

3.2.1.2.20 Third Party Services

Change Release Communication May 2019
Valid from Jan 1, 2020 for all reporting events

Definition

All costs of services rendered by other parties (excluding LafargeHolcim Group companies), except for services rendered for maintenance or distribution transportation.

'Third Party Services' includes:

- **Lease expenses**
- **Rental expenses**
- **External audit**
- **IT consulting and services**
- **Branding**
- **Security services**
- **Legal services**
- **Tax services**
- Cost of internal freight provided by third parties
- Outsourced internal audit
- Advertising and promotion
- Market research
- Software maintenance and support service (this does not include software purchases)
- Tax consulting
- Financial consulting
- Engineering consulting
- Research and development consulting
- Environmental consulting
- Other consulting services
- New product testing
- Quality control test inspection
- Hazardous waste disposal (such costs can include third party handling, materials, etc.)
- Non-hazardous waste disposal
- Kiln dust removal / disposal

- Re-cultivation
- LafargeHolcim (Trading) commission
- Record storage
- Port charges (including concessions, excluding wharfage fees)
- Other outsourced activities (payroll)
- Outsourced construction services
- Fees paid to collection agencies for the collection of outstanding accounts receivable
- etc.

In certain circumstances , such services can qualify as [Outsourced activities](#) and consequently the cost should be charged in that type of cost .

Compulsory Sub-Type of Costs

- **Lease expenses** (within the scope of IFRS 16 and where disclosure of costs at year-end is required) for example:
 - Short-term leases that at the commencement date have a lease term equal to or less than 12 months
 - Leases of low-value assets
 - Variable lease payments that do not depend on an index or rate but rather, for instance, on usage e.g. kilometers travelled
 For further information, see [LHARP Accounting for Leases under IFRS 16](#)
- **Rental expenses** (outside the scope of IFRS 16) for example:
 - Lease of land to only secure raw material reserves
 - Leases (e.g. of mobile equipment) where the supplier has the substantive right to substitute the assets throughout the period of use and consequently no "identified asset" exists in the arrangement
 For further information, see [LHARP Accounting for Leases under IFRS 16](#)
- **External audit**
Costs of [external audit services](#) rendered by external audit firms.
- **IT consulting and services**
Any IT service or consulting that includes maintenance and support services of all IT hardware, network services, SaaS (Software as a Service), PaaS (Platform as a Service), and data center hosting and all outsourced IT operations.
- **Branding**
Costs associated with building and maintaining LafargeHolcim's brand equity in the market.
- **Security services**
Costs of security services for personnel, facilities, offices or infrastructure; this will exclude travel related security services rendered by other parties.

- **Legal services**
All [legal advisory services](#) rendered by other parties in the fields of M&A, Competition, Compliance & investigation, Employment , Environment, Real Estate, IP and patents
- **Tax services**
All tax advisory and consulting services rendered by other parties relating to taxation.

3.2.1.2.20 Third Party Services

Change Release Communication May 2019
Valid until December 31, 2019

Definition

All costs of services rendered by other parties (excluding LafargeHolcim Group companies), except for services rendered for maintenance or distribution transportation.

'Third Party Services' includes:

- Rentals
- External audit
- IT consulting
- Cost of internal freight provided by third parties
- Outsourced internal audit
- Advertising and promotion
- Market research
- Software maintenance and support service (this does not include software purchases)
- Legal services
- Tax consulting
- Engineering consulting
- Research and development consulting
- Environmental consulting
- Other consulting services
- New product testing
- Quality control test inspection
- Hazardous waste disposal (such costs can include third party handling, materials, etc.)
- Non-hazardous waste disposal

- Kiln dust removal / disposal
- Re-cultivation
- LafargeHolcim (Trading) commission
- Security
- Record storage
- Port charges (including concessions, excluding wharfage fees)
- Other outsourced activities (payroll)
- Outsourced construction services
- Fees paid to collection agencies for the collection of outstanding accounts receivable
- etc.

In certain circumstances , such services can qualify as [Outsourced activities](#) and consequently the cost should be charged in that type of cost .

Compulsory Sub-Type of Costs

- Rentals and operating leases
Costs of rental and operating lease services rendered by other parties.
- [External audit](#)
Costs of external audit services rendered by external audit firms.
- IT consulting
Costs of IT consulting services rendered by other parties (includes other LafargeHolcim Group companies).
- Branding
Costs associated with building and maintaining LafargeHolcim's brand equity in the market.

