

Company Registration No. 00514387

LAFARGE INTERNATIONAL HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021



LAFARGE INTERNATIONAL HOLDINGS LIMITED

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LAFARGE INTERNATIONAL HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

Simon Crossley
Justine Dwyer
Laurent Jaques
Kimberley C Wood

REGISTERED OFFICE

Bardon Hall
Copt Oak Road,
Markfield,
Leicestershire,
LE67 9PJ
United Kingdom

INDEPENDENT AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

LAFARGE INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2021

The directors present the Strategic report for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is a holding company for investment in domestic and overseas subsidiaries and associated companies. The Company is also the sponsor of the Lafarge UK Pension Plan.

FUTURE DEVELOPMENTS

It is expected that the Company will continue to act as an investment holding company for the foreseeable future.

BUSINESS REVIEW

The Company is a holding company for investment in domestic and overseas subsidiaries either directly or through its wholly owned subsidiaries Lafarge Redland Readymix Limited and Associated International Cement Limited, and will continue to act as such for the foreseeable future. The Company does not actively trade and is an indirect wholly owned subsidiary of Holcim Limited.

The Company's loss after tax for the year is £49,568k (2020: £3,555k profit) as detailed in the statement of Profit and Loss on page 10.

The Company's main source of income is interest on loans to the Group undertakings and net pension interest earned on pension assets. The interest income has decreased compared to 2020 due to lower Libor / interest rate in 2021. The statement of profit and loss for 2021 include impairment of the investment in AIC of £55,988k, impairment of the investment in Redland Brow of £228k.

In 2021 no provision (2020: £4,905k) has been created in respect to a litigation claim from divested operations.

No final dividend was proposed for the year ended 31 December 2021 (2020: £nil)

The Company is also the sponsor of the Lafarge UK Pension Plan and would be required to fund deficit contributions in the event of a Pension fund liability. The Company has recorded a Pension surplus (gross of deferred tax) of £489,800k (2020: £171,100k), an increase of £312,700k mainly due to actuarial gains over the year.

KEY PERFORMANCE INDICATORS

Key performance indicators are not considered necessary for an understanding of the development, performance or position of the Company, due to the nature of its operations as a holding company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks are as follows:

Credit Risks

The Company's principal assets are investments in overseas and associated companies. The Company also has receivables that primarily relate towards other Group companies. Any impairment arising on these is recognised based on comparisons to fair value or net assets of these undertakings.

Liquidity Risks

The Company's funding requirements are under constant review. All funding is done through UK Group related companies either on a short-term loan basis or through the cash pooling arrangement, and is ultimately funded by Holcim Limited.

Currency Risks

The Company has minimal currency risk, and where any exposures exist, these are hedged directly with Holcim Group of companies (the Group).

LAFARGE INTERNATIONAL HOLDINGS LIMITED**STRATEGIC REPORT (CONTINUED)****For the year ended 31 December 2021****PRINCIPAL RISKS AND UNCERTAINTIES (Continued)****Impact from COVID-19**

In 2021, despite strong economic recovery in key markets where we operate, COVID-19 continues to be a major economic threat to the market. The level of uncertainty on the estimates and assumptions concerning the future has reduced in 2021. The estimates and assumptions, notably those relating to assets impairments, recovery of deferred tax assets, income tax computation and employee defined benefit plan have been based on the available information at the end of December 2021.

Section 172 (1) Statement

Section 172 reporting requirement is an opportunity to explain how dialogue with stakeholders has informed and helped shape its decisions and our Directors have ensured compliance with their duties under the new guideline.

As a subsidiary holding Company within the wider Holcim Group, the directors consider the impact of the Company's activities on its shareholders and its subsidiaries that have an active interest in and are affected by the performance of the Company's investments and financial instruments. The Directors continuously monitor the Company's performance considering its purpose and objective and regularly report and consult with its stakeholders on a wide range of matters, both financial and non-financial, with the aim of maximising investment returns for the benefit of its shareholders. The Company is dedicated to upholding the Group policies and to maintaining the highest level of business conduct and governance.

1. INVESTORS

Continued access to capital is of vital importance to the long-term success of our business. Through our engagement activities, we strive to obtain our parent company's – Holcim Limited - buy-in into our strategic objectives and how we go about executing on them. We are seeking to maintain a transparent relationship that is based on the long term holding in the Company.

2. WORKFORCE

The directors' services to the Company do not occupy a significant amount of their time and as such the directors have not received any remuneration for their incidental services for the financial year presented. The Company had no employees during the year or in the previous year.

3. CLIENTS AND CUSTOMERS

As a holding company that primarily holds overseas investments and inter-company loans, the Company is not an operating entity and has limited transactions with third party clients and customers. Our main stakeholders are the Group's subsidiaries that have an active interest in the performance of the Company and its investments. The Company regularly engages with its key stakeholders in order to review and align its performance and long-term strategies with those set out by the wider Holcim Group.

