

SUSTAINABILITY AMBITIONS 2020

FIGURES AND
OBJECTIVES



bringing materials to *life*™

We are a supplier of essential construction products, services and solutions required to build more livable, sustainable cities. Our goal is to help every human being, regardless of income, culture or geography, to obtain better quality housing at a cost the individual can afford. Our Sustainability Ambitions 2020 will help us to make **a net positive contribution to society**. This is not about philanthropy: it's about defining our role towards society while at the same time creating value for shareholders, customers, employees and communities. Our operations aim to optimize the use of natural resources and protect the environment. We want to be among the leading companies in terms of health and safety, to promote diversity and human rights, to implement strict rules for governance, and to engage in comprehensive and transparent dialogue with our stakeholders. **Sustainability Ambitions 2020 is our commitment to future generations.**

Sustainability is a long journey and Lafarge has been learning through experience. Lafarge showed its leadership in this area by being the first in its sector and one of the first industrials to take on firm CO₂ reduction commitments and has continued its progress in its Ambitions 2012 program (2007-2012). To date progress has been based on the notion of incremental yet continuous improvement to minimize our footprint. But there is still more to do because corporate sustainability is more than compliance, legal requirements and risk management.

We are increasingly convinced that considering the vast challenges that the world faces on education, urbanization and poverty, we need to go further: as the world leader in our sector, we can contribute to improving the quality of life of an always-expanding urban population through homes, housing systems and infrastructure.

This is why Lafarge Sustainability Ambitions 2020 are the first steps towards a vision of the future where we strive to protect the environment and, more importantly, to make a net positive contribution to society as a whole.

This is not about corporate philanthropy: it is about redefining our role in society, and acknowledging that the built environment is at the center of many social and environmental challenges; it is about leveraging the expertise and daily activities of our teams to effect social and environmental change, thus making Lafarge an even more trustworthy and relevant organization; it is about making Lafarge a company that will be more diverse, local, adaptable and resilient than ever; it is about using bold and stretch targets to inspire employees, unleash creativity and transform our company; it is about incorporating societal issues into strategy and operations.

1. The ten principles: (1) Businesses should support and respect the protection of internationally proclaimed human rights; (2) make sure that they are not complicit in human rights abuses; (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; (4) the elimination of all forms of forced and compulsory labor; (5) the effective abolition of child labor; (6) the elimination of discrimination in respect of employment and occupation; (7) Businesses should support a precautionary approach to environmental challenges; (8) undertake initiatives to promote greater environmental responsibility; (9) encourage the development and diffusion of environmentally friendly technologies; (10) Businesses should work against corruption in all its forms, including extortion and bribery.

2. Including the International Bill of Human Rights, consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and to the principles concerning fundamental rights set out in the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Lafarge believes sustainability starts with values, and since the inception of the first version of its Principles of Action more than 30 years ago, we have strived to be a value-driven company. While we can use rules, policies and procedures to guide us in many of our daily actions, it is values that steer us through the difficult decisions and dilemmas encountered on our path. This will become even more relevant in the future to ensure consistency in our ethics and practices in a context where Lafarge is reorganizing to become more country-centric and attuned with its local markets.

This is manifest in our adherence to the UN Global Compact and the implementation of its ten principles,¹ and in our respect of the ILO conventions and the adoption of the OECD guidelines for Multinational Enterprises, 2011.² The assurance of full implementation of these various principles will be monitored by an “Ethics Committee”. Its role will be to ensure the respect of these principles and the application of our Code of Business Conduct. This committee will report directly to the Chairman and CEO.

We believe that one of the most basic values is to operate with transparency both within our company and with our stakeholders. By respecting the rights of everyone for whom we have any direct or indirect relationship we will be able to implement this value. By enhancing our dialogue with all our stakeholders in

the most transparent manner, Lafarge will continue to build on a tradition of many years of constructive relationships with NGOs, clients, consumers, governments and local authorities, employees and shareholders.

Lafarge believes that working in partnerships with leading organizations, such as WWF (environment), CARE (social issues), UN Habitat and Habitat for Humanity (affordable housing) or Transparency International (governance), as well as with our external stakeholder panel of “critical friends”, allows us to implement more robust programs as well as a mechanism to inform and challenge our performance. By being a values-led company, we can ensure that as a corporation, we stay fit-for-purpose.

To achieve our vision for the future, we will leverage our research to find energy efficient solutions for buildings and provide locally relevant solutions to affordable, efficient, and sustainable housing. We will help develop the communities in which we operate through local economic development and job creation and respond to community social needs, thus improving our resiliency in a fast-changing world. We will actively contribute to the enhancement of the environment through increasing biodiversity, watershed conservation, minimization of our own emissions, thus contributing to the development of a circular economy. Our goal is to turn externalities into opportunities to develop with new and better ways of doing things.

Lafarge's Ambitions 2020 will drive changes to every part of the Group's operations over the next eight years, in order to change the way we operate and let us progress towards our vision. Of course, Lafarge, as well as others, already does a lot in terms of raising industry standards on sustainability through commitments taken in organizations such as WBCSD and its Cement Sustainability Initiative (CSI).³ Having signed the CSI charter, Lafarge continues to assume its responsibilities related to sustainable development. But as already stated, we want to go further and this plan articulates additional programs organized around three pillars:

Building Communities , Building Sustainably, and Building the Circular Economy that will establish us as a leading sustainability company. Of course, we are not alone in this: the design of this plan is based on an extensive process of engagement not only with our internal teams, but also with other stakeholders of our business ecosystem.

