Directive
Fair Competition

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Content

1. Introduction

Holcim believes in fair competition. Fair competition allows us to provide our customers with the best products and services at most favorable conditions. Success in our business, therefore, goes hand-in-hand with adherence to competition law rules.

1.1 Purpose

The purpose of this Directive is to set out the basic principles of competition law that you must apply in fulfilling your role at Holcim.

This Directive cannot cover all possible facts and circumstances nor all competition laws and rules, which may evolve over time. In case of doubt or if you have any question, you should contact your line manager or, if appropriate, your legal counsel[1] for advice.

1.2 Scope

The scope of the Directive is worldwide and applies to Holcim Ltd as well as to all consolidated Holcim Group companies (hereinafter jointly referred to as "**Group**" or the "**Company**" or, when referring to an individual Holcim Group company, as "**Group Company**") as well as all of their respective employees, directors and officers.

Associated companies or joint ventures where the Group does not exercise equity or management control (each an "**Associated Company**") must be made aware of the Directive and its standards and encouraged to adopt the Directive or at least equivalent standards.

All business partners such as agents, distributors, franchisees, subcontractors or service providers are required to comply with applicable competition laws in the performance of their contract with the Company.

This Directive applies to all product lines and all business segments.

1.3 Minimum standards

The Directive provides only a minimum standard as regards to competition rules. Most countries have competition laws which may regulate competitive behavior slightly differently. This Directive reflects global best practice standards. However, all applicable competition laws must be followed when doing business in any country. Where there is an inconsistency between this Directive and local law, you should apply the stricter standard. In countries where no local competition law is in place, you should follow this Directive as a minimum. In case of doubt, consult your legal counsel.

[1] Legal counsel refers to the Local General Counsel, if any, or the Group Legal – Competition law department or the external legal counsel.

1.4 Application of competition law

In general, competition laws prohibit restraints of competition regardless of where a restraint may have originated. Thus, violations can occur if your activities unlawfully affect a given country or region, even though the activity takes place elsewhere. For example, price fixing with non-EU competitors in respect of a product manufactured outside of the EU can still be penalized under EU law if that product is later sold into the EU. Similar principles apply in many other countries, including Australia, Brazil, China, and the US, and authorities in these countries often cooperate in investigating and penalizing anti-competitive conduct with an international dimension.

Be aware of the applicable competition laws and rules whenever and wherever you are doing business.

1.5 Consequences of violations

Violation of competition laws may result in severe **sanctions for the individuals involved** (including criminal and civil fines, as well as prison sentences in certain countries such as Brazil and Korea, amongst others), **high fines** for the company (often based on a percentage of the company's national or global turnover) and **claims for damages** in civil courts. Successful claimants in the US, in particular, may be entitled to "treble" damages. In some jurisdictions, enforcers can also impose **restrictions on M&A deals** and **ban on participation in public tenders**.

Investigations and legal proceedings resulting from violations or suspected violations may attract adverse media coverage and result in **serious reputational damage**, **formal loss of business**, can take years to resolve, run up **significant expenses** and take up **management time** to the detriment of the business.

Contractual clauses which are in breach of competition laws are likely to be found "null and void" and may lead to the **invalidity of the entire contract**.

Moreover, anti-competitive conduct by its nature leads to **inefficiencies and a loss of innovation**, limiting the ability of companies to respond to "maverick" competitors.

2. Rules and requirements

2.1 Anti-competitive conduct

Competition laws in most jurisdictions prohibit agreements between companies that have the object or effect of restraining competition. Collusive agreements may be formal or informal, written or oral, and signed or unsigned, and may be unlawful even if never actually implemented. Even informal co-operation between competitors that falls short of an actual agreement but amounts to an unspoken 'understanding' and which has the effect or object of restraining competition (so-called "concerted practice") may be unlawful under competition laws.

Restraints of competition are divided into two types: “horizontal” and “vertical”.

- Horizontal restraints are agreements or concerted practices restricting competition between companies operating at the same level of the supply chain (e.g. two ready-mix concrete producers).

- Vertical restraints are agreements or concerted practices between companies operating at different market levels (e.g. a cement supplier and a distributor).

2.1.1 Horizontal relationships

Agreements or concerted practices between competitors, which concern the terms on which they do business, raise the most serious competition law concerns. The following general principles should be considered in connection with any dealings with competitors:

2.1.1.1 Prices and other business terms and conditions

Every company is free to establish and change its own prices, and in doing so, it may react to the conduct of its competitors as this is perceived on the market. You are also free to use publicly available market information, including information published by competitors. However, it is unlawful to agree or cooperate in any way with competitors to fix or stabilize prices and/or other trading conditions, or to exchange commercially sensitive information with competitors.

DO:

- ✓ Make decisions about pricing unilaterally and adequately document internally your pricing calculations and decisions.
- ✓ Collect information on competitors’ pricing and on markets independently.

DO NOT:

- ✘ Determine jointly with competitors minimum or maximum selling or purchase prices, price increases or price ranges.
- ✘ Discuss, negotiate or enter into any agreement or exchange information with competitors that has anything to do with pricing, price elements, cost structures or other business terms and conditions (including rebates, discounts, price changes or methods of calculating prices).

