
SUSTAINABILITY our ambitions for 2020



bringing materials to *life*™



Lafarge
commits
to future
generations

BRUNO LAFONT
CHAIRMAN & CHIEF EXECUTIVE OFFICER, LAFARGE

By 2020 there will be roughly 8 billion people living on our planet with over 60% inhabiting towns and cities. All of them will aspire to have decent housing and infrastructure that meets their needs with regard to schools, hospitals, transport, leisure facilities, and so on. This will stimulate a great deal of construction in the coming years. Because our current buildings are responsible for around 40% of global carbon emissions, there will also be a need for renovation.

To build the cities of tomorrow the construction industry will face huge economic, technical, social and environmental challenges. Lafarge has for many years chosen to meet these challenges by striving to make its operations more sustainable and by leading the way for the rest of the global construction materials market.

Today we have decided to go farther. It is the logical pursuit of an approach initiated 10 years ago. Our Sustainability Ambitions 2020 commit our Group to very concrete objectives and makes a strong contribution to society. We have formulated these ambitions by carefully listening to and incorporating the expectations of our employees, customers and local communities. They also result from the extensive work we have done with our stakeholder panel.

We firmly believe that a responsible company must meet the challenges of society; that it has an active role to play in the development of the communities within which it operates; and that the implementation of proactive measures in favor of sustainability creates value not only for its shareholders, but also for its teams, its customers and all its stakeholders.

Corporate responsibility is not an empty term. It is the whole meaning of our commitment to the future and of the positive contribution that we intend to make to society, to future generations and to better cities.



Lafarge and WWF have been working in partnership for over a decade. During this time Lafarge has set an example of leadership in business sustainability.

Lafarge has developed a bold new concept for their business: making a “Net Positive Contribution to People and the Planet”. WWF is looking forward to working with Lafarge to develop this concept further. Lafarge’s Sustainability Ambitions 2020 are the first step to realizing this vision over the next decade. As the world leader in construction materials, Lafarge has a responsibility to set the pace for its sector and the entire construction value chain. I strongly believe that the companies that thrive will be the ones that are helping to build robust and resilient communities, driving the circular economy and contributing to the creation of a sustainable future for all.

Because real corporate commitment to sustainable development is key to transforming markets, WWF welcomes the opportunity to collaborate with Lafarge as it embarks on these Ambitions 2020.

JIM LEAPE
DIRECTOR GENERAL,
WWF INTERNATIONAL

Our sustainability
ambitions are
organized around
three main pillars
with

**major
ambitions**



BUILDING COMMUNITIES

Health and safety

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

Diversity

Having 35% of senior management positions held by women.

Volunteer working

Contribute 1 million volunteer hours per year to locally selected projects.

Local job creation

Having 75% of our country operations implementing a plan for local job creation.

BUILDING SUSTAINABLY

Affordable and sustainable housing

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

Sustainable products and services

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

BUILDING THE CIRCULAR ECONOMY

CO₂ emissions

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

Non-fossil fuels

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

Reused and recycled materials

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

*on an equity-consolidated basis

Reach

O fatalities and virtually eliminate lost-time incidents for our employees and contractors

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 advisories 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 fatalities but also to ensure that no employees or contractors are victims of serious incidents, whether in our facilities or on the road.

ambition

Having **35%** of Senior Management positions held by **women**

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!

ambition₂

Contribute **1**million volunteer hours per year

The Group's involvement in the life of the communities in which it operates helps it build good long-term relations. Lafarge encourages its employees to invest in local projects, including during their work time. Such projects can relate to biodiversity, water conservation, health or local job creation. What matters is that they are beneficial to the community. This is why we implement them in partnership with NGOs or local organizations. We intend to put this principle into practice more and more often: by 2020, we are pledging that the time devoted to these kinds of local initiatives will represent 1 million hours of volunteer work each year, which is equivalent to 1% of the work time of all Group employees.

ambition³

Having **75%** of our country operations implementing a plan for local **job creation**

In all the countries where we are present, we contribute to the economic development of the communities in which we operate. We do not just hire people to work on our sites, we also support initiatives for the creation of sustainable local jobs. A few examples include training unskilled young people in masonry in India, training young engineers for jobs in the cement industry in the Philippines, taking part in the creation of a business park in Serbia, launching a program to aid farmers in

Ecuador or supporting start-ups of small businesses in Spain.