Inspired by our vision of Lafarge having a net positive contribution to the society, challenged by the expectations of our stakeholders and fueled by the dedication of all our employees, the commitments that follow means that by 2020 Lafarge will:



Circular economy
is a term used to describe the integration of elements to create a cradle to cradle approach to environmental management leading to a sustainable environment.

3. To know more : <http://www.wbcscement.org/>

OUR MAJOR AMBITIONS

Health and Safety

> Reach zero fatalities and virtually eliminate lost-time incidents for our employees & contractors.

Diversity

> Having 35% of senior management positions held by women.

Volunteer working

> Contribute 1 million volunteer hours per year to locally selected projects in the realm of job creation, biodiversity, water conservation, skills training, affordable housing or health.

Local job creation plan

> Having 75% of our Country Operations implementing a plan for local job creation.

Sustainable products & services

> Increase to 3 € billion / year sales of new sustainable solutions, products and services.

Affordable and sustainable housing

> Enable 2 million people to have access to affordable and sustainable housing.

Reused and recycled materials

> Have 20% of our concrete containing reused or recycled materials.

Non-fossil fuels

> Use 50% of non-fossil fuels in our cement plants by 2020* (including 30% biomass).

CO₂ emissions

> Reduce by 33% our CO₂ emissions per ton of cement compared to 1990 levels.

* On an equity consolidated basis.

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Lafarge believes its success will be greater if our corporate policies and practices enhance the competitiveness of the company while simultaneously advancing social and economic conditions in the communities in which we operate.

This starts of course with our employees, and extends to their families and friends. It is particularly key for Lafarge whose settlement in a community is long-term, which gives us special opportunities and responsibilities. But if we want to create societal value for these communities while at the same time creating economic value for Lafarge, solutions to local challenges, whether related to health, housing, education or poverty, must be designed and implemented at the local level. Each Lafarge organization is therefore responsible for creating projects that benefit both Lafarge and its communities, driving local economic development and job creation. For example, this can be accomplished through peripheral work with our operations or through job training, where Lafarge leverages its people, know-how and/or practices and shares this knowledge with the community; the results of these programs can lead to increased community environmental sustainability, enhanced abilities to build affordable housing, educational opportunities and local job creation.

Another method for Lafarge to generate value within the communities where we operate is by extending programs designed for our employees to the general public. For example, wellness or lifestyle programs, health programs, or smoking secession programs are all examples of programs that some local operations have implemented and extended into their local communities. Each site has opportunities to work with their community in this way and will be encouraged to do so.

1

BUILDING COMMUNITIES

HEALTH & SAFETY – OUR FIRST PRIORITY

Ensuring the protection of its employees' health and safety is Lafarge's first priority. This is the guiding principle for all employees of the Group, starting from the highest levels of responsibility. For many years we have striven to make our industrial operations safer, to establish directives and standards that are clear for everyone, and to increase the awareness of both our employees and our contractors. It has been our credo that it is unacceptable to risk your life to perform your work. There is no limit to our ambition in this area. This is why we are going to introduce a new process for assessing risks, country by country and site by site. The scope of our responsibility extends far beyond our employees and our sites. By 2020 we want to not merely avoid fatal accidents but also to ensure that no employees or contractors are victims of serious incidents, whether in our facilities or on the road.

AMBITIONS

ACHIEVE EXCELLENCE WITH RESPECT TO HEALTH AND SAFETY

IMPROVE TRANSPORT SAFETY

PROTECT EMPLOYEE HEALTH

OBJECTIVES IN FIGURES

> Reach zero fatalities and virtually eliminate lost time incidents for our employees and contractors.

> TIFR (total frequency injury rate) leading to professional medical intervention below 1.0 for Lafarge employees and for contractors on site per 1,000,000 work hours.

> 60% reduction in the number of road accidents per million km against a 2012 baseline.

> 50% reduction from a 2012 baseline, in the number of employees required to use personal protection equipment (PPE) to protect themselves from exposure to noise and inhalation of crystalline silica.

> 50% reduction from a 2012 baseline in the number of employees exposed to ergonomic risks due to work practices.

1

BUILDING COMMUNITIES

EMPLOYEE DIVERSITY AND SKILLS

Diversity speeds up change and, as we see every day, it is a source of performance, creativity and innovation. This is why Lafarge encourages the hiring of women and men from a variety of geographical and cultural backgrounds or with diverse career paths. Similarly, we strive to offer motivating career paths to our employees, particularly women, and give them the opportunity to change jobs, countries or functions throughout their careers. In what has traditionally been a predominantly male sector, 16% of our managers today are women. We want there to be more than twice as many by 2020!

AMBITIONS

ENHANCE ACCESS FOR WOMAN TO SENIOR MANAGEMENT

ENHANCE DIVERSITY AND INCLUSION

SKILLS DEVELOPMENT

BE AN EMPLOYER OF CHOICE

OBJECTIVES IN FIGURES

> Having 35% of senior management positions held by women.

> 75% of countries rated at a level A or B according to Lafarge diversity maturity categorization criteria⁴ which includes gender, nationalities, professional profiles, physical disability, and sexual orientation.

> For job families with certification programs, 75% of employees will have completed the program for their position.

> 75% of our key positions will be covered by certification programs.

> Lafarge recognized as “Employer of Choice”⁵ in at least 20 countries either by external organizations (awards, institutions specializing in evaluating human resources policies) or by placing in the top 20% when benchmarking internal engagement survey results against the average of local surveys.

