

# APPROACH TO TAX 2024



# PRINCIPLES

We operate according to the world's highest governance standards. We recognize that taxes are a vital source of revenues and are linked to the pursuit of environmental, social and governance (ESG) principles for governments to achieve the Sustainable Development Goals (SDGs).

## OUR APPROACH TO TAX IS BUILT UPON FIVE ELEMENTS:



### ELEMENT 1: ALIGNMENT WITH OUR BUSINESS STRATEGY:

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



### ELEMENT 2: TAX GOVERNANCE:

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



### ELEMENT 3: TAX TRANSPARENCY:

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



### ELEMENT 4: TAX RISKS MANAGEMENT:

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



### ELEMENT 5: TAX ADVOCACY:

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

We pay our taxes where we do business, and handle our tax affairs with a non-negotiable focus on compliance and transparency, while leveraging governments' strategic use of tax policy to incentivize investment while driving progress toward both ESG and SDG objectives simultaneously.

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



Inspired by the shape of an Egyptian obelisk, the Iconic Tower outside of Cairo is Africa's tallest building

# ELEMENT 1

## ALIGNMENT WITH OUR BUSINESS STRATEGY

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

### THE TAX FUNCTION IS COMMITTED:

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

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To align adopted tax positions with commercial and economic reality.

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

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

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

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

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

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

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

# ELEMENT 2

## TAX GOVERNANCE

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

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

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

### TO REDUCE POTENTIAL AREAS OF DISAGREEMENT:

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

We consider the reputational consequences of each filing position.

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

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

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

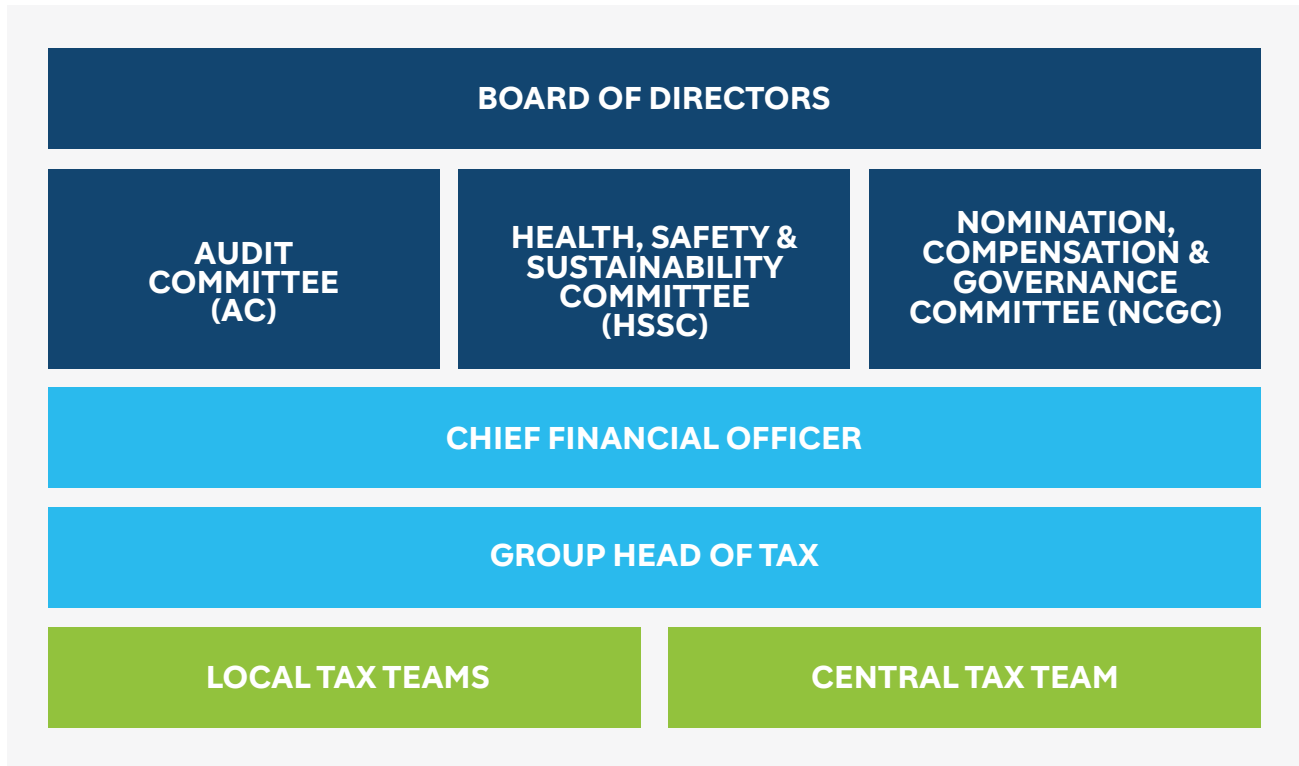
We use external advisers when required, but we mainly in-source tax work.

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

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

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





**Board of Directors (BoD)**

Ultimate responsibility for strategy and overall governance of the company, including Holcim’s tax strategy. Through the Audit Committee, the Board oversees Holcim’s risk management and Internal Control Process.

**Audit Committee (AC)**

Assists and advises the Board of Directors in conducting its supervisory duties with respect to the internal control systems, including those relating to taxes. It examines the reporting for the attention of the Board of Directors, evaluates the Group’s external and internal audit procedures, reviews the risk management systems of the Group and assesses financing issues.

**Chief Financial Officer (CFO)**

Responsible for all financial matters of the company, including Tax, Accounting, Internal Audit, Treasury, Pension and Financial Planning & Analysis (FP&A) amongst others.

**Group Head of Tax**

Responsible for developing the tax strategy of the Group and managing the associated tax policies and internal controls relating to income tax matters of the Group.