2.1.1.2 Market sharing

An agreement among competitors to divide, share or allocate markets, whether by product, output, territory, customer (including type or size of customer) or in any other form, is illegal.

DO:

- ✓ Make decisions about territories, output and customers unilaterally.

DO NOT:

- ✘ Share or allocate markets between competitors in respect of specific territories, lines of commerce, products, customers or sources of supply.
- ✘ Reach an agreement or understanding with competitors that each party will refrain from or restrict sales (including exports) into the other parties’ “home” territories.

- ✘ Discuss or agree with competitor joint efforts in order to curb imports, especially low-price imports.
- ✘ Fix production, buying and selling quotas with competitors.
- ✘ Limit or control production or investment with competitors.
- ✘ Arrange any market allocation with competitors.

2.1.1.3 Collusive tendering ("bid rigging")

It is an essential feature of tendering procedures that prospective suppliers should prepare and submit tenders independently. Accordingly, any coordination of this process is likely to be illegal.

Exception: joint tendering with competitors may be allowed if it can be objectively justified, such as if one party alone does not have the production capacity/resources to fulfill the contract independently. You should consult a legal counsel if you think that this exception may apply.

DO:

- ✓ Make decisions on how to bid independently.

CONSULT A LEGAL COUNSEL:

- ? When considering offering a joint bid with a third party or to create a bidding consortium.

DO NOT:

- ✘ Exchange information with competitors (including through a trade association) on whether and how your business intends to respond to an invitation to tender or to future tenders.
- ✘ Agree with competitors to refrain from bidding for a particular contract.
- ✘ In a joint tendering scenario, exchange any information that goes beyond the purposes of the joint tendering process with your consortium partner(s).

2.1.1.4 Information sharing

As a rule of thumb, you should not share with your competitors directly or indirectly (through intermediaries, e.g. customers or suppliers) any commercially sensitive information, *i.e.* information that you would not want your competitors to know if you were competing vigorously with them. In some jurisdictions (in particular the EU), even the receipt of such information or the disclosure of such information in your presence can be problematic (if in doubt, seek advice from a legal counsel). Information sharing can raise different issues in different contexts.

(a) Pricing information

The exchange of specific pricing information (especially if directly related to prices or to elements of pricing) between competitors will likely lead to coordinated market behavior and is thus illegal, irrespective of its actual effects.

(b) Other commercially sensitive information

The exchange of commercially sensitive information other than pricing (e.g. sales or cost figures, market share information, production output, production capacities, investments) may also affect competition and be illegal depending, in particular, upon the type of information exchanged and how old this information is.

(c) Collective market information systems

The establishment of a collective market information system (e.g. via a trade association) may be lawful, if (i) the information exchange is open to all interested parties, (ii) the information provided is processed by a body independent from each submitting party (e.g. independent external service provider), (iii) the individual information provided by each submitting party is kept secret from the other parties, and (iv) the information reported back to the submitting parties is only available in aggregated form (and does not allow to draw inferences in relation to individual plants or companies).

Special rules or company policies may apply in different jurisdictions. You should always consult a legal counsel before contributing to a collective information system.[2]

(d) Communication to market

Generally, public disclosure of current or future strategic plans on quantities or pricing policy in any media or publicly accessible company website, or other public announcements, should be avoided, unless this is required by law/regulation or the information is aggregated to a level that it is not strategically/commercially significant. Special rules may apply in different jurisdictions. Please consult a legal counsel when communicating your pricing policy to the market and/or sending price announcement letters to customers.

DO:

- ✓ Set up your own market intelligence to gather information about the market.
- ✓ Inform your current and future customers individually about your prices, terms and conditions, new products, and new applications for each of them.
- ✓ Distance yourself from any attempt by your competitors to discuss commercially sensitive information and report such attempts to a legal counsel.

CONSULT A LEGAL COUNSEL:

- ? When considering practices or information exchanges in the context of a legitimate relationship with your competitor (e.g. bidding consortium).
- ? When considering providing (even historical, *i.e.* older than 12 months) information to a collective market information system.
- ? Before publicly announcing a general change in the pricing trend (e.g. major price increase) to the market.

DO NOT:

- ✘ Share commercially sensitive information (e.g. prices, discounts, sales figures, market share information, production output, production capacities, or investments) with competitors.

[2] In EU/EEA, the Self-commitments offered by Holcim to the European Commission apply; refer to them or seek advice from your legal counsel.

2.1.1.5 Boycotts

The collective or concerted refusal by a group of competitors to deal with one or more customers or suppliers is generally prohibited. Boycotts include agreeing with competitors to set lower prices as a defense against new entrants.

CONSULT A LEGAL COUNSEL:

- ? If you think exceptional circumstances may exist to justify a refusal to deal.

DO NOT:

- ✘ Agree with competitors or another customer not to supply certain customers or not to purchase from certain suppliers.
- ✘ Agree with competitors to make the supply or purchase of goods from third parties subject to certain mutually agreed conditions.

2.1.1.6 Horizontal cooperation agreements

There may be circumstances in which competitors enter into cooperation agreements with one another that can have lawful economic benefits, in particular for customers. The competitive impact and lawfulness of such horizontal cooperation has to be assessed on a case-by-case basis.