4. Diversity criteria: Over 75% of our countries are Level B and A (as per the O&HR review maturity path on D&I). Level D: limited diversity at Excom level and below (% of female below 15%, similar profiles, any other minority very little represented: sexual orientation, people with physical handicap, etc). No sponsor of Diversity at Excom level; No specific action plan on diversity; No diversity indicators followed. Level C: Limited diversity at Excom level and below; yet a specific action plan is in place; a sponsor of diversity exists at Excom level; Diversity is on the Excom agenda. Diversity indicators are in place and measured, progression is visible. Level B: Diversity is fairly represented (% of female over 20%, different profiles part of the Excom and below, more than 1 nationality in the Excom, clear action in favor of other minorities, etc). The country has clear initiatives and sharing of best practices in terms of diversity and inclusion, inside Lafarge. Level A: diversity is part of the management cycle and linked with performance. An inclusion indicator exists and measured for managers and is part of their performance. The country participates in different external awards on diversity and inclusion. Diversity indicators show a fair representation in terms of gender, profiles, nationalities etc. 5. In countries where there is no official recognitions for “Employer of Choice”, the objective is to be part of the top 20 companies according to national surveys.

1

BUILDING COMMUNITIES

COMMUNITY DEVELOPMENT AND OUTREACH

Lafarge considers job creation as one of the core elements of its contribution to local economic development. There are many ways in which Lafarge can foster local job creation other than direct employment. We support, conduct, or sponsor many adult training programs ranging from basic competences to specific trade skills. We are also able to promote local business and job creation through working with and promoting local companies who provide materials and services for our operations.

AMBITIONS

SUPPORT LOCAL COMMUNITIES IN AREAS OF LAFARGE EXPERTISE THROUGH VOLUNTEER WORK

BE A DRIVER OF LOCAL SOCIO-ECONOMIC DEVELOPMENT

MODEL FOR LAFARGE SUSTAINABILITY

ENHANCE STAKEHOLDER RELATIONS

OBJECTIVES IN FIGURES

> **Contribute 1 million volunteer hours per year to locally selected projects in the realm of job creation, biodiversity, water conservation, skills training, affordable housing or health.**

> **Having 75% of Lafarge Operations implementing a plan with targets for local job creation⁶, and 75% having measured their economic footprint (direct & indirect) with Lafarge in-house comprehensive socio-economic impact assessment tool.**

> **75% of Lafarge Countries in “CSR EXCELLENCE Club”, fulfilling Lafarge’s CSR objectives.**

Excellence Club Membership requires fulfillment of implementation of local job creation plan, completion of Lafarge socio-economic footprint tool, and implementing a program for basic community needs.

> **100% of Countries implementing stakeholder relationship plan.**

6. Jobs are defined as decent work which is according to the ILO: Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

1

BUILDING COMMUNITIES

HUMAN RIGHTS

Lafarge, through its Principles of Action, has for more than 30 years promoted the rights of its workers and those in its supply chain, and is a member of the UN Global compact. Our belief is that as part of civil society, we have an obligation to further the development of society, that starts with each and every one being able to enjoy their unalienable rights. As part of our Ambitions 2020, Lafarge commits to respect, enhance, and promote the rights of all people whom we do business with or are part of our supply chain.

While serving the needs of a quickly expanding world population, especially in urban areas of developing nations, Lafarge expands its activities into new geographical areas. Establishing these new operations occasionally requires Lafarge to purchase land in which there are already inhabitants. Whenever that occurs, Lafarge pledges that this purchase will be made with the free prior informed consent of existing inhabitants⁷. Lafarge will implement best practices when any relocation may be considered.

AMBITIONS

ENSURE SUPPLY CHAIN IS IN ACCORDANCE WITH UN GLOBAL COMPACT PRINCIPLES

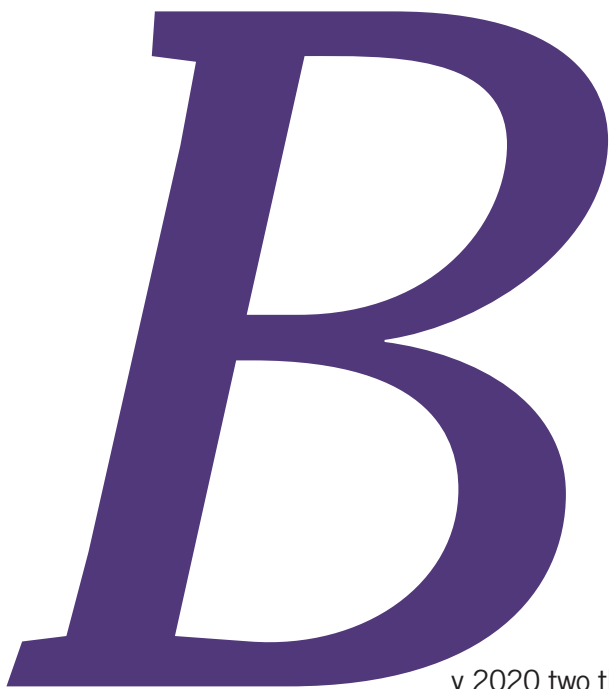
OBJECTIVES IN FIGURES

> 100% of purchases from suppliers who have agreed to respect communities and workers' human rights (UN Global compact and OECD guidelines for Human Rights for Multi-national Enterprises).

Use a risk based approach (country/commodity/ company profile) to identify a population of suppliers for more detailed monitoring of performance and where necessary work with the supplier on remediation plans.

> Assure working conditions of all contractor employees are in line with Lafarge values and workers' human rights (UN Global compact and OECD guidelines for multi-national enterprises).

