



Lafarge Sustainability Ambitions 2012

Why we are acting

It would be easy to run Lafarge without consideration for the broader impacts the Group has on the world around us, easy but wrong. Lafarge must be run in a sustainable way. In the context of our strategic plan "Excellence 2008" launched in June 2006, we have renewed our commitment to be ranked among the world's most effective industrial groups in terms of employee health and safety, environmental protection, social responsibility and corporate governance. This means running our business so that we can satisfy our customers as well as our employees and our shareholders tomorrow better than we do today. It means acting in a way that cares for the well-being of the environment and the communities that we operate in, as outlined in our Principles of Action.

This requires a great deal of listening to explore and make progress. This means challenging ourselves regularly as the world is evolving and therefore requires that we anticipate the changes and adapt constantly.

With our Sustainability Ambitions 2012, we choose to concentrate on major issues: the areas where we have a big impact, the main environmental and social challenges that we face, and the areas where we can make a real difference and lead the way to positively influence our industry.

Setting goals to motivate our improvement

For each one we have carefully measured where we are and set ourselves the goal of making a major improvement over the next five years. Some of these goals have been inherited from previous plans. We have retained them because we judge them to be good. In other cases we have looked at the goals we set and made them tougher. Having questioned ourselves about the impact of our business and listened to people outside Lafarge, we have set goals for the first time with regards to local stakeholders, customers, biodiversity, emissions and health.

Make a difference

Regardless of how ambitious these goals are we are committed to achieving them. We are committed because achieving our goals will make a real difference. When we have achieved our goals, we will have contributed to a better environment and society.

This is how we see the challenge of leadership

The world in which we move is evolving, and the building materials sector is undergoing a substantial transformation. We are now picking up speed so that we can take on these new challenges.

Sustainability Ambitions 2012 should advance us a little further along the road to the long-term leadership to which all our teams are committed.



BRUNO LAFONT
Chairman and
Chief Executive
Officer



bringing materials to *life*™



Farming use of lands around Bouskoura cement plant in Morocco.

Sustainability Ambitions 2012: Taking on new challenges

The Sustainability Ambitions 2012 cover the way we run our business and the impacts our business has. We choose to concentrate on major issues: the areas where we have a big impact, the main environmental and social challenges that our planet faces, and the areas where we can make a real difference and lead the way to positively influence our industry. We have a set of ambitions for the management of our business, for its social impact and its environmental impact. We have set up deadlines and quantified our targets so that everyone can follow the evolution of our performance.

Fuller details of all of our Sustainability Ambitions 2012 is given on pages 42 and 43 of our Sustainability Report 2006.

Management

Safety. We must run our business safely. Our aim is to join "best in class" industrial companies. We will improve our safety practices so nobody is injured on the job. As a first step we aim to halve the lost time injury frequency rate for employees 2005-2008. 2006 saw progress towards that goal.

Fair competition benefits the economy. By 2010 we will have tested all significant business units for compliance with our competition policy. By the end of 2006 27% of significant business units had been tested.

Local communities. We are a business with large impacts on the communities where we operate. We aim always to be a good neighbour and to contribute to the well-being and to the economic and social development of local communities surrounding our sites. This has been formalised into a new ambition. By 2009 we will establish training on local stakeholder relationship management for the whole of Lafarge to embed best practice.

Satisfied customers. Without satisfied customers our business dies. We want to be driven by full customer satisfaction and accelerate innovation to meet customers' needs and improve the sustainability of our products. So we have set new targets. By 2008, 100% of significant business units will carry out an annual customer satisfaction survey and will have implemented our best practices, OTIFIC (on time, in full, invoiced correctly). Also by 2008 we will achieve €1billion annual sales in new products, developed to meet customer needs.

Social

Women. The female population in senior management in Lafarge is too low. Therefore we have set a target of doubling the percentage of female senior managers between 2006 and 2008 to reach 15.2%. By the end of 2007 we had reached 12.2%.



INDIA
Lafarge's cement plants in India have created a mobile clinic that delivers basic services to 30,000 inhabitants of the villages nearby the sites per year.

Environmental

Employee skills. Employee skills keep us competitive. We have set ourselves the target of reporting on training at individual Business Unit level, in line with GRI G3 guidelines.

Health. A healthy workforce is an effective workforce. We are establishing a comprehensive groupwide occupational health programme. It will include as a minimum regular medical examinations. The programme will be fully in place by 2010.