CONSULT A LEGAL COUNSEL:

- ? Before entering into negotiations with a competitor (or any other company) on a future cooperation, e.g. in the following areas:
  1. Selling / marketing (or the establishment of joint selling syndicates)
  2. Bidding (or the establishment of bidding consortia in tender proceedings)
  3. Supply (or swap agreements with competitors)
  4. Purchasing (including joint imports)
  5. Production (including joint production, toll manufacturing, specialization and subcontracting agreements)
  6. Transport and/or stockholding
  7. Research and development or
  8. Technical standards

2.1.1.7 Trade associations

Participating in trade associations must not lead to unlawful conduct. The activities of such associations must be carefully monitored. Particular caution is required in relation to commercially sensitive information which is disclosed in your presence: if you do not actively abstain yourself from receiving this information, you and the Company may be found in violation of competition law.

DO:

- ✓ Require a clear agenda to be circulated before taking part in any trade association meeting.
- ✓ Ensure that the discussions during the meeting stick to the agenda provided and that the minutes of the meeting reflect all subjects discussed.

- ✓ Leave a trade association meeting if non-compliant subjects are discussed and ensure that the minutes reflect the fact that you left the meeting.
- ✓ Only take part in official trade association meetings and avoid unofficial events at the fringe of such association meetings.

CONSULT A LEGAL COUNSEL:

- ? Before becoming a member of a trade association.
- ? Before contributing any information to a collective information system organized by the trade association ("black box" system).
- ? Before exchanging industry best practices within a trade association.
- ? Before carrying out joint market research through a trade association.
- ? When agreeing on joint petitioning, government relation matters and similar topics within a trade association.

DO NOT:

- ✘ Share with or receive from competitors specific and detailed information about prices, rebates, discounts, conditions of supply, profit margins, cost structures, calculation practices, distribution practices, market shares, territories, customers, etc. during meetings of a trade association.
- ✘ Participate in any vote, which has as its purpose the exclusion of any member of the industry from participation in the trade association, in the markets the trade association covers or any of its activities.

2.1.2 Vertical relationships

Vertical business partners include upstream partners such as suppliers or licensors, and downstream partners such as distributors, customers, or licensees. Competition concerns associated with vertical relationships mainly arise if a vertical agreement (i) contains restrictions on a partner's ability to compete on price and/or freedom to contract with third parties, and (ii) has the effect of preventing other players on the market from having access to sufficient supplies, customers or distributors (together, "**hardcore restrictions**").

Otherwise, vertical arrangements will typically raise concerns only where either of the parties involved has a significant market share. In the EU, a market share exceeding 30% would be considered as significant. In Brazil and Russia, this is closer to 20%.

There are also situations where you may enter into a vertical agreement with a competitor as a supplier or customer. In such case, you should deal with your competitor always at an arm's length basis, limit the discussion/information exchange to the supplier/customer relationship and restrict the flow of information to limited individuals on a "need-to-know" basis (Chinese walls). You should always consult a legal counsel if you wish to enter into a vertical agreement with a competitor.

2.1.2.1 Resale price maintenance

A supplier must not set the resale prices charged by its distributors.

DO:

- ✓ Independently conduct regional/local price surveys, without interfering with or affecting your partner's pricing policy.

CONSULT A LEGAL COUNSEL:

- ? Before making a non-binding price recommendation for resale prices of branded products (and mark all statements of resale prices as "recommended resale prices").
- ? Before inviting your distributors to comply with maximum resale prices.
- ? Before implementing a monitoring system on the prices charged by your distributor (as this may create the impression of an attempt of resale price maintenance).

DO NOT:

- ✘ Fix or set a minimum resale price or rebates or discounts or the distribution margin to distributors or dealers for any product.
- ✘ Terminate the agreement with a distributor because of its refusal to adhere to the recommended resale prices.
- ✘ Use incentives or disincentives to induce adherence to a recommended price.
- ✘ Link your price to the resale price of your customers.

2.1.2.2 Other resale restrictions

The following restrictions are also likely to be considered illegal:

- Imposing a prohibition on the resale of a certain product, a restriction on the resale to certain customers, or a restriction of resale territories, as these may lead to the allocation of markets.[3]
- Imposing import or export restrictions, as this is usually designed to prevent cross-border trade, to allocate markets and to artificially protect different price levels in these markets.
- Jointly implemented measures between a producer and a dealer or distributor aiming at limiting parallel trade.

CONSULT A LEGAL COUNSEL:

- ? Before imposing any resale restrictions on your distributors/customers in relation to a specific market.
- ? Before imposing on your distributors/customers a prohibition to resell your products.

DO NOT:

- ✘ Restrict your customers (distributors) from "passively" supplying (*i.e.* further to an unsolicited request by a customer) or impose import or export restrictions.
- ✘ Impose an obligation on your customer (distributor) to refer orders received from customers in certain territories to other suppliers.
- ✘ Prescribe to your distributor not to export the product upon a customer's enquiry from outside the territory.
- ✘ Make the allocation of supplies to a dealer or distributor dependent on his promise not to resell or re-export the products.

[3] However, such restrictions might, under certain circumstances, be acceptable for certain categories of vertical agreements.