7. The principle of free, prior and informed consent recognizes indigenous peoples' inherent and prior rights to their lands, territories and resources and respects their legitimate authority and requires processes that allow and support meaningful choices by indigenous peoples about their development path.

A large, stylized, purple letter 'B' is positioned on the left side of the page. The letter is bold and has a slight shadow effect, giving it a three-dimensional appearance. It is the first letter of the word 'Building' in the text below.

By 2020 two thirds of the global population will be living in cities compared to one half today. The number of “megacities” with more than 10 million people will increase by 40% in the next 20 years. In this context, the built environment is at the center of many social and environmental challenges, whether it is quality of life, climate change, poverty, waste, health, resource consumption... This challenge also presents a big opportunity for innovation and growth for a company like Lafarge which is well positioned to design products and services that help address these societal needs. Although its direct contribution is upstream in the overall building process, Lafarge can make an indirect contribution to many aspects. For example through training programs to help make the most of the functional qualities of its products such as thermal inertia, pervious concretes for storm water control, etc.

ACCESS TO HOUSING

Global population growth of 50 million people each year on average until 2050, mostly in urban areas, will strain economic and social systems and put unprecedented pressure on the allocation of scarce resources. Today an estimated one billion people live in slums and two billion people lack access to electrical power. Often this is a result of inadequate planning, poor policies, market failures, and gaps in government capacity. Though public institutions and governments recognize the universal need for adequate housing, in many cases it is local businesses that can most effectively provide solutions.

Lafarge has national initiatives providing affordable and efficient housing in India, Indonesia, Honduras and France. Our goal, through the Lafarge Affordable Housing Program, is to implement a range of initiatives to provide decent affordable housing and financing for home extensions and renovations, for a total of 2 million people by 2020.

To do so, we have decided to set up a Lafarge microfinancing program to help give families access, maybe for the first time, to a safe, comfortable, durable and energy efficient house through micro-credits. At the present time, 1.4 billion people live in extreme poverty⁸. Many more with little access to traditional credit sources. To build affordable housing it is also important that the customer receives reasonable value on the purchases of their packaged cementitious products. Lafarge will thus collaborate with other actors to increase the efficiency of consumer services (product availability, financing, transport, storage).

AMBITIONS

PROVIDE SOLUTIONS FOR ENABLING ACCESS TO HOUSING

OBJECTIVES IN FIGURES

Enable 2 million people to have access to affordable and sustainable housing by:

- > **Setting up a Lafarge microfinance housing program;**
- > **Free training in cost effective concrete solutions promoting the use of specialized products for affordable housing applications.**

⁸ Extreme poverty level stands at below \$1.25 per day (source: World Bank)

SUSTAINABLE CONSTRUCTION AND CITIES

From manufacturing with a smaller emissions footprint, enhancing biodiversity and water conservation, to designing and delivering more energy efficient products and systems for energy efficient building, from conserving natural resources through recycling materials and enhancing deconstruction methods, to how materials are delivered, Lafarge wants to be a key player in sustainable construction.

Sustainable construction is one of the key levers for reducing worldwide energy consumption, since energy used in the building sector accounts for approximately 38% of worldwide total energy consumption – more than in transport or industry. Almost 85% of the energy used in buildings is consumed during the use of the building from operation, maintenance and renovation, and only 15% of the total energy is a result of the materials manufacturing, transportation, construction and demolition.

To address the 85% of energy used in buildings, Lafarge is committed to drive the change from materials to solutions which will bring sustainability, energy savings, and comfort improvements.

In 2012 Lafarge is reorganizing from a Global organization based on Divisional Product lines to a Country-centric approach allowing more reactivity (quicker response to local needs) and innovation. A dedicated innovative function, combining R&D, marketing, and technology partnerships within the same organization, was created to reinforce sustainability in its products and solutions.

AMBITIONS

BRING TO THE MARKET MORE SUSTAINABLE PRODUCTS OR SERVICES

PROMOTE THE IMPLEMENTATION OF SUSTAINABLE CONSTRUCTION SOLUTIONS FOR CITIES

REDUCE THE ENVIRONMENTAL FOOTPRINT OF BUILDINGS

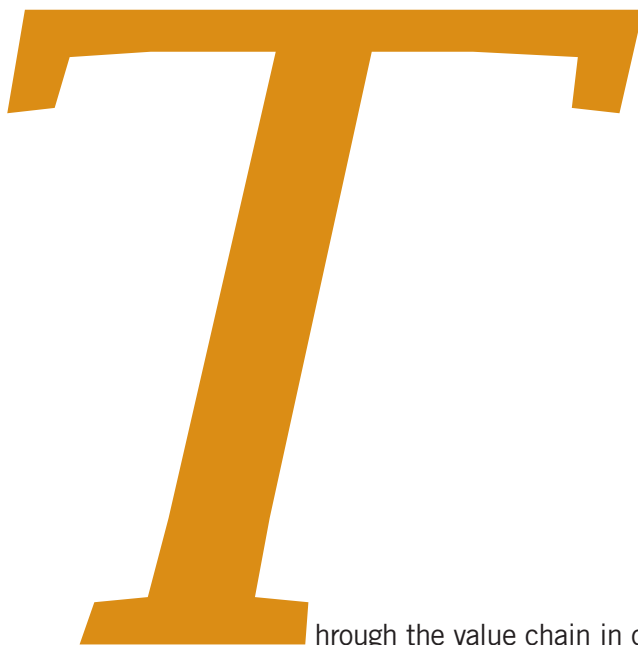
OBJECTIVES IN FIGURES

> Increase to €3 billion per year sales of new sustainable solutions, products and services.

