporting guidelines on quarry rehabilitation plans refer to the new Group Rehabilitation and Biodiversity Directive, which is not yet fully deployed or systematically implemented in the entities. As a result, differences were identified in the criteria required this year for a quarry rehabilitation plan to be recognised by the Group.

Paris-La Défense, the 27th April 2017



Independent Verifier

ERNST & YOUNG et Associés

Partner, Sustainable Development

Christophe Schmeitzky

Partner

Bruno Perrin

4 Five cement plants: Apaxco (Mexico), Fès (Morocco), Le Teil (France), Malagueño (Argentina), and Rabriyawas (India); one aggregate quarry: St Bonnet de Mure (France); and five entities: Ambuja Cements - India (cement), Lafarge France (all segments), Holcim Mexico (cement and RMX), Holcim Argentina (all segments), and LafargeHolcim Morocco (all segments).

5 On average 16% of production (cement, aggregates, RMX), 20% of waste, 16% of gross CO₂ emissions, 14% of other atmospheric emissions, 19% of energy consumption, 18% of quarries, and 8% of water withdrawal.

EXTERNAL REVIEW PANEL STATEMENT OF LAFARGEHOLCIM'S SUSTAINABILITY REPORT 2016

INTRODUCTION

This is the first time that LafargeHolcim has invited an External Report Review Panel comprised of seven independent experts to review its Sustainability Report.

The panel's objectives were to:

- challenge the company's approach to sustainable development
- assess the content and process of preparing the Sustainability Report

Please see www.lafargeholcim.com/reports-publications for details of the panel members.

This statement provides an assessment of LafargeHolcim's Sustainability Report 2016. The review did not include verification of performance data underlying the report or the information on which the case studies in the report were based. The members of the External Report Review Panel express their views as individuals, not on behalf of their organizations. The engagement started in February 2017, when panel members were asked to provide input to the structure and outline of the Report. In April 2017, the experts discussed the draft report during an online consultation. Based on their feedback, the panel statement was drafted and circulated to the panel members for approval. To ensure independence, the external panel process was facilitated by Samantha Parsons, from the sustainability communications consultancy Flag.

The External Report Review Panel (ERRP) is pleased to share with this statement its independent opinion on LafargeHolcim's Sustainability Report (SR) 2016.

FEEDBACK TO LAFARGEHOLCIM'S SUSTAINABILITY REPORT 2016

APPROACH

The panel acknowledges that LafargeHolcim has a responsibility to play a leading role in addressing the sustainability issues facing the building materials industry. In this regard, the panel welcomes LafargeHolcim's sustainable development strategy and long-term ambitions articulated in its 2030 plan and its leadership in driving innovation. The panel recognizes LafargeHolcim's continued efforts to improve people's lives through affordable housing solutions. The panel recognizes that LafargeHolcim has taken the first steps in mapping the United Nations Sustainable Development Goals (SDGs) to its sustainability strategy. The panel encourages LafargeHolcim to assess and select the SDGs where it has the greatest impact, both positive and negative, and to integrate these into its strategy and 2030 plan. The responsible tax disclosure is a strong move in the right direction. The panel encourages LafargeHolcim to consider country-level tax reporting to better serve stakeholder needs going forward.

REPORT STRUCTURE AND CONTENT

The SR 2016 reads well and the panel welcomes the inclusion of the new customer focus section as well as LafargeHolcim's robust approach to materiality. The climate change, water and nature chapters were especially well received by the panel. Going forward, the panel encourages LafargeHolcim to distinguish within each chapter what it's doing in-house versus across its value chain and articulate where it can influence change. The panel encourages LafargeHolcim to expand its reporting on water and biodiversity risks through the inclusion of a water and biodiversity map either in the report or online, which shows where its operations are located in relation to water-scarce and high-biodiversity areas.

OPPORTUNITIES FOR IMPROVEMENTS

The panel welcomes LafargeHolcim's long-term sustainability targets. However, the Panel encourages LafargeHolcim to disclose more detail on what is being done now and to progress faster in covering its high-risks suppliers in regards to sustainable procurement and in implementing local community engagement plans. The Panel recognizes that the report has

EXTERNAL REVIEW PANEL STATEMENT OF LAFARGEHOLCIM'S SUSTAINABILITY REPORT 2016 (CONTINUED)

examples of stakeholder engagement throughout, but encourages LafargeHolcim to summarize its stakeholder engagement at Group level, including how LafargeHolcim has responded and taken feedback into account. The panel notes LafargeHolcim's performance against its zero harm target, and recommends continuing to strengthen its approach to safety. In regards to LafargeHolcim's approach to climate change, the panel recommends LafargeHolcim consider disclosing its ambition level in regards to moving away from fossil fuels. Finally, once LafargeHolcim has conducted a strategic alignment of the SDGs against the 2030 plan, the panel encourages LafargeHolcim to show how it is contributing to them positively and negatively through more detailed case studies.

CONCLUSIONS

The panel welcomes LafargeHolcim's progress on sustainable development and the initial steps taken to map the SDGs. The panel is pleased to see that LafargeHolcim is continuing to drive sustainability leadership in the sector, especially around innovation and though having a long-term plan, but recommends LafargeHolcim move faster to achieve its sustainability goals. The panel encourages LafargeHolcim to continue to improve transparency around integrity and responsible tax, local water and biodiversity impacts, stakeholder engagement and the energy future, and to continue to strengthen its efforts to improve safety performance. The panel looks forward to future engagements and seeing how LafargeHolcim takes the panel's feedback on board.

COMMUNICATION ON PROGRESS

GLOBAL REPORTING INITIATIVE

This PDF report, with additional information on our website, is prepared in accordance with the Global Reporting Initiative (GRI) Standard at comprehensive level.

To locate the elements and information contained within the Standard, including disclosures on management approach to economic, environmental and social aspects, use the GRI index at www.lafargeholcim.com/reports-publications

LafargeHolcim, along with organizations from over 50 countries, is a member of the GRI Gold Community.

For a detailed explanation of the GRI indicators and for more information on the GRI Gold Community go to www.globalreporting.org



UN GLOBAL COMPACT (UNGC)

With our integrated approach to sustainable development, LafargeHolcim aims to embrace the UNGC principles. We strive to implement the 10 principles of the Compact and to use it as a basis for advancing responsible corporate citizenship. At the same time, the Compact provides LafargeHolcim with the opportunity to further push our own ongoing programs and processes in the areas of human rights, labor standards, the environment and anti-corruption. Examples of this are our Supplier Code of Conduct and Sustainable Procurement Initiative.

Our sustainability report and our annual communication on progress (COP) to the UNGC outlines LafargeHolcim's continued commitment to the Compact's philosophy, intent and principles. This latest report highlights key actions implemented in 2016 against the Compact's principles as well as confirming our sustainability priorities and performance targets. Our Annual Communication on Progress to the UNGC can be found on our website at www.lafargeholcim.com/reports-publications

For more information on the UN Global Compact, visit www.unglobalcompact.org



RECOGNITION

LafargeHolcim's sustainability performance is widely recognized. The company is included in the DJSI Europe index and received the RobecoSAM Silver Class award. It is also included in the FTSE4Good Index Series. In addition, LafargeHolcim participates in the UN Global Compact "Lead" program promoting widespread uptake of sustainability solutions among businesses around the world.



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