

GRI reporting principles for defining content

MATERIALITY

External Factors

Main sustainability interests/topics and Indicators raised by stakeholders

The *Sustainability Ambitions 2012* have been informed by stakeholder expectations. We have taken into account stakeholder comment in determining the content of our report and found the reaction of our Stakeholder Panel to the items discussed with them at our December 2008 meeting particularly helpful in this regard

The main topics and future challenges for the sector reported by peers and competitors

We review our competitor reports every year before we begin planning for our own report. This year we noted our competitors' reporting of persistent pollutants and set out to match best practice

Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to the organisation and its stakeholders

As an actor in the global economy, we comply with all the local regulations and standards, but the Kyoto protocol for CO2 and any subsequent regulatory system for CO2 emissions, will influence our industry significantly. This is covered in our *Public positions* and *Climate change* sections. Our most significant voluntary agreement is our participation in the WBCSD Cement Sustainability Initiative, see *Benchmarking our performance* section

Reasonably estimable sustainability impacts, risks, or opportunities (e.g. global warming, HIV-AIDS, poverty) identified through sound investigation by people with recognised expertise, or by expert bodies, with recognised credentials in the field

All our work on sustainability is informed by our own experience and the expertise of leaders in the various fields

Internal Factors

Key organisational values, policies and strategies, operational management systems goals and targets

We have covered these in our *Sustainability Ambitions 2012*, *Understanding Lafarge*, *Values and governance*, *Sustainability management and influencing role* and *Sustainability Ambitions 2012* sections.

The interests/expectations of stakeholders specifically invested in the success of the organisation (e.g. employees, shareholders, and suppliers)

We have taken these into account. We have covered our relations with employees in our *Big issues* sections. Our dealings with shareholders are covered in *Values and governance*. Our relations with external suppliers are covered in *Sourcing and sub-contractors*

Significant risks to the organisation

Risk is covered in our *Annual Report & Accounts* chapter 2

<p>Critical factors for enabling organisational success</p> <p>The core competencies of the organisation and the manner in which they can or could contribute to sustainable development</p>	<p>It is sometimes hard for readers to understand what the critical factors for enabling success are in any given industry. That is why we introduced the <i>Establishing Understanding</i> sections of the report and have kept them under review.</p> <p>We believe that this point is covered by our <i>Sustainability Ambitions 2012</i>. These are not just confined to their own section on pages 4 and 5 but are flagged throughout the body of the report where we show section by section how we use our core competencies and the way we run the business to contribute towards achieving sustainable development</p>
<p><u>Prioritising</u></p> <p>The report prioritises material topics and indicators</p>	<p>We have done this through our <i>Sustainability Ambitions 2012</i> process. We set out key indicators in <i>Benchmarking our performance</i> and <i>Indicators and correspondence tables</i></p>
<p>STAKEHOLDER INCLUSIVENESS</p>	
<p>The organisation can describe the stakeholders to whom it holds itself accountable</p>	<p>This is principally addressed in the <i>Identifying and working with stakeholders</i> paragraphs on page 16 and in the <i>Global Partnerships, Local stakeholders</i> section</p>
<p>The report content draws upon the outcomes of stakeholder engagement processes undertaken specifically for the report</p>	<p>We meet with the Stakeholder Panel formally twice a year. The principal objective of the winter meeting is to discuss the most material sustainability issues facing Lafarge. This also assists us in shaping the report. The spring meeting with the panel is entirely concentrated upon the text of the report</p>
<p>The stakeholder engagement processes that inform decisions about the report are consistent with the scope and boundary of the report</p>	<p>The processes are consistent. Our panel has members with expertise in the full range of topics covered by the report and we have recently strengthened the panel by the recruitment of Dr Frank Rose, whose expertise includes persistent pollutants</p>
<p>SUSTAINABILITY CONTEXT</p>	
<p>The organisation presents its understanding of sustainable development and draws on objective and available information as well as measures of sustainable development for the topics covered in the report</p> <p>The organisation presents its report with reference to broader sustainable development conditions and goals, as reflected in recognised sectoral, local, regional and/or global publications</p>	<p>We set out our understanding of sustainability in <i>What Sustainability means to us</i> and in <i>Sustainability Ambitions 2012</i></p> <p>The report strongly references the World Business Council for Sustainable Development's Cement Sustainability Initiative. The report references correspondence with French NRE law</p>

The organisation presents its performance in a manner that attempts to communicate the magnitude of its impact and contribution in appropriate geographical contexts

The report describes how sustainability topics relate to long-term organisational strategy, risks and opportunities including supply chain topics

The report particularly concentrates on Lafarge's impact in emerging economies, this year we have illustrated this by an in-depth case study of China. Emerging economies are significant both to the growth of the industry and of the company

This is addressed throughout the report but most particularly in *Understanding Lafarge, Sustainability Ambitions 2012, Sourcing and sub-contractors and Emerging economies*

COMPLETENESS

The report was developed taking into account the entire chain of entities upstream and downstream, and covers and prioritises all information that should reasonably be considered material on the basis of the principles of materiality, sustainability context and stakeholder inclusiveness