Sustainable products are defined as those with an ecological function (e.g. Hydromedia®), which contribute to rainwater drainage, are energy-saving or contain recycled materials, or are manufactured with a differentiated low energy/CO₂ content. New products are defined as those that have been on the market less than five years.

> Become an active member in Sustainable Building Certification organizations in 35 countries.

> Contribute to 500 energy efficient construction projects using at least one of the Lafarge Efficient Building Systems.



Through the value chain in our society, there are many materials whose potential is not fully utilized and therefore they become waste. The concept of the “circular economy” refers to the potential to better utilize these materials in non-traditional ways. The “circular economy” is a new business model compared to the one in which we have lived since the Industrial Revolution.

A pioneer of industrial ecology, Lafarge believes that it is possible to create a symbiotic relationship between multiple industries to eliminate the production of waste through reusing or recycling of materials. Waste from one company can be used as fuel or raw materials for another, thus preserving natural resources.

NATURAL RESOURCES

As with all industries, we operate in ecosystems that provide human beings with provisioning services such as freshwater, food, energy and natural resources. Ecosystems also contribute to stabilize the climate and reduce floods and air pollution. Therefore, it is incumbent on companies like Lafarge to take the lead in protecting and developing biodiversity and therefore contributing to the enhancement of ecosystems.

For many years Lafarge has been actively rehabilitating its quarries to restore and create new habitats. A major component of our license to operate, biodiversity has been a long-standing key focus area and was one of the original work streams in the Lafarge partnership with WWF. To demonstrate our commitment in this area we set public targets for biodiversity for our quarries. It is now our goal to broaden this approach within the organization, by also looking at improving biodiversity in non quarry sites.

Good freshwater availability is another critical social, environmental and economic issue. Lafarge, as a water consuming company and a visible stakeholder in communities, is committed to understanding the water issue more deeply. Although our water usage is not high compared to agro or food industries, we can play an important role in assuring that there is a sustainable water plan within the watersheds in which we have operations. In some areas of the world Lafarge can become a provider of either fresh water or irrigation water to local communities where other sources are not readily available.

AMBITIONS

ENHANCE BIODIVERSITY AND RAW MATERIAL CONSERVATION

ENHANCE LOCAL WATERSHED SUSTAINABILITY

OBJECTIVES IN FIGURES

> 100% of quarries will implement rehabilitation plans in line with Lafarge standards by 2015.
> 100% of quarries and cement plants will implement Biodiversity Management Plans in line with Lafarge standards by 2020, and by 2015 for local sensitive biodiversity regions.

> 100% of cement and aggregate operations completing water risk assessments by 2014.
> 100% of operations in water impacted areas to engage local stakeholders in developing a local watershed sustainability plan and reduce water impact by 2020.

ENERGY USE AND RESOURCE EFFICIENCY

Traditionally the cement industry is synonymous with a very high energy (fossil fuel) use. More and more though, there are technologies and systems that make renewable energy such as biomass more attractive and feasible. Also, improvements both to manufacturing processes and behavior can result in energy reduction in both our factories and offices. Lafarge is committed to pursuing this path as part of our sustainable development strategy.

The basic raw materials used to make our products are not renewable. Therefore it is our responsibility to be efficient in the use of these materials and conserve these natural resources as best we can. One way to conserve natural resources is through recycling and design for deconstruction, thereby saving the use of virgin raw materials.

Today, in the area of aggregates, many impediments to recycling exist. Lafarge, by creating a demand for recycled aggregate through setting targets for both aggregate production from recycle materials and use of recycled materials in ready-mix, will move this market by: increasing the number of companies offering recycle collection; further developing the technology to separate aggregate from mortar so it becomes more economical; and promoting changing specification and economic incentives for recycled materials.

In the same way these by-products and wastes can become raw materials, some byproducts can make an excellent fuel for cement kilns, substituting for fossil fuel. The cement plant process operates at a very high temperature compared to boilers or incinerators and is therefore able to combust difficult to burn fuels with no increase in emissions compared to fossil fuels.

AMBITIONS

INCREASE RESOURCE EFFICIENCY THROUGH RECYCLING

**INDUSTRIAL ECOLOGY:
DEVELOP INTEGRATED WASTE REUSE SOLUTIONS**

OBJECTIVES IN FIGURES

> 20% of our concrete containing reused or recycled materials.

> 15 million tons/year of the aggregates sold will be manufactured from recycled/reused materials.

> Use 50% of non-fossil fuels in our cement plants by 2020*. (with biomass comprising 30% of these alternative fuels)

**on an equity consolidated basis*

3

BUILDING THE CIRCULAR ECONOMY

CO₂ AND AIR EMISSIONS

Through its Ambitions 2012 program Lafarge set aggressive emissions reduction targets for a number of air emissions including CO₂, dust, SO₂ and NO_x emissions. It also committed to measuring and managing heavy metal and dioxins and furans emissions. Through the Ambitions 2020 program Lafarge commits to further reducing the emissions of these materials.

To go further along this path, Lafarge is introducing new programs to reduce the level of noise emitted by its plants, to improve the visual impact of its operations, and set specific reduction targets related to mercury and the control of dioxin/furans.