2.1.2.3 Exclusive dealing arrangements

Exclusive dealing arrangements include (i) selective distribution, *i.e.* an agreement whereby a supplier agrees to sell only to specified approved distributors and the distributors in turn agree to only supply end consumers or other approved distributors; (ii) exclusive distribution, *i.e.* an agreement whereby the supplier agrees to sell to only one distributor for resale in a particular territory; and (iii) exclusive purchasing or dealing, *i.e.* an agreement whereby the buyer is obliged to purchase goods from/deal with only one supplier. Such arrangements may be anti-competitive and, accordingly, illegal, depending upon the circumstances of each particular case. Typically, such agreements are likely to be illegal if they contain 'hardcore restrictions' (in particular, prohibiting passive sales into other territories) or if any of the parties to the agreement has a significant market share. Consult a legal counsel before entering into any exclusive dealing arrangements.

2.2 Dominant position

Companies in a dominant market position must pay special attention to some additional competition law principles. The mere fact of being dominant is not illegal. Abusing such a dominant market position is, however, illegal. The following do's and don'ts apply only in markets in which a Group Company is dominant.

The larger the market share, the more careful a company must be conducting business, particularly as to how its actions affect its competitors and customers.

2.2.1 Definition of dominance

In the US, China and Korea, a market share exceeding 50% in a given market is a strong indication of a dominant position. In other jurisdictions, such as the EU, Russia and India, a smaller market share may be sufficient: in the EU, a stable market share above 40% indicates a dominant position, while a market share of between 20-40% may be considered dominant depending on circumstances.

2.2.2 Abuse of a dominant position

Abusive market practices by dominant companies can be categorized as follows:

- exclusionary practices (*i.e.* practices which seek to harm competitors or to exclude them from the market); and
- exploitative practices (*i.e.* practices which involve the dominant company using its dominant position to harm customers or suppliers directly).[4]

[4] The types of behavior described in this section as abuses might also be prohibited independently of the existence of a dominant position by legal provisions other than competition law.

2.2.2.1 Exclusionary practices

(a) Imposing exclusive purchase commitments on customers

Dominant companies may not be permitted to restrict the access of competitors to customers or dealers by imposing exclusive purchase obligations on their own customers or dealers.

(b) Unfair or predatory pricing/dumping

A dominant company is prohibited from imposing unfair prices on its customers, such as by charging prices below a certain cost threshold at which competitors cannot profitably compete.

CONSULT A LEGAL COUNSEL:

- ? In case of sales by your competitors at below costs (dumping prices).
- ? In case you intend to sell products below production costs.

DO NOT:

- ✘ Impose unfair purchase or selling prices.

(c) "English" clause

It is unlawful for a dominant company to impose an "English" clause, which prohibits the other party from purchasing from a competitor of the dominant company if it has not previously informed the dominant company of the name of the competitor and the quantities and prices agreed upon.

DO NOT:

- ✘ Agree on an "English" clause obliging the customer to disclose names and prices of competitors.

(d) Refusal to sell

A refusal by a dominant business to supply a customer who has no realistic alternative sources of supply is generally regarded as an abuse of a dominant position if no objective justification ("good business reason") for the behavior can be provided.

CONSULT A LEGAL COUNSEL:

- ? If you intend to refuse to sell to an existing or new customer for a good business reason (e.g. because of insufficient capacity or the customer's creditworthiness).

DO NOT:

- ✘ Refuse to sell or reduce supplies to a customer that meets the same requirements as other customers without an objective justification.

(e) Fidelity rebates and rebates with similar effects

Rebates, discounts and similar pricing practices are problematic where they could have a negative effect on competition and cannot be objectively justified. Such practices may be objectively justified and therefore permissible if, for instance, they are linked solely to the volume of purchases[5] or prompt payment or fixed objectively and applicable to all equivalent purchasers with respect to the same product or products. The lawfulness of rebate and other discount schemes should be assessed by a legal counsel on a case-by-case basis.

CONSULT A LEGAL COUNSEL:

- ? Whenever you intend to implement a rebate scheme with your customers.

DO NOT:

- ✘ Grant fidelity and target rebates, *i.e.* rebates granted retroactively if the customer reaches a particular volume or growth threshold of purchases during a particular reference period.
- ✘ Grant rebates that are conditional on the purchase of other products (tie-ins).

(f) Other barriers to entry

A dominant business must not try to create artificial barriers to entering a particular market that are not related to its legitimate business interests, e.g. by buying up all available sources of supply.

2.2.2.2 Exploitative practices

(a) Discrimination/different sales conditions

A company with a dominant position must not discriminate with its sales conditions when dealing with equivalent customers under comparable circumstances.

DO NOT:

- ✘ Grant different sales conditions (prices, rebates) to distributors or customers meeting the same requirements.

(b) Tying

Tying clauses are clauses that make the supply of a product subject to the buyer's agreement to buy other goods and/or services that, either by their nature or according to commercial usage, are distinct products. Such clauses should generally not be used, unless there is an objective justification (e.g. health and safety reasons).

DO:

- ✓ Enable customers to buy products separately even though they are related in their usage.

[5] If applied on a forward-looking basis and not made explicitly or implicitly conditional upon the purchase of all or most of the customer's needs.