As is indicated in the section *Understanding the processes* we do cover the full range of issues from sourcing through to use and disposal. We have prioritised coverage in the light of our *Sustainability Ambitions 2012*. This year we have chosen to report more fully on our impact on communities through the *Global Partnerships, Local stakeholders* section

The report includes all entities that meet the criteria of being subject to control or significant influence of the reporting organisation unless otherwise declared

Both social and environmental aspects of our reporting cover the business units under the Group's business control throughout the world. The rules governing our reporting are set out in detail in *Reporting methodology*

The information in the report includes all significant actions or events in the reporting period, and reasonable estimates of significant future impacts of past events when those impacts are reasonably foreseeable and may become avoidable or irreversible

We believe that the report covers all significant actions or events relating to Lafarge in 2008

The report does not omit relevant information that would influence or inform stakeholder assessments or decisions, or that would reflect significant economic, environmental and social impacts

We have not omitted any information that we believe to be material. We have used the G3 guidelines to improve the quality and quantity of data that we disclose

REPORTING PRINCIPLES FOR DEFINING QUALITY

Balance

The report discloses both favourable and unfavourable results and topics

Mindful of the comment of the stakeholder panel on the *Controversy in Brittany* coverage in last year's report we have worked systematically to disclose both favourable and unfavourable results and topics

The information in a report is presented in a format that allows users to see positive and negative trends in performance on a year-on-year basis

We have wherever possible avoided giving performance outturns for a single year

The emphasis on the various topics in the report is proportionate to their relative materiality

In the *Big issues* section we have presented information relating to our most material impacts. We have reviewed the content of the *Big issues* section against our *Sustainability Ambitions 2012* and the Stakeholder panel comment on last year's report

Comparability

The report and the information contained within it can be compared on a year-on-year basis

Wherever we have trend data we share this so that the data can be compared on a year-on-year basis. For a fuller discussion of this topic see *Report Methodology*

The organisation's performance can be compared with appropriate benchmarks

In *Benchmarking our performance* we give an account of our performance compared to peer companies. We are the only firm in the sector to give this information

Any significant variations between reporting periods in the boundary, scope, length of reporting period, or information covered in the report can be identified and explained

This issue is covered fully in *Reporting methodology*, explaining how changes in perimeter are managed

Where they are available, the report utilises generally accepted protocols for compiling, measuring and presenting information, including the GRI Technical Protocols for Indicators contained in the Guidelines

The core performance data corresponds to the guidelines elaborated by the Cement Sustainability Initiative of the WBCSD. See the *Reporting methodology* and *Ernst & Young Assurance* for a fuller comment on this matter

The report uses GRI supplements, where available

No GRI supplement is relevant to Lafarge's activities

Accuracy

The report indicates the data that has been measured

Key data has been measured and assured by Ernst & Young

The data measurement techniques and bases for calculations are adequately described, and can be replicated with similar results

This issue is covered fully in *Reporting methodology*

The margin of error for quantitative data is not sufficient to substantively influence the ability of stakeholders to reach appropriate and well informed conclusions on performance

see Ernst & Young assurance statement

The report indicates which data has been estimated and the underlying assumptions and techniques used to produce the estimates, or where that information can be found

For a full explanation of this matter see *Report methodology*

The qualitative statements in the report are valid on the basis of other reported information and other available evidence

We have avoided making any unsubstantiated claims. We do not believe that such claims would be consonant with Lafarge's values or the interests of the readers of *Sustainability Report 2008*

Timeliness

Information in the report has been disclosed while it is recent relevant to the reporting period	The data in the report refers to 2008
The collection and publication of key performance information is aligned with the sustainability reporting schedule	All key data is collected to cover the year 2008 so that it can be used for reporting purposes. Some data needed for operational purposes is collected more frequently.
The information in the report (including web-based reports) clearly indicates the time period to which it relates, when it will be updated and when the last updates were made	The report makes this clear. As noted above we collect and publish this data on an annual basis
Clarity	
The report contains the level of information required by stakeholders, but avoids excessive and unnecessary detail	Since the inception of our sustainability reporting in 2001 we have maintained a dialogue with stakeholders to ensure that we meet this criterion
Stakeholders can find specific information they want without unreasonable effort through tables of content, maps links or other aids	We have set out to produce a report that is complete and material in itself
The report avoids technical terms, acronyms, jargon, or other content likely to be unfamiliar to stakeholders, and should include explanations (where necessary) in the relevant section or in a glossary	We have endeavoured to produce a report in simple language avoiding acronyms and jargon
The data and information in a report is available to stakeholders, including those with particular accessibility needs (e.g. differing abilities, language or technology)	The report is available on lafarge.com in both pdf and html versions. Lafarge.com is accessible and at the time of writing is seeking certification in line with AccessiWeb Argent and the Euracert both of which respect the W3C international standard
Reliability	
The scope and extent of external assurance is identified	This is identified by Ernst & Young in the assurance statement
The original source of the information in the report can be identified by the organisation	We can identify the source of the information included
Reliable evidence to support assumptions or complex calculations can be identified by the organisation	We can identify evidence to support our assumptions and calculations
Representation is available from the original data or information owners, attesting to its accuracy within acceptable margins of error	We possess this data