4. SUPPLIERS

The Company's main third-party suppliers are its appointed statutory auditors, with whom a high degree of transparency and communication is maintained in order to observe the Company's adherence to all relevant financial accounting and reporting requirements.

5. ENVIRONMENT

The Company's primary responsibilities are holding investments and interest-bearing inter-company loans. As such, its impact on the environment and the wider society is minimal.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2021

Section 172 (1) Statement (continued)

6. PRINCIPAL DECISIONS MADE

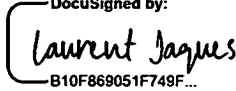
The principal board decisions approved during the year were made in line with the short- and long-term strategic goals and objectives of both the Company and the ultimate parent company, Holcim Limited.

GOING CONCERN

The directors have considered the going concern assumption in preparing these financial statements. The net asset value of the Company at the end of the year is £1,547,856k (2020: £1,372,217k). The Company operates as part of the Holcim Limited cash pooling arrangement. The directors do not consider that this presents a material risk to the Company regarding the availability of cash balances in order to continue operations under the normal course of business.

In 2021, despite strong economic recovery in key markets where we operate, COVID-19 continues to be an economic threat to the market. The level of uncertainty on the estimates and assumptions concerning the future has reduced in 2021. There have been no events with a material impact that require disclosure, other than those already disclosed in the accounts. Furthermore, the Company operates with a net current asset position of £6,255K, which is considered adequate in order to continue to pay off any liabilities or provisions as they fall due for a period of at least twelve months from the date of approval of these financial statements. Therefore, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved and authorised for issue by the board of Directors and signed on its behalf by:

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Laurent Jaques
Director
03 May 2022

LAFARGE INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021. The financial risk management policies referred to in the Strategic report under principal risks and uncertainties, future developments and going concern referred to in the Strategic report also form part of the Directors' report by cross-reference.

DIRECTORS

The directors who held office throughout the year and to the date of this report, except where otherwise stated, are as follows:

Simon Crossley
Justine Dwyer
Laurent Jaques
Kimberley C Wood

DIVIDENDS

No final dividend was proposed for the year ended 31 December 2021 (2020: £nil).

EVENTS AFTER REPORTING THE FINANCIAL YEAR

There was no material disclosable or adjusting events between 31 December 2021 and the date of signing these financial statements.

DIRECTORS' INDEMNITY

The Articles of Association of the Company contain a qualifying third-party indemnity in favour of all of the directors of the Company that, subject to law, indemnifies the directors from the assets of the Company against any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

The qualifying third-party indemnity provisions were for the benefits of its directors of the Company and the directors in its subsidiaries and were in place throughout the year and remain in force at the date of this report.

AUDITOR

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Mazars LLP has been reappointed as a statutory auditor of the Company during the year.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 December 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and authorised for issue by the board of Directors and signed on its behalf by:

DocuSigned by:

Laurent Jaques

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Laurent Jaques

Director

03 May 2022

LAFARGE INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFARGE INTERNATIONAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Lafarge International Holdings Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFARGE INTERNATIONAL HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation and anti-money laundering regulation.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFARGE INTERNATIONAL HOLDINGS LIMITED (CONTINUED)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Louis Burns

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Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square, Birmingham
B3 3AX
03 May 2022

LAFARGE INTERNATIONAL HOLDINGS LIMITED**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 December 2021**

	Note	2021 £000	2020 £000
Other income		-	-
Other expense		(327)	(3,853)
OPERATING (LOSS)	4	(327)	(3,853)
Gains on exchange		27	642
Impairment on investments	9	(56,216)	(430)
Finance income	5	59,358	77,025
Finance costs	6	(49,100)	(62,800)
Provision	12	52	(4,905)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR BEFORE TAX		(46,206)	5,679
Tax charge on profit	7	(3,362)	(2,124)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR AFTER TAX		(49,568)	3,555
Actuarial gains / (losses) on pension scheme		312,500	48,200
Movement on deferred tax asset relating to pension scheme		(87,293)	(9,158)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		225,207	39,042
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		175,639	42,597

The notes on pages 13 to 31 form an integral part of these financial statements.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**BALANCE SHEET****As at 31 December 2021**

	Note	2021 £000	2020 £000
FIXED ASSETS			
Investments	9	415,596	471,584
Retirement benefit asset	14	489,800	177,100
		<u>905,396</u>	<u>648,684</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	10	8,659	10,167
Debtors: Amounts falling due after more than one year	10	758,655	747,509
Cash at bank and in hand	11	3	4,765
		<u>767,317</u>	<u>762,441</u>
Creditors: amounts falling due within one year	12	(2,407)	(5,205)
Provision for liabilities due within one year	12	-	(54)
		<u>764,910</u>	<u>757,182</u>
NET CURRENT ASSETS			
		<u>764,910</u>	<u>757,182</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,670,306</u>	<u>1,405,866</u>
Deferred tax	13	(122,450)	(33,649)
NET ASSETS			
		<u>1,547,856</u>	<u>1,372,217</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,380,000	1,380,000
Profit and loss account		167,856	(7,783)
SHAREHOLDERS' FUNDS			
		<u>1,547,856</u>	<u>1,372,217</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

The financial statements of Lafarge International Holdings Limited, registered number 00514387, were approved by the board of directors and authorised for issue on 03 May 2022 .