Today we have resolved to step up our actions throughout the world, capitalizing on the experience we have acquired.

Our commitment is that 75% of our countries will have established local job creation plans by 2020.

ambition⁴

Enable **2** million people to have access to **affordable** and sustainable housing

Several billion people lack decent housing. One billion of them live in slums. Some people see this situation as inevitable. But Lafarge is seeking innovative solutions to give everyone the opportunity of having decent housing at an affordable price. We are already doing this in Indonesia, India, Honduras and France, where we are opting for innovation and the intelligent use of local resources. To ensure that there are means to realize these ambitions, we created the “Lafarge Microfinance Housing Program”, a microcredit program dedicated to financing building and renovation works. We are also committed to providing free training in the use of economic building solutions best suited to sustainable housing. It is our ambition to enable two million people to have access to affordable and sustainable homes.

ambition⁵



Lafarge develops microcredit solutions for affordable housing

Two-thirds of the planet's population do not enjoy suitable housing conditions, that is to say including access to water and a sanitation system. For many of them, the main obstacle is first and foremost financial. In the framework of its program for sustainable housing, Lafarge has decided to create a microcredit program for affordable housing in partnership with various

stakeholders in development (government agencies and NGOs). Basing itself on the success of initiatives in Indonesia and Honduras, the Group did this by concluding several partnerships with specialized structures. The objective is to help populations with low purchasing power to finance the construction, extension or renovation of their homes. We not only facilitate

their access to microcredit, we also provide additional services, such as having an architect visit and draw up plans, supervising the building works, training masons and liaising with local authorities locales to resolve issues of land availability. To ensure transparency and efficiency, a study of the social and economic impact of projects funded by this structure will be carried out and published every five years.



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

Each year Lafarge invests around 130 million euros in research and development. Most of the ongoing R&D work today focuses on designing products with a reduced environmental footprint. Examples of this are Aether, a low-carbon cement; Aggneo, aggregates produced from recycled waste; Thermedia, an insulating concrete, and Hydromedia, a concrete which allows the drainage of storm water. These are sustainable solutions which make a positive contribution to the protection of our planet. For this reason, we are committed to developing new ranges of products and services, and it is our ambition that they will represent 3 billion euros of sales per year by 2020.

ambition⁶

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

Lafarge has been reducing the carbon footprint of its cements for over 20 years. The Group was the first player in the cement industry that pledged to reduce its emissions. Its target of a 20% reduction per ton of cement between 1990 and 2010 was met in 2009, thanks to a strategy of innovation and energy efficiency. But we have to go farther. The stakes are high, because limestone, the raw material used in the production of cement, generates CO₂ when it is heated: the cement industry alone accounts for 5% of worldwide emissions.

By 2020 we will have continued to improve our processes, reduce the share of fossil fuels and enrich our cements with CO₂-neutral industrial by-products. R&D opens up new avenues with products such as Aether, a new cement produced with less limestone and less energy which therefore reduces, up to 30% CO₂ emissions.

ambition

Use **50%** of non-fossil fuels in our cement plants by **2020***

Ten years ago Lafarge embarked upon an ambitious program of burning non-fossil fuel. The idea consists of burning used tires, solvents, oils, rice and coffee husks, etc. in our cement kilns instead of gas or coal. What makes this approach even more interesting is that not only does it save energy, but it also eliminates all this waste. For this innovation to work, our kilns need to be adapted and, most importantly, sustainable waste streams have to be established. In 2011 13% of the Group's energy consumption was provided by

non-fossil resources: the process is in motion. In stepping up this program through a subsidiary entirely devoted to industrial ecology, our ambition is to now extend the use of non-fossil fuels to cover one half of our energy needs by 2020. We are also committed to ensuring that 30% of these alternative fuels consist of biomass.