AMBITIONS

CONTINUE OUR PROGRAM OF REDUCING CO₂ EMISSIONS

CONTINUE OUR PROGRAM OF REDUCING ENVIRONMENTAL FOOTPRINT AS SET OUT IN THE AMBITIONS 2012 PLAN

ADDRESS LOCAL CONCERNS

OBJECTIVES IN FIGURES

> Reduce by 33% our CO₂ emissions per ton of cement compared to 1990 levels (equivalent to a 14.4% reduction from 2010 levels).

> 50% reduction in dust emissions per ton of clinker compared to 2010 levels, with no kilns emitting more than 50 mg/Nm³

> 25% reduction in NO_x emissions per ton of clinker compared to 2010 levels.

> 30% reduction in SO₂ emissions per ton of clinker compared to 2010 levels.

> 100% of cement operations having assessed ground level visual impact and, in conjunction with stakeholders, developed a landscape plan.

> 100% of cement operations having a night-time noise at closest external residence to plant of <55 dB.

> 30% reduction in mercury emissions per ton of clinker compared to 2010 levels.

ETHICAL GOVERNANCE



To achieve these ambitions, we need to reinforce our governance. Corporate governance is above all monitored through an Ethic Committee, whose task is to ensure that our Code of Business Conduct is applied throughout the world. It lies at the heart of our approach to sustainability and is grounded in our values of courage, integrity and respect and transparency.

Lafarge's twofold commitment for 2020 is to:

Adopt best practice in ethical governance

- > Complete an annual self-assessment of ethical governance in all countries, according to the recommendations of the Ruggie report and OECD guidelines on protecting human rights and social development.
- > Implement our governance standards in all newly acquired and greenfield operations.
- > Measure and report completion rates and areas of non-compliance (annually starting 2014).
- > Conduct a series of internal control audits annually.

Enhance transparency

- > Report the results of Lafarge governance self-assessment questionnaires to the Board of Directors and to external stakeholders annually starting 2013.

OUR AMBITIONS AT A GLANCE

BUILDING COMMUNITIES

HEALTH & SAFETY

OBJECTIVES	DEADLINE
> Reach zero fatalities and virtually eliminate lost-time incidents for our employees and contractors.	2020
> TIFR (total frequency injury rate) leading to professional medical intervention per million work hours below 1.0 for Lafarge employees and for contractors on Lafarge sites.	2020
> 60% reduction in the number of incidents per million km against a 2012 baseline.	2020
> Reduction in potential exposure to levels of noise and inhalation of crystalline silica in order to reduce by 50% from a 2012 baseline the number of employees required to use personal protective equipment (PPE).	2020
> 50% reduction from a 2012 baseline in the number of employees exposed to ergonomic risks due to work practices.	2020

EMPLOYEE DIVERSITY AND SKILLS

OBJECTIVES	DEADLINE
> Having 35% of senior management positions held by women (Lafarge Hay Grade 18 and above).	2020
> 75% of countries rated at a level A or B according to Lafarge diversity maturity categorization criteria which includes gender, nationalities, professional profiles, physical handicap, and sexual orientation.	2020
> For job families with certification program 75% of employees will have completed the program for their position. > 75% of our key positions will be covered by certification programs.	2020
> Lafarge recognized as “Employer of Choice” in at least 20 countries through recognition by external organizations (awards, institutions specialized in human resources policies assessment) or by placing in the top 20% when benchmarking internal engagement surveys against local norms.	2020

COMMUNITY DEVELOPMENT AND REACH

OBJECTIVES	DEADLINE
<p>> Dedicate 1 million volunteer hours per year to locally selected projects in the realm of biodiversity, water conservation, skills training, affordable housing, health or job creation.</p>	2020
<p>> Implementing a plan with targets for local job creation and measuring the economic footprint (direct & indirect) in 75% of our Countries with Lafarge in-house comprehensive socio-economic impact assessment tool.</p> <p>> Ensure 75% of Lafarge Countries sign up for the “CSR EXCELLENCE Club” that unites the best performing sites in Corporate social responsibility.</p>	2020
<p>> 100% of Countries implementing stakeholder relationship plan.</p>	2020

HUMAN RIGHTS

OBJECTIVES	DEADLINE
<p>> 100% of purchases will be made from suppliers who have agreed to respect communities and workers human rights (UN Global compact and OECD guidelines for Human Rights for Multinational Enterprises). Use a risk based approach (country/commodity/company profile) to identify a population of suppliers for more detailed monitoring of performance and where necessary work with the supplier on remediation plans.</p>	2020
<p>> Assure working conditions of all contractor employees are in line with Lafarge values and workers fundamental rights (UN Global compact and OECD guidelines for multinational enterprises).</p>	2020

OUR AMBITIONS AT A GLANCE

BUILDING SUSTAINABLY

ACCESS TO HOUSING

OBJECTIVES	DEADLINE
<p>Enable 2 million people to access affordable and sustainable housing by:</p> <ul style="list-style-type: none"> > Setting up a Lafarge program for microfinancing housing; > Free training in concrete solutions promoting the use of specialized products for affordable housing applications. 	<p>2020</p>

SUSTAINABLE CONSTRUCTION AND CITIES

OBJECTIVES	DEADLINE
<ul style="list-style-type: none"> > Increasing to €3 billion per year sales of sustainable solutions, products and services. 	<p>2020</p>
<ul style="list-style-type: none"> > Become an active member in Sustainable Building Certification organizations in 35 countries. 	<p>2020</p>
<ul style="list-style-type: none"> > Contribute to 500 energy efficient construction projects using at least one of the Lafarge Efficient Building Systems. 	<p>2015</p>