DocuSigned by:

Laurent Jaques

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Laurent Jaques

Director

03 May 2022

LAFARGE INTERNATIONAL HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY****As at 31 December 2021**

	Note	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2020		1,380,000	(50,380)	1,329,620
Profit for the financial year		-	3,555	3,555
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Actuarial gain on pension scheme	14	-	48,200	48,200
Movement on deferred tax asset relating to pension scheme	14	-	(9,158)	(9,158)
Total comprehensive gain		-	39,042	39,042
At 31 December 2020		<u>1,380,000</u>	<u>(7,783)</u>	<u>1,372,217</u>
Profit for the financial year		-	(49,568)	(49,568)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Actuarial gain on pension scheme	14	-	312,500	312,500
Movement on deferred tax asset relating to pension scheme	14	-	(87,293)	(87,293)
Total comprehensive gain		-	175,639	175,639
At 31 December 2021		<u>1,380,000</u>	<u>167,856</u>	<u>1,547,856</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Lafarge International Holdings Limited (the Company) is a private company limited by shares incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the Group financial statements of Holcim Limited. The Group financial statements of Holcim Limited are available to the public and can be obtained as set out in note 19.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, impairment of assets, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, financial instruments, related party transactions and remuneration of key management personnel.

Where relevant, equivalent disclosures have been given in the Group financial statements of Holcim AG. The Group financial statements of Holcim AG are available to the public and can be obtained as set out in note 19.

The financial statements have been prepared on the historical cost basis except for pension assets that are measured at fair value at the end of each reporting period, as explained in accounting policies below.

The principal accounting policies adopted are set out below.

Going concern

The directors have considered the going concern in preparing these financial statements. The net asset value of the Company at the year-end is £1,547,856k (2020: £1,372,217k). The Company operates as part of the Holcim Group cash pooling arrangement. After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Also refer to the Strategic report on page 2.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Investments**

Investments in Group companies and participating interests are stated at cost, less amounts provided in respect of any impairment in their value.

At each statement of financial position date, the directors review the carrying amount of its investments to determine whether there is any indication that the investment suffered an impairment loss. Such indicators include among others; the subsidiary generating losses and doubts over the going concern. If such indication exists, the recoverable amount is estimated to determine the extent of the impairment loss (if any).

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks.

Retirement benefit costs - Defined Benefit Pension Costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Company participates in a Group defined benefit scheme called the Lafarge UK Pension Plan, which is the legal responsibility of the company as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which is presented within administrative expenses in the statement of profit and loss. No contributions were paid during the period.

Defined benefit – the difference between the fair values of the assets held in the Company's defined benefit pension schemes and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Company's statement of financial position as a pension scheme asset or liability as appropriate.

The amounts charged to the statement of profit and loss as part of staff costs are the costs arising from employee services rendered in the period. The net interest income on the net defined benefit asset is recorded as other finance income in the statement of profit and loss. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit asset) are recognised immediately in other comprehensive income.

Pension Fund Risk management

The Company and trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Plan. By investing in assets such as LDI (Liability Driven Investments) investments and a longevity swap, which perform in line with the liabilities of the Plan, the Plan is protected against inflation or life expectancy being higher than expected.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Retirement benefit costs - Defined Benefit Pension Costs (continued)****Pension Fund Risk management (continued)****Asset volatility**

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The Plan holds a proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Plan's long-term objectives.

Inflation risk

The majority of the Plan's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Plan's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Plan's bond holdings.

Life expectancy

The majority of the Plan's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Taxation (continued)*****Deferred tax (continued)***

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

Dividends

Dividends from subsidiary undertakings, associated undertakings and other investments are included when received, and if declared in respect of their accounting periods ending on or before the Company's year-end and are legally binding.

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss.

LAFARGE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Since the receivables of the Company are with 100% Holcim Group companies, the credit risk is considered very low.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- i) the financial instrument has a low risk of default,
- ii) ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and;
- iii) iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Impairment of financial assets

The Company defines 2 types of financial assets subject to IFRS 9's expected credit loss model. For receivables, the Company applies the simplified approach providing for expected credit losses using the lifetime expected loss provision for trade receivables. For loans and receivables, the credit provision is determined based on the credit risk standing at each reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (continued)*****Derecognition of financial assets (continued)***

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of IFRS 9.