DO NOT:

- ✘ Make the supply of the product conditional upon the obligation to buy other products and/or to enter into a service agreement for any kind of service.
- ✘ Offer special rebates to specifically induce the buyer to also purchase all or part of its requirements for a second product from you.

2.3 Intra-Group agreements

Agreements between controlled affiliate companies do not, in principle, fall within the scope of competition laws. Therefore, this Directive does not apply to dealings between Group Companies. In principle, a close to 100% shareholding will mean that the parent has control over the affiliate company and therefore competition rules will not apply. In the case of materially lower shareholdings, the inapplicability of competition rules will depend on other control factors, where the assessment becomes complex and can differ significantly between jurisdictions. In most jurisdictions, a shareholding of 50% or more would usually be seen as providing sufficient control for a company to be regarded as an affiliate; however, this will need to be assessed on a case-by-case basis.

DO:

- ✓ Reassess existing agreements with Group companies if control over them is transferred either entirely or partly to a third party.

CONSULT A LEGAL COUNSEL:

- ? Before concluding an agreement that contains any restrictions on competition with a company which is not fully controlled by an entity of the Group (in particular where the shareholding in that entity is less than 100%).

DO NOT:

- ✘ Assume that an agreement between controlled affiliate companies within the Group can be replicated with third parties outside the Group, or with joint venture companies.

2.4 Document creation

In most countries, competition authorities can request access/seize internal or external electronic or paper-based records or communications ("**records**") of companies either during a dawn raid or an investigation or in the context of assessing a merger transaction. Records can sometimes be misleading if they are not carefully drafted or if they are incomplete. This can be especially the case if they are taken out of context.

Misleading records may lead to further investigation and thus to costs and disruption of the Company's business activities. Whenever you communicate in whichever form the following do's and don'ts should be observed:

DO:

- ✓ Remember that anything you put down in writing could be made public at any time or used against you or the Company.
- ✓ Clearly state the source of any price or market information you use.
- ✓ Keep your records factual and specify when a statement is estimation.

- ✓ Strictly verify the accuracy of the language used by external consultants (such as investment banks) in strategic advisory documents.

DO NOT:

- ✘ Give the impression that a customer is getting special treatment without proper justification.
- ✘ Use power or domination vocabulary overstating our company's market position (for example "we will control the entire market after this" and "we have now virtually eliminated the competition").
- ✘ Understate the market position of your competitors.
- ✘ Use improper vocabulary (for example "Please destroy/delete after reading").
- ✘ Write anything that could create the false impression that prices or other elements of your market behavior are based on anything other than independent business judgment or publicly available information.
- ✘ Destroy a record in breach of the company's document retention policy.

2.5 Detection and investigation

While every effort must be made to prevent anti-competitive conduct from occurring, the possibility remains that such conduct may be suspected or investigated in the future, whether internally or by a competition authority.

If anti-competitive conduct is detected, you should comply with the following in order to give the Company the best possible opportunity to respond to any investigation that may occur, and to minimize any fines or other sanctions.

2.5.1 Internal reporting

If you think that any of the points in this Directive have not been complied with, you should speak up.

DO:

- ✓ Regularly review this Directive and supporting materials and familiarize yourself with appropriate practices for you and your colleagues.
- ✓ Report any suspected violations of the Directive or competition law to your line manager, or, if you feel uncomfortable doing so, or for potentially serious violations, directly to a compliance officer or internal legal counsel.
- ✓ When reporting any suspected violation, only report facts and be accurate, and refrain from making statements or conclusions as to the legality of those facts.

DO NOT:

- ✘ Directly confront colleagues you suspect of serious violations as this may compromise the Company's ability to properly investigate and protect its interest.
- ✘ Contact competitors or other third parties (such as media) in respect of suspected violations.

2.5.2 Dawn raids

Where a competition authority suspects a violation of competition law it may carry out a dawn raid on business or personal premises in order to gather evidence. Competition authorities generally have wide

powers of investigation, including powers to seize documents and computer hardware, to question employees, and to seal off parts of premises.

However, these powers are limited to the scope of the relevant authorization for conducting the dawn raid. Generally, documents containing or referencing communications between a Group Company and its legal counsel are protected by legal professional privilege and authorities are not allowed access to them. In some instances, such as investigations by the European Commission, legal professional privilege is not recognized for communications between Company's employees and their internal legal counsel.

In the event of a dawn raid, you should therefore fully co-operate with a competition authority's investigation, but only within the boundaries of what the authority is permitted to investigate.

DO:

- ✓ If you are first to respond, immediately notify the individuals named in your local dawn raid contact list,[6] including your local "site coordinator", Local General Counsel and external legal counsel, and request to delay the investigation until these have arrived.
- ✓ Stay calm and polite (but firm, where necessary).
- ✓ Request to see the identification of the officers, and note their name, title and the authority to which they belong.
- ✓ Request to see their authorization to investigate the premises and note the scope of their investigation.
- ✓ Immediately contact IT and instruct them to be ready to assist.

DO NOT:

- ✘ Delete or destroy any documents or emails, refuse access to any part of the premises, or otherwise obstruct the investigation – if any part of the premises is sealed by the authority officials, do not break the seal.
- ✘ Supply any more information or documents than what is necessary, in particular check with a legal counsel if records could be protected under legal professional privilege rules.
- ✘ Respond to questions that would require you to make "confessions" or otherwise incriminating statements on Company's behalf.
- ✘ Sign anything without consulting legal counsel.
- ✘ Contact competitors or other third parties (such as media) to inform them of the dawn raid.