BUILDING THE CIRCULAR ECONOMY

NATURAL RESOURCES

OBJECTIVES	DEADLINE
> 100 % of quarries will implement rehabilitation plans in line with Lafarge standards.	2015
> 100% of quarries and cement plants will implement Biodiversity Management Plans in line with Lafarge standards (by 2015 in local biodiversity sensitive areas).	2020
> 100% of cement and aggregate operations completing water risk assessments.	2014
> 100% of operations in water impacted areas to engage local stakeholders in developing a local watershed sustainability plan and reduce water impact.	2020

ENERGY USE AND RESOURCE EFFICIENCY

OBJECTIVES	DEADLINE
> 20% of Lafarge concrete will be made using some reused or recycled materials.	2020
> 15 million tons per year of the aggregates sold will be manufactured from recycled/reused materials.	2020
> 50% non fossil fuels substitution in our cement plants* (30% of which to be composed of biomass) on equally consolidated basis.	2020

* On an equity consolidated basis.

CO₂ AND AIR EMISSIONS

OBJECTIVES	DEADLINE
> 33% reduction in CO₂ per ton of cement, compared to 1990 levels (equivalent to a 14.4% reduction from 2010 levels).	2020
> 50% reduction in dust emissions per ton of clinker compared to 2010 levels, with no kilns emitting more than 50 mg/Nm ³	2020
> 25% reduction in NO _x emissions per ton of clinker compared to 2010 levels.	2020
> 30% reduction in SO ₂ emissions per ton of clinker compared to 2010 levels.	2020
> 100% of cement operations having assessed ground level visual impact and, in conjunction with stakeholders, developed a landscape plan.	2020
> 100% of cement operations having a night-time noise at closest external residence to factory of <55 dB.	2020
> 30% reduction in mercury emissions per ton of clinker compared to 2010 levels.	2020

ROAD MAP

In order for Lafarge to reach its 2020 Sustainability Ambitions, certain processes must be in place and a series of interim milestones must be met. With this in mind, we have formulated our road map objectives. We plan on reporting annually on our website against these objectives. Some of these objectives are ongoing, some will disappear as they are met between now and 2020, and new objectives may be added. It is through this process that we can continually challenge ourselves, keep our objectives relevant to the ever changing environment, and ensure progress towards our long-term goals.

BUILDING COMMUNITIES

HEALTH & SAFETY

> Ensure implementation and improvement in safety systems	<ul style="list-style-type: none">> 100% of Lafarge sites/operations independently audited every 3 years with action plans closed within 6 months.> 100% of sites covered by an “Emergency Preparedness Plan” (H&S, environment, security, natural disaster) audited by a global external partner.
> Improve safety through employee training	<ul style="list-style-type: none">> 60% of operations' employees and contractors trained in Basic First Aid and 100% of senior employees (Lafarge Grade 18+) having undertaken an external accredited course in Health & Safety.
> Protect employee health	<ul style="list-style-type: none">> 100% employees and contractors having a risk-based health assessment to ensure they are fit for their job, at least once every 3 years.

EMPLOYEE DIVERSITY AND SKILLS

> Be an employer of choice	<ul style="list-style-type: none">> Regularly conduct surveys of employees to understand progress made on inclusiveness, development, working conditions and other topical issues.
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COMMUNITY DEVELOPMENT AND REACH

> Help address human needs (health, education, energy, water, economic development, training...)	<ul style="list-style-type: none">> 100% of countries implementing and measuring programs improving community basic needs.
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HUMAN RIGHTS

> Protect human rights	<ul style="list-style-type: none">> 100% of sites assessing and report compliance vs. Ruggie Report and OECD guidelines of Human Rights for Multinational Enterprises and closing action plans within 6 months.
> Protection of indigenous people	<ul style="list-style-type: none">> 100% of new projects having an environmental and social impact assessment.> Free prior informed consent when any relocation is planned.

BUILDING SUSTAINABLY

ACCESS TO HOUSING

> Assure access to cement at affordable prices

> Lafarge will work to increase the efficiency of customer services (product availability, financing, transport, storage) to ensure customer receives reasonable value when purchasing packaged products.

SUSTAINABLE CONSTRUCTION AND CITIES

> Promote the implementation of sustainable construction solutions for cities

> 100% of countries to have a partnerships to promote stronger specifications and work with urban planners and architects towards sustainable cities.

> Increase sustainable transport infrastructure

> 80% of countries implementing a lobbying or advocacy plan for sustainable transportation infrastructure such as rail and tramways.

BUILDING THE CIRCULAR ECONOMY

> Develop renewable energy and energy efficiency in buildings

> Develop roadmap to increase renewable energy.
> 100% of Lafarge's offices with more than 150 people having an energy efficiency audit and implement EEB practices.

> Develop integrated waste and industrial ecology solution

> Develop roadmap to increase biomass to 30% of non fossil fuels.

> Fulfill our environmental commitments

> 100% of manufacturing operations having an EMS* system by 2015.
> 100% of EMS ISO 140000 certified by 2020.
> All operating sites having an environmental audit at least once every four years (report compliance).

> Control dioxin/furan emissions

> For any plant with emissions greater than 50 pg/m3, implement a plan for control and reduction.

*EMS – Environmental Management System

STAKEHOLDERS' COMMENTS

VISION

Over the past year we have worked with Lafarge to develop its Sustainability Ambitions 2020 and appreciate the extent to which the panel's input has been taken into consideration.