Derivative financial instruments and hedge accounting

The Company has not entered into derivative financial instruments during the years 2021 and 2020.

The Pension Fund enters into derivatives instruments directly with the institutions in the name of the Fund.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Company has no estimation uncertainty.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)*****Critical judgements in applying the Company's accounting policies***

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments in subsidiaries

Determining whether the Company's investment in subsidiaries and joint ventures have been impaired is based on comparing the current investment cost to its value in use, being the recoverable value. If there is an indication of impairment, it is provided for in full. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present values. The cash flow projections are based on a three-year financial planning period using business plans approved by management. Cash flows beyond the three-year planning period are extrapolated based on increasing sustainable cash flows. The business plans include among others, management's latest view on market size and pricing. In any event, the growth rate used to extrapolate cash flow projections beyond the three-year planning period does not exceed the long-term average growth rate for the relevant market in which the cash-generating unit operates.

The discount rate applied to post-tax cash flow projections is the Company's post-tax discount rate of 17.5% for Nigeria, which is predominantly one of the underlying holdings of the investment held by Associated International Cement Limited.

Pensions

The Company maintains a defined benefit pension plan for which it has recorded a pension asset at the end of the year. The pension asset is based on an actuarial assessment that requires a number of assumptions including discount rate, mortality rates and return on plan assets that may necessitate material adjustments to this asset in the future. The assumptions used are the best estimates based on historical trends and the composition of the membership. Details of the principal actuarial assumptions used in calculating the recognised asset for the defined benefit plan are given in note 14. The value of the assets may also change materially from year to year.

4. OPERATING PROFIT

The Company had no employees during the year (2020: nil). No director received any remuneration from the Company (2020: £nil). The directors' services are inconsequential for the company. They are regarded as Group employees and paid by fellow Group undertakings.

The auditor's remuneration for the year ended 31 December 2021 is £10k (2020: £10k) for auditing of the financial statements and is borne by a fellow Group undertaking, Lafarge Building Materials Limited. There were no non-audit fees in both years.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****5. FINANCE INCOME**

	2021	2020
	£000	£000
Interest receivable and similar income from Group undertakings	10,058	11,625
Expected return on pension scheme assets	49,300	65,400
	<u>59,358</u>	<u>77,025</u>

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure relating to the Company's financial liabilities at variable rate on a post hedge basis as at December 31st. A 1% (one) percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

6. FINANCE COSTS

	2021	2020
	£000	£000
Interest costs on pension scheme liabilities	49,100	62,800
	<u>49,100</u>	<u>62,800</u>

7. TAX CHARGE ON PROFIT / (LOSS)**(a) Tax on profit / (loss)**

	2021	2020
	£000	£000
Current tax		
United Kingdom corporation tax at 19 %		
(2020: 19%) based on the (loss) / profit for the year	1,854	2,257
Total current tax	<u>1,854</u>	<u>2,257</u>
Deferred tax		
Current year	38	-
Impact of deferred tax rate change	1,470	(133)
Total deferred tax	<u>1,508</u>	<u>(133)</u>
Total tax charge	<u>3,362</u>	<u>2,124</u>

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****7. TAX CHARGE ON PROFIT / (LOSS) (CONTINUED)****(b) Factors affecting current tax for the year**

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%)

The differences are explained below:

	2021	2020
	£000	£000
(Loss) / profit before taxation	(46,206)	5,679
Tax on profit at standard rate	<u>(8,779)</u>	<u>1,079</u>
Effects of:		
Disallowed expenses	10,675	1,045
Tax rate changes	1,470	-
Effects of group relief/ other reliefs	(4)	-
Total tax for the year	<u><u>3,362</u></u>	<u><u>2,124</u></u>

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19% (2020 19%)

(c) Factors that may affect future tax charge

The Finance Act 2021, substantively enacted 24 May 2021, stated that the standard rate of Corporation Tax in the UK will change from 19% to 25% with effect from 1 April 2023.

8. INCOME FROM SHARES IN GROUP UNDERTAKINGS

Lafarge Finance Limited has waived the rights for the foreseeable future to receive any dividends on the 40,000,000 3.38% Preference 'A' Shares of £200,000,000 with effect from 20 December 2012.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****9. INVESTMENTS HELD AS FIXED ASSETS**

	Shares in Group undertakings £000
Cost	
At 1 January 2021	2,158,372
Additions	228
At 31 December 2021	<u>2,158,600</u>
Provisions	
At 1 January 2021	(1,686,788)
Impairment	(56,216)
At 31 December 2021	<u>(1,686,788)</u>
Net book value	
At 31 December 2021	<u>415,596</u>
At 31 December 2020	<u>471,584</u>

Details of Group undertakings are given in note 16.