2.5.3 Amnesty/leniency applications

Following an internal investigation or a dawn raid, a decision may be made by the Company to apply for "amnesty" or "leniency", by which the Company actively assists in the competition authority's investigation in order to receive a complete or partial reduction in any possible fines or other sanctions. In this case you should co-operate to the fullest extent possible in supplying information regarding any potential violation in a timely manner. The more useful and timelier the information supplied to the competition authority at this stage, the greater the likely reduction in penalty.

An application by a Group Company for amnesty or leniency can only be made with the prior written approval of the Group General Counsel.

[6] The contact list is available in every Group company. Please liaise with a legal counsel if you have questions.

DO:

- ✓ Answer all questions fully and honestly, and provide any information you think may be relevant in a timely manner

DO NOT:

- ✗ Contact competitors, customers or any other third parties (such as media) to inform them of the immunity/leniency application.

3. Implementation and monitoring

3.1 Responsibilities

3.1.1 Staff

Compliance with this Directive and applicable competition laws is a personal and professional responsibility. All employees, directors and officers are responsible for acquiring a sufficient understanding of applicable competition laws and recognizing situations which may involve competition law issues. It is their duty to be trained periodically on relevant aspects of competition law and the Directive if in positions of highly or medium exposed employees (as described below in section 3.2 and in Annexes 3 and 4 hereto).

"I didn't know it was illegal" is not an acceptable defense to the Group or before competition authorities.

Non-compliance with this Directive and applicable competition laws is a serious offence and employees, directors and officers may be subject to disciplinary sanctions including termination of their employment.

Should employees, directors or officers acquire credible information that this Directive and/or competition laws are being, or may have been violated, either by a Group Company or any third party (*i.e.* a competitor, customer, supplier or an agent, subcontractor, service provider acting under a contract with the Company), they must disclose such information to their line manager or, if appropriate, to their legal counsel or compliance officer. Such information may also be reported through the 'Integrity Line', which is the Group's internal reporting system.[7] There will be no retaliation or penalty for such reporting through any of the available channels.

3.1.2 Group Companies

3.1.2.1 <u>General responsibilities</u>

Each Group Company CEO (or the equivalent function) (each a "**Local CEO**") must take all necessary steps to ensure compliance with the Directive, applicable competition laws and the implementation of the Directive in the relevant Group Company.

[7] For further information on the 'Integrity Line' reporting channel, please refer to the Business Integrity and Speaking Up Directive.

3.1.2.2 Local competition law awareness

Each Local CEO must ensure that an adequate level of competition law awareness exists among the Group Company's employees, officers and directors. The Local CEO must also ensure, where relevant, that the Group Company's business partners such as agents, distributors, franchisees, subcontractors or service providers are made aware of the Group's competition law compliance standards and of the Company's expectation that they adhere to these in the performance of their contract with the Company.

3.1.2.3 Translations

Local fair competition trainings should be conducted in a local language or in English. The Directive and the Fair Competition Training materials (see below section 3.2 and Annexes 3 and 4) can be used in their original version in English or can be translated into the relevant local language. Translations must be approved by the relevant Group Company General Counsel (each, a "**Local General Counsel**").

3.1.2.4 Alignment with local laws

Each Local CEO must check with the Local General Counsel or – in absence of such position – with the Regional General Counsel that the fair competition documentation, in particular, the Directive and related guidance documents complementing the Directive and training materials (see below section 3.2) are adapted to her/his geographic area of responsibility and local legal requirements. Modifications of these documents are subject to the prior approval by Group Legal – Competition law department.

3.1.2.5 Appointment of external counsel

The Local General Counsel must identify and appoint, in consultation with the relevant Regional General Counsel and subject to approval by Group Legal – Competition law department, external legal counsel for advice on competition law matters ("**External Legal Counsel**"). The External Legal Counsel must be sufficiently independent from the Group Company and specialized (*i.e.* with a recent proven track record) in competition law.

3.1.3 Associated Companies

In Associated Companies, the relevant Local CEO responsible for the investment in the Associated Company or, if none, the relevant Group EXCO Member is responsible for making the Associated Company aware of the Directive and its standards, and for encouraging it to adopt means available to ensure the adoption of equivalent standards by the Associated Company.

3.1.4 Group Company Legal

3.1.4.1 General responsibilities

Each Local General Counsel, together with his/her team, is responsible for:

a) providing the face-to-face training on fair competition compliance to all relevant Group Company's

employees (as described below in section 3.2.2.1 and in Annex 3 hereto);
b) providing day-to-day legal advice on competition law matters to the local business operations;
c) liaising with the External Legal Counsel (instructions may come from the Regional General Counsel or Group Legal – Competition law department);
d) regularly reporting to Group Legal – Competition law department on on-going or prospective competition law-related matters; and
e) informing Group Legal – Competition law department and the Regional General Counsel immediately of any competition law matters of Group relevance (in particular any potential violations of competition law or government investigations or any local M&A projects that may (or not) require a merger law filing approval).