We find Lafarge's vision to work towards making a "net positive contribution to people and the planet" both ambitious and inspiring. The panel's past advice to Lafarge, as critical friends, has come from a context of looking at individual products such as "cement" or "aggregates". What we now see emerging is an integrated approach encompassing the whole life cycle of buildings, cities and wider infrastructure in relation to both internal and external stakeholders which brings resilience to the Lafarge vision and strategy. Lafarge aims to create value for shareholders not on their own, but alongside shared value with other stakeholders and especially the people it works with and the communities

in which it operates. This inclusiveness embraces the human relationship with nature, the quality of life of people living in urban communities and the need to develop principles of a circular economy which interact with nature in ways that seek to optimize the impacts and maximize the life, effectiveness and reuse of materials.

We acknowledge that the vision of making a net positive contribution to people and the planet is very challenging and Ambitions 2020 are the next steps on Lafarge's sustainability journey. Global expectations of corporate responsibility are fast evolving and we look forward to working with Lafarge to further develop the roadmap to achieve this vision. We encourage Lafarge to be bold in its objectives, and based on what it has delivered to date, we are confident that Lafarge can live up to this challenge.

MEMBERS OF LAFARGE STAKEHOLDERS' PANEL

- > **ÉRIC BRASSART**
(EUROPEAN WORKS COUNCIL)
- > **MARION HELLMAN** (BUILDING AND WOOD WORKERS INTERNATIONAL)
- > **JEAN-PAUL JEANRENAUD** (WWF)
- > **SHEILA KHAMA** (AFRICAN CENTER FOR ECONOMIC TRANSFORMATION)

- > **PHILIPPE LÉVÊQUE**
(CARE FRANCE)
- > **KARINA LITVACK**
(F&C ASSET MANAGEMENT)
- > **ALASTAIR MCINTOSH**
(CENTRE FOR HUMAN ECOLOGY)
- > **FRANK ROSE** (INDEPENDENT)
- > **LIVIA TIRONE** (ARCHITECT)

BUILDING COMMUNITIES

Last year we welcomed Lafarge's statement of recognition of the UN Declaration on Rights of Indigenous People. This embraces the principle of free, prior and informed consent of indigenous communities. We appreciate that the seeking of community consent is an emergent area of engagement for all, and that what constitutes good practice for the extractive industry is currently neither well defined nor widely implemented. We therefore urge Lafarge to explore and develop best practice and thereby help to raise standards across the industry as a whole.

With regards to safety, we endorse the objective to reach "Zero fatalities" and encourage Lafarge to maintain the current momentum to reduce injuries. With regards to health, we recognize the group's implementation of its health standards and endorse the objective to replace the need for personal protection equipment by implementing engineering measures.

The objectives regarding diversity are a step in the right direction and we endorse the broader approach, focusing on all employees, all jobs and all levels.

We welcome the target to have one million employee volunteer work-hours dedicated to projects to improve community well-being and environment. But, just as importantly, we look forward to the outcome of the objective to measure the economic and social impact on communities. We are pleased with the content of the section on "Human Rights".

We feel also that the objective on suppliers, which corresponds to a strong expectation, should be reinforced to ensure that the ones which are the most at risk will be covered by Lafarge's policy, actions and reporting. We strongly endorse the objective on suppliers but feel it should be reinforced to ensure that Lafarge's policy, actions and reporting focus on those parts of the supply chain most at risk.

We commend Lafarge's commitment to create jobs at the local level to increase the economic development in the most needy areas. We would also expect Lafarge to proactively promote more supplies coming from local communities, in line with rising expectations from civil society and governments.

BUILDING SUSTAINABLY

Given the fact that Lafarge's construction systems in the built environment are by definition longlasting, it is important that these enhance resilience. The ambi-

tious target to provide affordable and sustainable housing to two million people is strongly supported as a critical initiative towards community inclusion.

We further welcome the 500 certified energy efficient projects which reflect the recommendations of this panel. We acknowledge the progress Lafarge is making to shift from a company providing the market with materials to one providing sustainable construction solutions. This is a critical complex step that the panel will track with interest.

BUILDING THE CIRCULAR ECONOMY

We welcome Lafarge's commitment to the circular economy which will help conserve natural resources and optimize benefit from primary raw materials. Resource efficiency is a key issue on the path towards achieving a net positive contribution. Innovation will be necessary to find recycling and – whenever possible – upcycling solutions to close the loop.

Renewable energy has already been successfully deployed by Lafarge and should be further developed to tackle the climate change challenge. We celebrate Lafarge's achievement of a 23% reduction of CO₂ per ton of cement compared to 1990 levels and welcome the new commitment to further reduce this to 33% by 2020.

Corporate Governance

We welcome the policies and training established in recent years on anti-corruption and the lobbying charter. We observe that corporate disasters often result from the failure to identify critical points in governance systems and we are pleased to learn of Lafarge's decision to implement an operational governance committee.

Monitoring and Measuring of Sustainability Ambitions 2020

In conclusion, most of the specific measures, directions and orientation in values that the panel has been urging Lafarge to adopt in recent years are incorporated in these ambitions. That is why our report this year reads more as a series of approvals and with less critical challenge. However, these ambitions entail not only specific targets, but also shifts in corporate culture that will require an integrated evolution of ethos within the group. To move in such a direction would be inspirational and yet challenging. It will require development in policy and practice, leadership at all levels that sets a high example, and the need to guide ambition with an ethic of humility that can learn iteratively from inevitable mistakes and wrong directions along the way. All these things must be transparently monitored and measured, and the panel looks forward to working with Lafarge as it attempts to learn as it goes, and pioneer new patterns and examples of corporate behaviour for the emerging future.