During the year the investments in (a) Redland Brow Landfill Inc. were increased by £228k (2020: £238k), and (b) During the year the investment in AIC has been impaired by £55,988k (2020: £nil). The overall investment in AIC is worth £408,592,844, which is mainly driven from the net assets excluding investments and the value in use for the investments from Lafarge Africa PLC, worked out based on discounting of future cashflow with 20.14% of discount rate. The Value in use that AIC is expecting from the investment in Lafarge Africa Plc, is £212,536k.

During the year the investments were written down by £228k (2020: £430k) due to the impairment of (a) Redland Brow Corporation Inc for £228k (2020: £430k) which has a negative net asset balance.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****10. DEBTORS**

	2021	2020
	£000	£000
Amounts due within one year		
Amount owed by fellow Group undertakings	8,586	10,087
Prepaid expenses	10	10
Other debtors	63	70
	<u>8,659</u>	<u>10,167</u>

Amounts due after more than one year

Amounts owed by fellow Group undertakings	758,655	747,509
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Amounts due within one year

This represent an amount of £8,193k (2020: £10,000k) short term loan and £393k (2020: £87k) accrued interest with the fellow Group undertakings.

Amounts due after more than one year

This represents an amount of £294k (2020: £294k) advanced to a fellow Group undertaking at a 7-year fixed interest rate maturing 23 September 2025. This also includes an amount of £464,943k (2020: £453,796k) including accrued interest of £1,482k (2020: £57k) advanced to a fellow Group undertaking. The loan charges an interest rate of LIBOR + 0.25%. The £464,943k loan has no fixed maturity however to support Lafarge Building Material Limited, the Company is not going to demand repayment for this loan for one year, hence classified as non-current. The impact from the interest rate change from 1st January 2022 is not expected to be material.

11. CASH AT BANK AND IN HAND

The balance shown in the financial statements related to cash at banks and a memorandum account being the Company's portion of a Group bank account in the name of Lafarge Minerals Limited the fellow Group companies.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
Other creditors	68	207
Amounts owed to fellow Group companies	485	2,661
Group relief	1,854	2,337
Bank overdraft	-	1
	<u>2,407</u>	<u>5,205</u>

The amounts owed to Group companies is a trade balance and repayable on demand.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)****Provision for liabilities**

	2021	2020
	£000	£000
Litigation provision		
At 1 January	54	31,887
Provided in the year	-	4,905
Utilised/released in year	(54)	(36,783)
At 31 December	<u>-</u>	<u>54</u>

In 2021 no further provision (2020: £4,905k) has been created in respect to a litigation claim from divested operations. All provision has been utilised/released during 2021.

13. DEFERRED TAX

	2021	2020
	£000	£000
Deferred tax (note 14)	122,450	33,649
	<u>122,450</u>	<u>33,649</u>

14. PENSION SCHEME

The Company is the sole sponsoring employer of the Lafarge UK Pension Plan (the Plan) a defined benefit plan for qualifying employees and former employees of Lafarge SA's UK subsidiaries. The Plan is a registered scheme for tax purposes under Part 4 of the Finance Act 2004, is established by a Trust Deed and throughout the year Lafarge UK Pension Trustees Limited acted as the Trustee of the Plan. The Trustee statutory funding objective under the Pensions Act 2004, is to have sufficient and appropriate assets and is funded prudently.

The last funding valuation of the Plan was carried out by a qualified actuary as at 30 June 2019 and showed a surplus of £36.1M. The Company is not paying any deficit contributions. The 30 June 2021 funding valuation is currently underway. As the plan is in surplus position no contribution is expected to be made in next financial year.

The Plan is closed to new members and existing members ceased to accrue future benefits after 31 October 2011. No other post-retirement benefits are provided. The Plan is a funded scheme.

Based on the legal advice received by the Company, any surplus at the point the last member of the Plan dies would be returned to the Company. The Company has therefore concluded that the IFRIC 14 surplus restrictions currently have no impact in relation to the Plan. In particular, there is:

- a) No limit the amount of surplus that can be recognised on a statement of financial position; and
- b) No additional liability reflecting the extent to which payment of any agreed deficit contributions (currently nil) would result in an unrecognised surplus.

