

LafargeHolcim and CDC Group join forces to scale-up an affordable low-carbon construction solution

LafargeHolcim and CDC Group plc ("CDC"), the UK's development finance institution, have signed a Memorandum of Understanding to set up a company to produce and promote an affordable low-carbon construction solution for developing countries.

The new company aims at scaling-up production of earth-cement bricks, a simple, reliable, affordable and environmentally-friendly building material that was launched by LafargeHolcim in Malawi in 2013.

An affordable low-carbon solution to help combat deforestation in Malawi

Deforestation and forest degradation account for the majority of Malawi's greenhouse gas emissions. The manufacture of burnt bricks, the main building material in Malawi, is a significant contributor as a result of the wood-fired clamp kilns used in the production process.

LafargeHolcim has developed an alternative solution to burnt bricks. Durabric, designed by the Group's R&D centre, is produced from a mixture of earth and cement compressed in a mould, and left naturally to cure in the sun without firing. Durabric contributes to a reduction in greenhouse gas emissions and the deforestation associated with wood fuel consumption. The bricks are also more resistant than fired bricks and reduce construction costs.

"Durabric offers many benefits compared to the traditional bricks used for construction in the developing world: it is easy to manufacture, has a smaller environmental footprint, offers more resistance, and all at a lower cost," explains Gérard Kuperfarb, Member of LafargeHolcim's Executive Committee in charge of Growth and Innovation. "Through the new company we are setting up with CDC, we will accelerate the development of this affordable, low-carbon solution in developing markets where traditional bricks are commonly used."

More than three million of these bricks have already been produced in Malawi, and have been used in around 500 buildings. A brick production plant is being built to increase availability of Durabric in Malawi.

Combining skills to scale up the solution

The aim of the new company, which will be managed by LafargeHolcim, will be to extend the offer developed in Malawi – including the provision of equipment to make the bricks, on-site technical support and training for brick makers – into other developing countries that are affected by deforestation resulting from the use of wood-fired bricks.

CDC, which is wholly owned by the UK Government's Department for International Development ("DfID") will invest alongside LafargeHolcim and contribute its expertise in investing in projects with a strong social and environmental dimension.

About LafargeHolcim

With a well-balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim (SIX Swiss Exchange, Euronext Paris: LHN) is the world leader in the building materials industry. The Group has 115,000 employees around the world and combined net sales of CHF 32 billion (EUR 26 billion) in 2014. LafargeHolcim is the industry benchmark in R&D and serves from the individual homebuilder to the largest and most complex project with the widest range of value-adding products, innovative services and comprehensive building solutions. With a commitment to drive sustainable solutions for better building and infrastructure and to contribute to a higher quality of life, the Group is best positioned to meet the challenges of increasing urbanization.

More information is available on www.lafargeholcim.com

About CDC Group plc

CDC is the UK's development finance institution. CDC's mission is to support the building of businesses throughout Africa and South Asia, to create jobs and making a lasting difference to people's lives in some of the world's poorest places. cdcgroup.com

CDC aims to invest in this joint venture through the DfID Impact Acceleration Facility ("DIAF"). DIAF is a ring-fenced £40 million facility managed by CDC, which is part of DfID's Impact Programme. DIAF aims to invest directly in opportunities with potential for significant social & development impact in difficult geographies. It works to increase the chance of investment success and achieving commercial sustainability through various avenues, e.g. through the provision of patient, long-term capital and leveraging the "know-how" from CDC Group and its existing portfolio companies.

More information on DIAF is available at www.cdcgroup.com/How-we-do-it/Types-of-capital/diaf/