

LafargeHolcim responds to Syria Review

In the course of 2016, a number of publications reported allegations involving legacy Lafarge operations at its plant in Syria, specifically that company personnel had engaged in dealings with certain armed groups and with sanctioned parties during 2013 until the plant was ultimately evacuated in September 2014.

As previously communicated, in response to these allegations, the company commenced an internal independent investigation under the supervision of the Finance and Audit Committee of the Board. The findings of the investigation illustrate that the deterioration of the political situation in Syria posed very difficult challenges for the security and operations of the plant and its employees. Such challenges included threats to the safety of its employees as well as disruption of supplies needed to operate the plant and product distribution.

At times, different armed factions controlled or sought to control the areas around the plant. It appears from the investigation that the local company provided funds to third parties to work out arrangements with a number of these armed groups, including sanctioned parties, in order to maintain operations and ensure safe passage of employees and supplies to and from the plant. The investigation could not establish with certainty the ultimate recipients of funds beyond those third parties engaged.

In hindsight, the measures required to continue operations at the plant were unacceptable. Those responsible for the Syria operations appear to have acted in a manner they believed was in the best interests of the company and its employees. However, the investigation revealed significant errors in judgment that are inconsistent with the applicable code of conduct.

The legacy Lafarge operations in Syria operated at a loss during the time period in question and represented less than 1% of the Group's sales at the time.

As a consequence of the internal review and its findings, the Board has taken a number of decisions. First of all, the Board approved the creation of a new Ethics, Integrity & Risk committee, supervised by a member of the Executive Committee. The decisions further include, with the assistance of outside counsel, continuing improvements of efforts already undertaken by the Group in the last few years, specifically the adoption of a more rigorous risk assessment process focusing in particular on high risk third parties and joint venture partners, a restricted party screening program, a new sanctions and export control program and further efforts resulting from a benchmarking exercise it has undertaken. The Board has instructed executive management to vigorously implement these actions, which are designed to further strengthen and resource a state-of-the-art compliance organization and processes reflecting best practices. It makes it clear that there can be no compromise with compliance nor with adherence to the standards reflected in the company's code of conduct no matter the operational challenges.

Based on the information available today, there is no indication that the reported allegations are likely to have an adverse financial impact that is material to the Group.

In connection with the reported activities, criminal complaints are reported to have been filed in France. Such proceedings are conducted under a rule of secrecy and neither Lafarge SA nor any of its affiliates have been made a party to any of them. In light of the proceedings, the company will not comment further on the findings or individual conduct.

About LafargeHolcim

LafargeHolcim is the leading global building materials and solutions company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects. As urbanisation increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.

More information is available on www.lafargeholcim.com

About LafargeHolcim in Syria

Due to the nature of the product and its manufacture, cement plants are located in or near the markets they serve. In some locations, this presents distinct challenges. Syria is one such place. Lafarge built a cement plant in Syria which required almost 3 years to build at a cost of approximately \$680 million. It started production in May, 2010 and was a source of meaningful employment for the surrounding communities, providing cement for homes, businesses, roads and the like for various communities throughout Syria. Almost from its opening, the political situation in Syria was rapidly deteriorating and posed very difficult challenges for the security and operations of the plant and our employees. Such challenges included disruption of supplies needed to operate the plant and product distribution as well as threats to the safety of our employees. At times different armed political factions controlled or sought to control the areas around the plant. Circumstances around the plant became increasingly worse and were ultimately untenable forcing LafargeHolcim to abandon it in September, 2014 and lay off employees who had depended on LafargeHolcim's employment for their livelihood. The Group has not attempted to operate on site since that time.

Important disclaimer - forward-looking statements

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although LafargeHolcim believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of LafargeHolcim, including but not limited to the risks described in the LafargeHolcim's annual report available on its Internet website (www.lafargeholcim.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward looking statements. LafargeHolcim does not undertake to provide updates of these forward-looking statements.