*on an equity-consolidated basis

ambition &

Have
20% of our
concrete
containing
reused or
recycled
materials

Worldwide demographic growth and the rapid urbanization of emerging countries are generating immense needs in construction. But the raw materials used to produce our building materials are neither renewable nor infinite. Lafarge has introduced innovations that will help conserve them, incorporating materials into its products that are recovered from the demolition and dismantling of buildings. These technologies must be further developed. It now remains to create the supply chains and the conditions for their economic growth. By setting this ambitious target of 20% by 2020, Lafarge is encouraging the establishment of efficient streams. In doing so, we are thus helping create the conditions of a virtuous circle for transforming these materials and conserving natural resources.

ambition

In addition to these 9 major ambitions, Lafarge is making other commitments that further contribute to the well-being of communities, to sustainable construction and to the circular economy. This proactive, responsible approach is the result of work carried out with our internal and external stakeholders. Lafarge aims to provide a positive contribution to the people and the planet.

BUILDING COMMUNITIES



HEALTH & SAFETY

Achieve excellence with respect to health and safety

We want the TFIR (total frequency injury rate) leading to professional medical interventions per million work hours to be below 1.0 for employees and contractors on Lafarge sites.

Improve transport safety

We want to reduce the number of road accidents per million km by 60% against a 2012 baseline.

Protect employee health

- We want a 50% reduction from a 2012 baseline in the number of employees required to use personal protection equipment (PPE) to protect themselves from noise and crystalline silica exposure.
- We also want a 50% reduction from a 2012 baseline in the number of employees exposed to ergonomic risks due to work practices.

EMPLOYEE DIVERSITY & SKILLS

Enhance diversity and inclusion

We want our culture to positively reflect a fair and representative approach to diversity in 75% of the countries where we operate.

Skills development

- For job families with certification programs, we want 75% of employees to have completed the program for their position.
- We want 75% of our key positions to be covered by certification programs.

Be an “employer of choice”

We want Lafarge to be recognized as an “employer of choice” in at least 20 countries. This recognition could be granted by external organizations (awards, institutions specializing in evaluating human resource policies) or by placing in the top 20% when benchmarking internal engagement survey results against the average of local surveys.





COMMUNITY DEVELOPMENT AND OUTREACH

Model for Lafarge sustainability

We want 75% of Lafarge's countries to be members of Lafarge's "CSR Excellence Club", fulfilling Lafarge's CSR objectives.

Enhance stakeholder relations

We want 100% of Lafarge's countries to implement stakeholder relationship plans.

HUMAN RIGHTS

Ensure supply chain is in accordance with the UN Global Compact principles

- We want 100% of our purchases to be made from suppliers who have agreed to respect communities and workers' human rights (UN Global Compact and OECD guidelines). For this purpose, we will 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.

- We want the working conditions of all contractor employees to be in line with Lafarge values and workers' human rights (UN Global Compact and OECD guidelines).





SUSTAINABLE CONSTRUCTION AND CITIES

Promote the implementation of sustainable construction solutions for cities

We want to become an active member in sustainable building certification organizations in 35 countries.

Reduce the environmental footprint of buildings

We want to contribute to 500 energy efficient construction projects using at least one of the Lafarge Efficient Building Systems.





NATURAL RESOURCES

Enhance biodiversity and raw materials conservation

- We want 100% of our quarries to implement rehabilitation plans in line with Lafarge standards by 2015.
- We want 100% of our quarries and cement plants to implement biodiversity management plans in line with Lafarge standards by 2020 and by 2015 for local sensitive biodiversity regions.

Enhance local watershed sustainability

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

CO₂ AND AIR EMISSIONS

Continue our program of reducing environmental footprint

- We want to reduce dust emissions per ton of clinker by 50% compared to 2010 levels. No kiln in our cement plants will exceed 50 mg/Nm³.
- We want to reduce NO_x emissions per ton of clinker by 25% compared to 2010 levels.
- We want to reduce SO₂ emissions per ton of clinker by 30% compared to 2010 levels.

Address local concerns

- We want 100% of our cement operations to have assessed the ground-level visual impact of their sites and, in conjunction with stakeholders, to develop a landscape plan.
- We want 100% of our cement operations to have a night-time noise level below 55dB the closest residence to the plant.
- We want to reduce mercury emissions per ton of clinker by 30% compared to 2010 levels.



ETHICAL GOVERNANCE

To achieve these ambitions, we need to reinforce our governance. Corporate governance is above all monitored through an Ethical 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 practices 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.



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