Following the merger of Lafarge SA and Holcim Limited in July 2015, the Trustee and the Holcim Group discussed appropriate post-merger covenant support for the Plan. An agreement was reached in September 2016.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****14. PENSION SCHEME (CONTINUED)**

In 2021 there were a number of special events that occurred during the year and have been recognised in these financial statements. These were:

- **#Guaranteed Minimum Pension (GMP) equalisation** - The court ruling, made on 20 November 2020 confirmed that all transfers with GMPs built up between 17 May 1990 – 5 April 1997 need to be equalised between men and women. The Scheme Actuary estimated the potential cost of GMP equalisation to be around 1% of liabilities, so a cost of £nil (2020: £1,400,000) was recognised in Administrative expenses in 2021.
- **** No Pension Increase Exchange (PIE) exercise (Plan Amendment)** – during 2021, a number of pensioner members were offered the option to convert some of their increasing pension in the Plan into a higher non-increasing pension. The estimated impact of this exercise based on estimated take-up at the time of preparing these financial statements resulted in a Defined benefit Obligation (DBO) reduction of £nil (2020: £nil) and nothing has been accounted for in the 2021 and 2020 P&L respectively as a past service credit.
- **** Augmentations (Plan Amendment)** – During 2021 there were no member benefit augmentations, however during 2020 there was one-member benefit augmentations, and the cost of £167,500 was accounted in the 2020 P&L as a past service cost.

Throughout the year Lafarge UK Pension Trustees Limited acted as the Trustee of the Plan. There are three Directors in office who hold a £1 share each in the capital of the Company. There were no other interests in the capital of the Company. The constitution of the Trustee Board is as follows:

- The Chairman, who must be independent of the Employers and serves for a term reviewed every three years. Serving Directors nominate candidates for appointment by the Principal Employer;
- Three Directors appointed by the Principal Company of the Plan (Employer Nominated Directors); and
- Three Directors elected by the membership, Member Nominated Directors (MNDs).

Under the Pensions Act 2004 the Trustee must establish and operate an effective system of governance including adequate internal controls. The Board retains overall responsibility for all aspects of the Plan but has delegated certain tasks and functions to committees, as it believes this will lead to better governance. Each committee has written Terms of Reference, which are reviewed annually. There are five committees - the Investment Strategy Committee, the Administration and Discretions Committee, the Defined Contribution Sub-Board, the Employer Monitoring Committee and the Audit and Risk Management Committee.

The most important actuarial assumptions for accounting purposes as at 31 December 2021 are as follows:

	2021	2020
Key assumptions used:		
	%	%
Discount rate	2.0	1.4
Pension increases in payment – RPI (0.5)	3.3	2.8
Pension increases in payment – CPI (0.3)	2.3	2.0
Pension increases in payment – RPI min 3% max 5%	-	3.5
Pension increases in deferment – RPI	3.1	2.9
Pension increases in deferment – CPI	2.8	2.3
Expected long-term rate on plan assets	-	1.4

The sensitivities were calculated by our actuarial advisors, Aon, at 31 December 2021 and 2020. The sensitivity information shown is approximate and has been determined by taking into consideration the duration of the liabilities and the overall profile of the Plan membership.

The sensitivities disclosed in 2021 and 2020 of plus / minus 0.5%. If a more accurate approach had been taken to determine the sensitivities, then the results might be slightly different to those shown below.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****14. PENSION SCHEME (CONTINUED)**

2021	DBO Total	2020	DBO Total
	£000		£000
Base Scenario	3,147,800	Base Scenario	3,414,900
Discount rate – 0.5%	2,923,900	Discount rate – 0.5%	3,710,600
Discount rate + 0.5%	3,396,700	Discount rate + 0.5%	3,149,900
Inflation – 0.5%	3,326,800	Inflation – 0.5%	2,218,600
Inflation + 0.5%	2,965,400	Inflation + 0.5%	3,660,600
Life expectancy + 1 year	3,321,200	Life expectancy + 1 year	3,594,200
Life expectancy – 1 year	2,978,700	Life expectancy – 1 year	3,240,700

	2021	2020
	£000	£000
Present value of defined benefit obligations	(3,147,800)	(3,414,900)
Fair value of schemes' assets	3,637,600	3,590,000
Surplus in scheme	489,800	177,100

Deferred tax movement	2021	2020
	£000	£000
At 1 January	(33,649)	(24,624)
Credited/(debited) to the statement of profit and loss for the year	(1,508)	133
Debited to statement of comprehensive income for the year	(87,293)	(9,158)
Impact of deferred tax rate change	-	-
At 31 December	(122,450)	(33,649)

The total deferred tax liability at the year-end is £125,646k (2020: £33,649k) relating to the Group's pension scheme surplus.

Movements in present value of defined benefit obligations	2021	2020
	£000	£000
At 1 January	3,414,900	3,220,200
Interest cost	46,800	62,800
Actuarial (gains) / losses	(168,300)	287,400
Plan Amendments **	-	-
Guaranteed Minimum Pension (GMP) equalisation impact #	-	1,400
Bulk Transfer exercise	-	-
Termination Benefits	-	200
Benefits paid	(145,600)	(157,100)
At 31 December	3,147,800	3,414,900

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021**

	2021	2020
	£000	£000
Movements in fair value of plan assets		
At 1 January	3,592,000	3,349,800
Expected return	49,300	65,400
Employer contributions	-	200
Actuarial gains	144,200	335,600
Bulk Transfer exercise \$\$	-	-
Scheme costs	(2,300)	(1,900)
Benefits paid	(145,600)	(157,100)
At 31 December	<u>3,637,600</u>	<u>3,592,000</u>