3.1.5 Group/Group Company HR

The Group/Group Company HR function is responsible for coordinating the organisation of FTF and E-Learning Trainings, including the sending of notifications.

3.1.6 Regional General Counsels

Regional General Counsels are responsible – in coordination with Group Legal – Competition law department – for the organisation and implementation of competition law compliance activities in the relevant region with a view to ensuring the efficiency and effectiveness of the fair competition programme.

3.1.7 Group Legal – Competition law department

Group Legal – Competition law department has overall responsibility for all competition law matters of the Group and can instruct local or regional management or Local General Counsel in agreement with Regional General Counsel on any relevant competition law matters.

Further, Group Legal – Competition law department is, amongst others, responsible for providing advice in relation to competition law compliance matters and for monitoring and ensuring that sufficient measures are adopted at each Group Company in order to guarantee adherence to competition laws, the Directive and related internal guidelines and practices.

Group Legal – Competition law department oversees and manages (in any cases it deems necessary) local competition law investigations and monitors competition law litigation in collaboration with Regional General Counsels.

3.2 Fair competition training

3.2.1 Purpose and content

Each Local CEO must ensure that the employees, officers and directors are trained periodically on relevant aspects of competition law and the Directive. In support of this requirement, Group Legal – Competition law department together with each Local General Counsel will arrange for the design and roll-out of a training programme ("**Fair Competition Training**" or "**FCT**").

The FCT consists of:

a) A face-to-face presentation on fair competition compliance ("**FTF Training**"); and
b) An online learning tool on fair competition compliance ("**E-Learning Training**").

The E-Learning Training (in English) and a basic package of FTF Training materials are provided by Group Legal – Competition law department to all Local General Counsels.

3.2.2 Relevant employees

3.2.2.1 Highly exposed employees

The following employees, officers and directors (and, if necessary, the Group's/ Group Company's business partners such as agents, distributors, franchisees, subcontractors or service providers) must attend the FTF Training at least **every two years** (together, "**HE Employees**"):

- All members of the Group's/Group Company's EXCO and all employees in N-1 and N-2 positions (where N is the (Local) CEO), except for employees in HR, Health & Safety, IT or Security functions);
- all Legal/Compliance, Internal Audit and Internal Control employees; and
- all other employees, officers, directors or company representatives identified by the Local General Counsel (respectively Regional General Counsel) or in case of a Group employee, by Group Legal – Competition law department (in both cases with HR support) on all management levels as having a high competition-related exposure (in particular direct/indirect responsibility for prices), e.g. in the following functions: Commercial, Sales, Growth & Innovation/Marketing, Performance & Cost, Logistics, Finance, Procurement, Trading, Strategy/M&A, Geocycle (AFR) and Plant Management.

3.2.2.2 Medium exposed employees

The following employees, officers and directors (and, if necessary, the Group's/ Group Company's business partners such as agents, distributors, franchisees, subcontractors or service providers) must complete the E-Learning Training at least **every three years** (together, "**ME Employees**"):

- All other employees identified by the Local General Counsel (respectively Regional General Counsel) or in case of a Group employee, by Group Legal – Competition law department, except for those who do not have a market-facing role, *i.e.* who are not exposed to the market (including through interaction with market players) and are not in any way involved in the determination or implementation of the Group's/Group Company's market behavior (e.g. prices, volumes, discounts or sales allocation).

All newly recruited personnel who are considered as HE or ME employees must be trained within **six months** of taking on a job with the Company.

3.2.2.3 Lists of relevant employees

The lists of HE and ME Employees at Group Company's level require approval by Local General Counsel. In case of doubts, Local General Counsel should request sign off by Regional General Counsel and Group Legal – Competition law department.

3.2.3 Training for local legal function

Local General Counsels, their designees in the local legal function, and the local compliance officers must be periodically briefed and trained on (i) the Directive and its Group-wide application and (ii) the fair competition programme (including the conduct of Fair Competition Reviews as described in section 3.3 below).

These trainings are designed to ensure that the local legal and compliance functions are properly qualified and able to fulfil their role as regards fair competition in line with Group standards. Such trainings may also be organised on an *ad hoc* basis each time a substantial change is made to the Directive or related materials or the underlying principles, or as requested by the relevant Group EXCO member.

These trainings are organised by Group Legal – Competition law department and designed/delivered by Group Legal – Competition law department in coordination with the Regional General Counsels.

3.3 Fair competition reviews

3.3.1 Subject-matter

Fair Competition Reviews ("**FCRs**") are reviews of a Group Company's compliance with the Directive and applicable competition laws.

3.3.2 Eligible Group Companies

Each year, Group Legal – Competition law department in coordination with the relevant Regional General Counsel and the relevant Group EXCO member will select the Group Companies which will be the subject of an FCR the following calendar year.

Such selection will be done on the basis of a risk assessment carried out by Group Legal – Competition law department. *Ad hoc* reviews can also be conducted from time to time at the request of the relevant Group EXCO member, Group or Regional General Counsel or at the initiative of Group Legal – Competition law department or the Group General Counsel.

