

**HOLCIM (LIBAN) S.A.L**  
**Board of Directors Report**  
**for the General Assembly of 15 December 2020**  
**ESTABLISHED ACCORDING TO ARTICLE 158**  
**OF THE LEBANESE CODE OF COMMERCE**

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Ladies and Gentlemen,

Pursuant to Article 158 of the Commercial Code, the Board of Directors presents this report to inform you and ask for your approval for the conventions concluded, which have gotten the prior approval, between the company and its directors or with companies in which members of the Board would be owners, partners in name, managers, directors or administrators.

Regarding the said conventions, no convention was made during the 2019 financial year either directly or via a third party, and no convention with a director will be concluded during fiscal year 2020.

Concerning ordinary business operations, studies and agreements between the Company and the companies in which members of the Board are owners, partners in name, managers, directors or managers are:

**1. Holcim Béton S.A.L.**

Holcim Béton SAL purchases cement from Holcim Liban SAL at market prices. Sales to this related party amounted to LL (000) 1,640,160.

Balances due from Holcim Béton SAL amounted to LL (000) 13,139,186 as at 31 December 2019.

The General Assembly meeting dated July 20, 2018 resolved to discontinue the Company's operations and lease or sale part of its property and equipment.

**2. Société Libanaise des Ciments Blancs S.A.L.**

The Company provides technical assistance to Société Libanaise des Ciments Blancs SAL against fees computed on the fixed basis of 4% of sales. These fees amounted to LL (000) 577,000 during the year 2019.

Other services, consisting of staff costs and other income amounted to LL (000) 788,982 for the year ending 31 December 2019.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 3,859,034 during 2019.

Dividends received from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 2,672,760 during 2019.

During 2008, the Company received a loan from the subsidiary Société Libanaise des Ciments Blancs SAL amounting to US\$ 5,000,000 which was increased to US\$ 8,000,000 during 2009. Accrued interest payable amounted to LL (000) 4,883,965 as at 31 December 2019.

The balance due to and from Société Libanaise des Ciments Blancs SAL respectively amounted to LL (000) 4,883,965 and LL (000) 3,672,372 as at 31 December 2019.

**3. Holcim Investments S.A.S**

During 2019, Holcim Investments S.A.S granted the company a loan amounting to LBP75 Billion (USD50 million) that was increased later during the year to LBP79billion subject to interest at the rate of 6 month LIBOR plus 7% and matures on April 17, 2021. Accrued interest payable amounted to LL (000) 1,498,489 as at 31 December 2019.

#### **4. LafargeHolcim Trading Ltd**

Being a subsidiary of LafargeHolcim Ltd, Holcim Trading SA provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 1,106,415 during 2019.

Balances due to Holcim Trading SA amounted to LL (000) 554,154 as at 31 December 2019.

#### **5. Holcim Technology Ltd**

Holcim Technology Ltd is a subsidiary of the parent company, LafargeHolcim Ltd. Starting 1 January 2014; Holcim Liban SAL has joined the Industrial Franchise Fee (IFF) mechanism, of the Holcim Group. The franchise fees are computed at 3.5% of consolidated net sales to third parties which amounted to LL (000) 6,355,000 during 2019.

In addition, the balance due to Holcim Technology Limited amounted to LL (000) 2,975,368 as at 31 December 2019.

#### **6. Holcim Services EMEA S.L., Espagne**

Balances due to Holcim Services EMEA S.L., Espagne amounted to LL (000) 452,925 as at 31 December 2019.

The Company charged Holcim Services EMEA S.L, Espagne services amounting to LL (000) 294,685 during 2019.

#### **7. LafargeHolcim Energy Solutions S.A.S**

LafargeHolcim Energy Solutions S.A.S provides combustibles to the Company. Purchases from this company amounted to LL (000) 12,886,550 during 2019.

Balances due to LafargeHolcim Energy Solutions S.A.S. amounted to LL (000) 4,447,123 as at 31 December 2019.

#### **8. Carriere Jieh S.A.L**

Balances due from Carriere Jieh S.A.L amounted to LL (000) 432,583 as at 31 December 2019.

#### **9. Holcim Group Services Ltd**

Being a subsidiary of LafargeHolcim Ltd, Holcim Group Services Ltd charges the Company training costs and salaries of foreign employees and related costs, which amounted to LL (000) 452,844 during 2019.

In 2017 the Administrative Support Fee Agreement (0.6% of consolidated net sales) was approved and amounted to LL (000) 704,000 in 2019.

The balance due to Holcim Group Services Limited amounted to LL (000) 452,844 as at 31 December 2019.

#### **10. Boğaz Endüstri ve Madencilik Limited**

Profit shares of the company above amounted to 1.5 billion LBP in the year 2019.

The company's clinker purchases from Holcim (Liban) amounted to LL (000) 1,640,160 in 2019.

#### **11. Remunerations of key management personnel**

Remunerations of key management personnel amounted to LL (000) 1,636,238 during 2019.

It is noteworthy that all these agreements and transactions processed under their disposition were submitted to our auditors and will be subject of a separate and detailed report.

The Board of Directors submits the report for the approval of the General Assembly.

The 30<sup>th</sup> of April 2020

**For the Board of Directors  
Grant Earnshaw  
Chairman**