The fair value of the plan assets and the return on those assets were as follows:

	2021	2020
	£000	£000
Fair value of plan assets	3,637,600	3,592,000
Actual return on plan assets	<u>193,500</u>	<u>401,000</u>

As at 31 December the plan assets were invested in the following proportion:

	Fair value of assets	Fair value of assets
	2021	2020
Equities Instruments	629,700	715,900
Government Bonds	-	-
Corporate Bonds	-	-
Liability-Driven Investments	-	-
Alternative Investments	-	-
Investment Funds	-	-
Property	352,300	340,300
Derivatives	-	-
Structured Debt	2,240,600	2,175,800
Insurance Contracts	3,600	3,600
Cash & Equivalents	97,600	78,600
Other Quoted Instruments	313,800	277,800
Total	<u>3,637,600</u>	<u>3,592,000</u>

In terms of the Discretionary Fiduciary Management and Investment Advisory Services Agreement guidelines, the Fiduciary Manager (FM) has a fairly wide ranging delegated power to change the asset allocation within the Investment Fund which are stipulated in the agreement. The independent monitor of the FM checks this asset allocation every quarter that the FM has kept to these ranges as part of their monitoring contract.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****14. PENSION SCHEME (CONTINUED)**

On 10 August 2019 the Trustee of the Plan entered into a longevity swap arrangement, with the aim to reduce the Plan's exposure to longevity risk (the risk associated with increasing life expectancy) which will reduce longevity related volatility in the Plan's funding position, resulting in a more stable statement of financial position, and which was identified as the largest individual risk in the Plan. The swap covers pensioners and dependent members whose benefits came into payment on or before 31 December 2016 and who were alive on 1 January 2018, representing 60% of the plan's IAS19 liability at the time. The value of the longevity swap as at 31 December 2021 was calculated as £35.3m cost (i.e. negative value) and is included in the other portfolio asset category.

The experience gains and losses of the pension schemes reported in the statement of comprehensive income is:

	2021 £'000	2020 £'000
Net remeasurement (gains) / losses - financial	(83,200)	284,400
Net remeasurement - demographic	95,200	13,500
Net remeasurement - experience	(180,300)	(10,500)
Return on assets, excluding interest	(144,200)	(335,600)
Total remeasurement shown in OCI	<u>(312,500)</u>	<u>(48,200)</u>

The net pension income / (expense) recognised in the Company's statement of profit and loss is as follows:

	2021 £'000	2020 £'000
Amount charged to operating profit:		
Administrative expenses	(2,300)	(1,900)
Plan Amendments	-	(200)
Guaranteed Minimum Pension (GMP)	-	(1,400)
Terminal loss	-	-
Bulk Transfer exercise	-	-
Total amount charged to operating profit	<u>(2,300)</u>	<u>(3,500)</u>
Other finance income:		
Interest income on pension scheme assets	49,300	65,400
Interest expense on pension scheme liabilities	(46,800)	(62,800)
Net finance income	<u>2,500</u>	<u>2,600</u>
Net pension (income)/expense	<u>200</u>	<u>(900)</u>

The Company is expecting to pay no contributions in 2021 (2020: £nil).

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****14. PENSION SCHEME (CONTINUED)****Mortality assumptions:**

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Final Pay members

	2021	2020
	years	years
Retiring today:		
Males	22	21.2
Females	24	23.3
Retiring in 20 years:		
Males	24	22.9
Females	26	25.2

	Expected Contributions paid to the funds	Estimated direct benefit payments
Exercise N+1	0	149,600
Exercise N+2	0	149,600
Exercise N+3	0	149,600
Exercise N+4	0	149,600
Exercise N+5	0	149,600
Exercise N+6 to N+10	0	748,000

LRPS members

	2021	2020
	years	years
Retiring today:		
Males	21.9	22.2
Females	24.3	23.3
Retiring in 20 years:		
Males	23.6	24.0
Females	26.1	25.2

15. CALLED UP SHARE CAPITAL

	2021	2020
	£000	£000
Authorised, called up, issued and fully paid:		
1,180,000,000 (2020: 1,180,000,000) Ordinary shares authorised and issued of £1 each	1,180,000	1,180,000
200,000,000 (2020: 200,000,000) non-cumulative non-redeemable fixed rate Preference shares of £1 each	200,000	200,000
	<u>1,380,000</u>	<u>1,380,000</u>

The preference shares confer on the holders, priority on a return of assets and the right to attend and vote at general meetings.