HIV/AIDS and malaria are major killers in the developing world. The challenge is greatest in sub-Saharan Africa. Here we have acted already through programmes covering prevention, testing and antiretroviral therapies for workers and their families. We now commit that by 2010 Lafarge will have extended best practice from Africa to other major developing countries where we operate.

Environmental audits. To give an effective base for our environmental actions we aim to have all of our 2,000 plus sites audited environmentally within the last four years. In 2006 we achieved 84%.

Quarry rehabilitation. Together with WWF, Lafarge has developed a quarry rehabilitation methodology and defined performance indicators to measure achievement. By the end of 2006, 79% of our quarries had a rehabilitation plan. The ambition is to increase this to 85% by 2010. Owing to new acquisitions, the complexity of the process and the role of other parties in it, it is unlikely that we will ever reach 100%.

Biodiversity. Biodiversity is one of the major new global challenges for the environment. Given the number of quarries Lafarge operates around the world, its actions towards biodiversity can have an impact. Together with WWF, Lafarge has developed a biodiversity index to monitor and manage the ecological evolution of its sites and preserve biodiversity. This has spurred us to undertake a new commitment.

By 2010 all our quarries will have been screened by criteria validated by WWF International. Those with realisable potential will have developed a site biodiversity plan by 2012.

CO₂ emissions contribute to climate change. Most of our CO₂ emissions are generated by the cement process. We have committed in 2000 to cut our emissions against the Kyoto base year of 1990. We have three sub-targets. By 2010 we will cut our:

- Net CO₂ emissions per tonne of cement worldwide by 20%;
- Absolute gross emissions in industrialised countries by 10%;
- Absolute net emissions in industrialised countries by 15%.

The outturn at the end of 2006 was a reduction of 14.2%, 6.6% and 8.9% respectively against these three targets.

Emissions. Our cement plants may emit stack dust, NO_x, SO_x, persistent pollutants. To reflect our care for our neighbours we have for the first time set voluntary reduction targets.

Our Sustainability Report 2006

This year's full Sustainability Report can be found on-line at www.lafarge.com, in the publication section. For sustainability reasons, we have decided not to print it this year. It has a new structure to improve transparency and reader understanding.



(From top to bottom)

1. Lafarge cement plant at Chhatak, Bangladesh.
2. Wind farm of Tetouan cement plant in Morocco.
3. Lafarge employees in front of the Group's harbour in Banda Aceh, Indonesia.
4. The Millau Viaduct, France, whose piers were built with Lafarge high performance cement.
5. Rehabilitation of Dinmor disused quarry in the U.K.

Establishing understanding

This gives the context that we work in: the processes used to make our products, the structure of our industry and the key facts about Lafarge. It sets out our values and explains how we manage our sustainability commitments. Pursuant to the NRE law full details on social and environmental information can be found in our Sustainability report 2006.

Major Issues

This section addresses five key sustainability issues for Lafarge:

Emerging economies: emerging economies are increasingly important both within the global economy and to Lafarge. We show how Lafarge builds and operates sustainable businesses in emerging economies.

Climate change: our commitment to combating climate change and how we live this out, both directly and through working with others.

Employees: the people whose skills and commitment make our company sustainable and how we treat them.

Customers: how we differentiate ourselves through customer service, innovation and value added products and systems that will make our company sustainable into the future.

Sourcing raw materials: how we source raw materials with consideration for the environment and local communities. How we address the whole life cycle of quarries.

Completing the picture

This completes the description of how we meet the sustainability challenges that face us in our communities, the environment, with our shareholders and suppliers and through our contribution to debates on public policy. This section provides a summary of our sustainability performance and explains our reporting methodology and approach. It examines our key global partnerships with WWF, Care and Habitat for Humanity.

Assurance

We have independent stakeholder comments throughout the report, from our Stakeholder panel, individually and collectively. Our report carries assurance from Ernst and Young.

Ranking

Lafarge has been selected for the third year running, for inclusion in the 2007 Global 100 Most Sustainable Corporations in the world list. This list is compiled by Corporate Knights Inc. and Innovest Strategic Value Advisors Inc. Lafarge corporate sustainability report has been included in Sustainability's Global Reporters list of the 50 leading sustainability reports this year.

We are also rated by the DJSI STOXX, FTSE4Good, Innovest, Storebrand, Vigeo and others.

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