

**HOLCIM (LIBAN) S.A.L**  
**Board of Directors Report**  
**for the General Assembly of 3 July 2018**  
**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 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 2017 financial year either directly or via a third party, and no convention with a director will be concluded during fiscal year 2018.

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) 1,023,695. The Company provides technical assistance to Holcim Béton SAL against fees computed on the fixed basis of 1.8% of sales. These fees amounted to LL (000) 206,054 during the year 2017.

Other services, consisting of staff costs and rental income amounted to LL (000) 376,901. As for the services rendered by Holcim Béton SAL and related to staff services, these amounted to LL (000) 168,624.

Balances due from Holcim Béton SAL amounted to LL (000) 15,467,616 as at 31 December 2017.

**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) 751,857 during the year 2017.

Other services, consisting of staff costs and other income amounted to LL (000) 1,068,170 for the year ending 31 December 2017.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 3,224,648 during 2017.

The company purchased white clinker from Société Libanaise des Ciments Blancs SAL for the amount of LL (000) 1,480,543.

Dividends received from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 4,119,020 during 2017.

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. Interest charged during 2017 amounted to LL (000) 633,702. Accrued interest payable amounted to LL (000) 5,935,401 as at 31 December 2017.

The balance due to and from Société Libanaise des Ciments Blancs SAL respectively amounted to LL (000) 5,935,404 and LL (000) 2,712,235 as at 31 December 2017.

### **3. Bogaz Endustri Ve Madencilik Ltd.( BEM )**

Dividends received from Bogaz Endustri Ve Madencilik Ltd.( BEM )amounted to LL (000) 4,570,740 during 2017

The balance due from BEM amounted to LL (000) 2,850 as at 31 December 2017.

### **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) 3,073,769 during 2017.

Balances due to Holcim Trading SA amounted to LL (000) 296,161 as at 31 December 2017.

### **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) 10,436,098 during 2017.

In addition, the balance due to Holcim Technology Limited amounted to LL (000) 2,449,410 as at 31 December 2017.

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

Balances due from and due to Holcim Services EMEA S.L., Espagne amounted to LL (000) 226,357 and LL (000) 258,603 respectively as at 31 December 2017.

The Company charged Holcim Services EMEA S.L., Espagne services amounting to LL (000) 469,486 during 2017.

### **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) 25,234,697 during 2017.

Balances due to LafargeHolcim Energy Solutions S.A.S. amounted to LL (000) 3,379,302 as at 31 December 2017.

### **8. Egypt Sack S.A.E**

Balances due to Egypt Sack S.A.E. amounted to LL (000) 336,534 as at 31 December 2017.

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

Balances due from Carriere Jieh S.A.L amounted to LL (000) 418,192 as at 31 December 2017.

### **10. Holcim Haut Rhin**

Being a subsidiary of LafargeHolcim Ltd, Holcim Haut Rhin charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 176,418 during 2017.

Balances due to Holcim Haut Rhin amounted to LL (000) 46,110 as at 31 December 2017.

**11. 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) 586,145 during 2017.

In 2017 the Administrative Support Fee Agreement (0.6% of consolidated net sales) was approved and amounted to LL (000) 1,768,369 in 2017 .

The balance due to Holcim Group Services Limited amounted to LL (000) 608,980 as at 31 December 2017.

**12. Other affiliate**

Balances due from other affiliate amounted to LL (000) 660,934 as at 31 December 2017.

**13. Remunerations of key management personnel**

Remunerations of key management personnel amounted to LL (000) 2,129,014 during 2017.

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.

01 June 2018

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