The profit and loss reserve represent cumulative profits or losses, net of dividends paid and other adjustments.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****16. SUBSIDIARY UNDERTAKINGS**

Details of investments in ordinary share capital of the below Group undertakings are:

Name	Address	Nature of business	Country of incorporation and operation	Share of equity held beneficially by the Company
Blue Circle International Holdings BV**	Bardon Hall, Copt Oak Road Markfield, Leicestershire LE67 9PJ	Holding company	Netherlands	100.00%
Redland Brow Landfill Inc	Miller Thompson, 40 West Suite 5800	Non-trading company	Canada	100.00%
Lafarge Redland Readymix Limited ("LRRMX")	Bardon Hall, Copt Oak Road Markfield, Leicestershire LE67 9PJ	Holding company	UK	100.00%
Associated International Cement Limited ("AIC")	As above	Holding company	UK	100.00%
Changeissues Limited	As above	Dormant company	UK	100.00%
Lafarge Africa PLC	27B Gerrard Road, Ikoyi, Lagos, Nigeria	Cement	Nigeria	27.77%
Ashakacem PLC	Ashaka Works, Near Gombe, Gombe State, Nigeria	Cement	Nigeria	++*58.60%
East African Portland Cement Limited	L R 337/113/1 Namanga Road, Off Namanga Road, P.O. Box 40101-00100, Nairobi, Kenya	Cement	Kenya	14.60%

*denotes companies held directly by Lafarge Africa PLC

** liquidated in 2021

+denotes companies held partly direct and indirectly

++denotes companies held indirectly

Details of associated undertakings held by LRRMX are as follows:

Company	Registered address	Country of registration & operation	Proportion of ordinary shares held %
Readymix Gulf Limited **	PO Box 52942, Dubai UAE	Sharjah – UAE	49% \$
Readymix Muscat LLC	PO Box 3887, Ruwi, 112, Sultanate of Oman	Oman	40%
Premix LLC	PO Box 3887, Ruwi, 112, Sultanate of Oman	Oman	40%
Readymix Qatar W.L.L.	PO Box 5007, Doha, Qatar	Qatar	49%
Qatar Quarry Company W.L.L.	PO Box 5007, Doha, Qatar	Qatar	25%
Qatar Precast W.L.L *	PO Box 5007, Doha, Qatar	Qatar	2.13% \$
Construction Materials Co W.L.L.	PO Box 5007, Doha, Qatar	Qatar	49%

All the above companies are engaged in the manufacture and supply of construction materials.

\$ shares held directly by the Company.

*Readymix Qatar W.L.L. and Construction Materials Co W.L.L. own 57.39% and 38.26% respectively of Qatar Precast W.L.L. which increases the Company's effective shareholding of Qatar Precast W.L.L. to 49%.

** Readymix Muscat LLC and Premix LLC own 25.5% each of Readymix Gulf Limited which increases the Company's effective shareholding of Readymix Gulf Limited to 69.4%.

LAFARGE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2021****17. CONTINGENT LIABILITIES**

As at 31 December 2021, the Company had a bank guarantee facility with HSBC Bank PLC for Canadian dollar 3,017,638 (2020: Canadian dollar 3,017,638) to support its wholly owned subsidiary Redland Brow Landfill Inc.

There could be further increase in the liability related to litigation claim from divested operations, on going at the end of the year.

18. RELATED PARTY DISCLOSURES

Balances held with related parties comprise of:

	2021	2020
	£000	£000
Balances held under cash pooling arrangement with Lafarge Minerals Limited	-	-
Balances held under cash pooling arrangement with Lafarge Minerals Limited	-	-
Amounts due to fellow Group undertaking < 1-year Holcim Participations (UK) Limited	(8,193)	(2000)
Amounts due from fellow Group undertakings < 1 year	-	10,000
Amounts due from fellow Group undertakings > 1 year	758,656	747,509
Amounts owed to fellow Group companies	-	-

	Effective Interest	Maturity	2021	2020
	Rate (%)		£000	£000
Fixed Rate Unsecured Loan	2.92%	Sep 2025	293,713	293,713
Loan from fellow Group company Floating rate Unsecured	3M LIBOR + 0.25%	Jan 2021	464,943	463,883

The impact from the interest rate change from 1st January 2022 is not expected to be material.

18. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

Holcim Limited, a company registered in Switzerland, is the smallest and largest undertaking to consolidate the financial statements of the Company. Holcim Limited is regarded by the directors as being the Company's ultimate parent company and controlling entity.

The immediate parent undertakings in the UK are Lafarge Building Materials Limited, a company registered in England and Wales and incorporated in Great Britain.

Copies of the Group financial statements of Holcim AG having its registered office at Grafenauweg 10, CH-6300 Zug, Switzerland may be obtained from the Investor Relations Department, investor.relations@Holcim.com, or from www.Holcim.com/presentation-results.

19. EVENTS AFTER REPORTING THE FINANCIAL YEAR

There was no material disclosable or adjusting events between 31 December 2021 and the date of signing these financial statements.