3.3.3 Main elements

The FCR includes the following main elements:

- two rounds of interviews of key employees, officers or directors ("**Interviewees**") selected by Group Legal – Competition law department in coordination with the relevant Regional General Counsel and Local General Counsel;
- forensic review of any electronic communication, data and information used by the Interviewees for business purposes such as email accounts and, upon sign off by Group Legal – Competition law department, review of any other relevant electronic data (laptop digital images), any phone data,

including, but not limited to, sms, WhatsApp, or other social media platforms or electronic means of exchange and any relevant paper documentation and/or notes.

- the FCR will be conducted by a suitable qualified and independent external legal counsel (selected by Group Legal – Competition law department in coordination with the relevant Regional General Counsel and/or Local General Counsel) who will issue a legally privileged and confidential report setting out the conclusions of the FCR and proposed remediation actions (if necessary) ("**FCR Report**"); the FCR Report will serve as the basis for the briefing and advice by external legal counsel at the Yearly Compliance Meetings (see section 3.4 below).

3.4 Yearly compliance meetings

The purpose of the Yearly Compliance Meetings ("**YCMs**") is to assess the maturity level of the fair competition compliance culture at the Group and in particular at the Group Companies that were the subject of an FCR, to identify weaknesses, to agree a remediation action plan and to monitor the implementation of previously agreed remediation action plans.

The YCMs is organized by the Group Head of Competition law in collaboration with the Regional General Counsel and should be attended by the relevant Group EXCO member, the Regional General Counsel and the Group Head of Competition law.

Document Control	
Approved by:	Keith Carr, Group General Counsel
Related Policy, Directives and **MCS**	Code of Business Conduct Compliance Policy MCS2, MCS21

Version control			
Version Number	Date Issued	Author	Update information
1	April 20, 2020	Group Legal and Compliance	This directive replaces the previous Fair Competition Directive and the Fair Competition Implementation Directive.

Annexes

- Annex 1: Holcim Policies & Directives related to the Fair Competition Directive
- Annex 2: Holcim Recommendations related to the Fair Competition Directive
- Annex 3: FTF Training
- Annex 4: E-Learning Training

Annex 1: Holcim Policies & Directives related to the Fair Competition Directive

Link to Policy	Directive	Definition / Description	Responsibility	Reference
Policy Framework	Code of Business Conduct	Sets clear "tone from the top" and provides specific compliance-related guidance for employees	All directors, officers and employees	Code of Business Conduct
Policy Framework	Compliance Policy	Sets out scope and mandate of Compliance Function as well as policy principles governing the Compliance Program	All directors, officers and employees	Compliance Policy
Related Directive	Commercial Documentation Directive	Ensures transparency and plausibility of Holcim's autonomous pricing policy and decisions, and Holcim's ability to track and record contacts with competitors, as well as sources of market information in order to underline Holcim's compliance efforts	All employees	Commercial Documentation Directive
Related MCS	MCS#2	Compliance with Fair Competition laws and requirements	All employees	Minimum Control Standard

Annex 2: Holcim Recommendations related to the Fair Competition Directive

Recommendation	Definition / Description	Reference
Fair Competition Review Manual	Manual setting out in detail the Fair Competition Review process to be followed by the countries which are required to submit a Fair Competition Review report	FCR Manual

Annex 3: FTF Training

Purpose
The FTF Training must provide HE Employees with a good understanding of key competition law principles and training on the Directive.

Scope and frequency
All HE Employees must attend a complete FTF Training on a bi-yearly basis.

Newly hired HE Employees must be trained within their first six months of employment with the Company.

Derogation from the above frequency may only be granted on a case-by-case basis by Group Legal – Competition law department.

Structure
The FTF Training must be based on standard materials provided by Group Legal – Competition law department and/or signed off by it.

Methodology
The FTF Training is delivered by the Local General Counsel or, if at the Group level, by Group Legal – Competition law department. In absence of a Local General Counsel, the External Legal Counsel (approved by Group Legal – Competition law department) delivers the training.

Training package
A FTF Training package ("**FTF Training Package**") including standard training material must be provided by Group Legal – Competition law department.

Substantive variations from the FTF Training Package must be agreed upon by Group Legal – Competition law department before the execution of the FTF Training in the respective Group Companies.

Compliance documentation
Participation on the FTF Training by the HE Employees must be recorded by way of a signed participation list or by any other verifiable means (paper or electronic form), which must be submitted to and retained by the Local General Counsel or, if at the Group level, by Group Legal – Competition law department.

Annex 4: E-Learning Training

Purpose
The E-Learning Training aims at raising employees', officers' and directors' awareness on basic competition law principles at all levels throughout the Group.

Scope and frequency
All ME Employees must complete the E-Learning Training at least every three years.

Newly hired ME Employees must be trained within their first six months of employment with the Company.

Derogation from the above frequency may only be granted on a case-by-case basis by Group Legal – Competition law department.

Modalities
The E-Learning Training is put at the disposal of the Group Companies in English. It is the responsibility of the Group Companies to provide for translation in the local languages, as required.

The Local General Counsel must ensure that ME Employees can properly access the E-Learning tool.

Compliance documentation
Upon successful completion of the E-Learning Training, each ME Employee must sign a declaration of completion (if no automatic certificate is generated by the tool), which must be submitted to and retained by the Local General Counsel or, if at the Group level, by Group Legal – Competition law department.