**Central Tax Team**

Cross-disciplinary team overseeing the implementation of the tax strategy at a regional level and key subject matter tax experts in areas such as transfer pricing, financing, reporting and global tax initiatives, such as the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

**Local Tax Teams**

Primarily responsible for the implementation of tax strategy and policies, managing local tax processes and risk management in relation to taxes.

# ELEMENT 3

## TAX TRANSPARENCY

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

We have an important role in society and take responsibility for acting in a fair and transparent manner towards all external stakeholders.

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

### WE ARE COMMITTED:

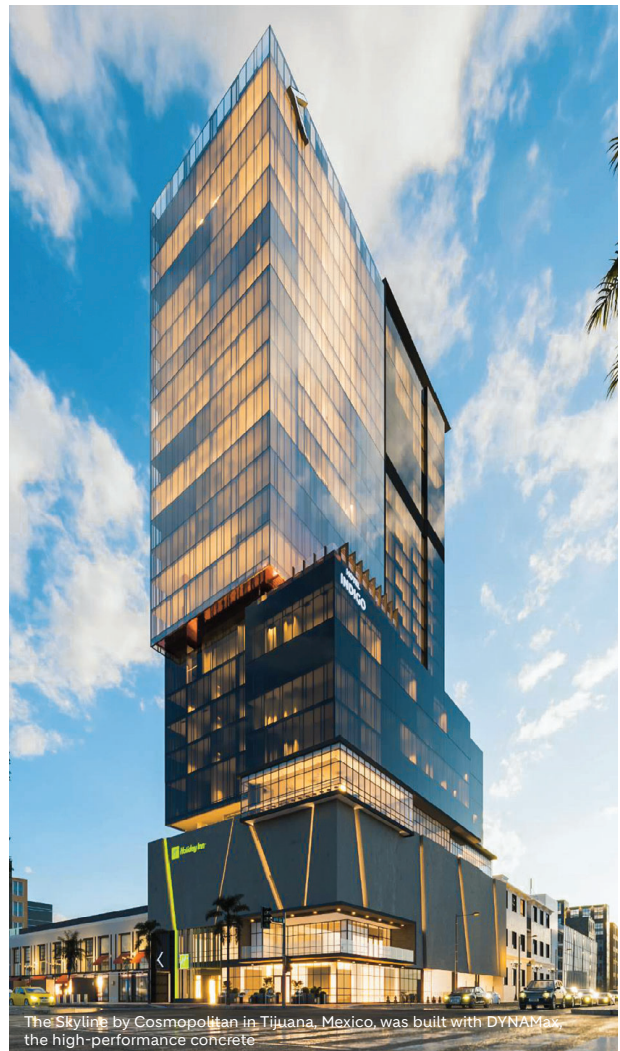
To be open and transparent with the tax authorities about tax matters and provide the relevant, reasonably requested information within a reasonable timeframe.

If questions or assessments from tax authorities appear not to be legitimate or are based on misunderstandings of the facts or the law, we will work with tax authorities, where possible, to identify the issues and explore options to resolve misunderstandings.

Where relevant, reasonably requested information is not available, to timely inform the tax authorities and explore mutually acceptable alternatives.

To work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible.

To explain to the public and any relevant stakeholders Holcim's approach to tax, economic contribution and taxes paid via appropriate disclosures.



The Skyline by Cosmopolitan in Tijuana, Mexico, was built with DYNAMax, the high-performance concrete

# ELEMENT 4

## TAX RISKS MANAGEMENT

We put relevant processes and controls in place to limit financial risks.

On a quarterly basis, Group Tax reports tax risks to the CFO, Legal Counsel and Audit Committee of the Board.

### WE FOCUS ON THE FOLLOWING RISK AREAS:

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

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

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

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

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

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

We recognize stakeholders' expectation of transparency on tax matters, including those defined by the Global Reporting Initiative (GRI) and the World Economic Forum (WEF) report, Measuring Stakeholder Capitalism. Our continued enhancements of our tax transparency reporting are fully aligned with the intentions of these initiatives.

Holcim intends to fully comply with the EU Public Country-by-Country Reporting (CbCR) Directive as a piece of landmark legislation aimed at enhancing transparency in taxation and will be fully aligned with the requirements in 2024. Our industry-leading disclosures on tax transparency demonstrates our commitment to transparency, ethical business conduct and corporate responsibility.

# ELEMENT 5

## TAX ADVOCACY

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

Holcim recognizes that any advocacy should not improperly influence decisions and should never be misused for any corrupt or illegal purpose. Governments are responsible for their fiscal policy and resulting laws. We respect the roles and responsibilities of the institutions and organizations we engage with.

### OUR ADVOCACY MEANS:

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

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

We advocate for Pro-Growth Tax Policies and harmonized, transparent incentive regimes throughout the world.

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

In 2023, Holcim participated directly and indirectly in a number of working groups and/or consultations. In general, Holcim typically participates via industry or business bodies but may respond directly to consultations where Holcim has specific insight, offering a valuable perspective. In 2023, this included:

- the OECD's Business Advisory Group (BAG) in respect of the international tax topics, primarily the implementation including BEPS Pillar Two
- the Business and Industry Advisory Committee to the OECD (BIAC) advocating for policies that enable the private sector to pursue economic growth, development and societal prosperity
- the OECD's Forum on Tax Administration TA 3.0 Working Group project on enhancing the trustworthy use of artificial intelligence in tax administration
- SwissHoldings securing optimal framework conditions and a liberal environment for multinational companies registered in Switzerland, with a significant focus on BEPS Pillar Two
- indirect engagement with the European Commission through the industry body Cembureau to ensure watertight implementation of the Carbon Border Adjustment Mechanism (CBAM), with necessary measures being in place to close possible circumvention routes and the risks of fraud.



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