



## ESTABLISHING UNDERSTANDING

## Sustainability Ambitions 2012

TARGET	Dead-line	2006 Perf.	2007 Performance	WHY IS LAFARGE PURSUING THIS AMBITION? WHAT WILL CHANGE? HOW ARE WE PROGRESSING AGAINST THIS AMBITION?
<b>MANAGEMENT</b>				
On <b>safety</b> halve the 2005 lost time injury frequency rate (Fr : 3.09*) for Lafarge employees by 2008 to Fr : 1.55.	2008	2.57	1.66 ✓	Halve the 2005 lost time injury frequency rate for Lafarge employees by 2008, achieving a Group-wide LTI frequency rate of 1.55 and having contractors work to the same standard. Our aim is to reach as soon as possible zero fatalities and to join the "best in class" industrial companies. <b>As a result of good performance in 2007 we revised the 2008 target to 1.39.</b>
Continue to check the implementation of our <b>competition policy</b> in our business units. To support the implementation of our Competition policy, 100% of all significant business units will be tested for compliance with our Competition policy by 2010.	2010	27%	35%	In the long term, free markets and open competition always benefit the overall economy and population, and the long term viability of performing companies. We have a portfolio which has expanded in many areas, including in economies that <b>have not always operated in free markets. Through implementing our policy we will ensure that all our units are aligned and operating under the highest competitive standards.</b> 2007 saw the launch of our new Group-wide Competition Compliance Program.
Design a training package on <b>local stakeholder relationship management</b> adapted to the respective divisional organization by 2008.	2008	N/A	In progress	All over the world, local stakeholders have increasing expectations from us on the way we operate our business and the way they benefit from our presence. We have thousands of experiences of good practices. We want to leverage this capital by embedding it in our organization. We aim to interact with local stakeholders in a timely, orderly, pro-active and transparent way and contribute to their well being and to the economic and social development of the local communities surrounding our operations. In 2007 First and 42nd carried out a benchmark study comparing our program to that of peer companies. It will help us <b>design a better training package and improve our program.</b>
On <b>customers</b> , by 2008, 100% of significant business units will carry out an annual customer satisfaction survey.  By 2008, 100% of significant business units will have implemented OTIFIC in their operations.  By 2008, the Group will achieve 1 billion annual sales in new products.	2008	N/A	Cement 83% A&C 55% Gypsum 61%  Cement 70% A&C 55% Gypsum 100%  1.1 billion	Having customers satisfied today and tomorrow is absolutely necessary to achieve sustainability. This is an aspect of operations that has received insufficient attention within our industry. No longer. We have set ourselves tough targets for customer satisfaction and innovation. <b>In 2007 we made very good progress.</b> By 2008 all of our significant business units will be carrying out an annual customer satisfaction survey. Acting on what customers say and driven by a desire to achieve full customer satisfaction, we want to have completed the implementation of the OTIFIC program (on time, in full, invoiced correctly) in 100% of our significant business units by 2008. Good progress has been made on customer satisfaction and OTIFIC. We constantly innovate to meet customer need. By 2008 we aimed to achieve 1 billion annual sales from innovative products (that have been developed since 2003). <b>In 2007, we met the 1 billion annual sales in new products one year ahead of the target</b>
Double the percentage of <b>female senior managers</b> between 2003 and 2008.	2008	10%	12.2% ✓	The female population in senior management in Lafarge is far too low and therefore we have set the target of doubling the percentage of women in senior management between 2003 and 2008, with a target of 15.2%. <b>2007 saw further progress towards our goal.</b>
<b>SOCIAL</b>				
Report on <b>training</b> at business unit level using the GRI (n° 3) guidelines.	2007	In progress	Completed	We have broadly achieved this objective through our annual social survey which monitors no less than 1.8 million hours training Group-wide.
By 2010, establish a comprehensive Group-wide occupational health program including, at a minimum, regular medical examination.	2010	N/A	In progress	An effective workforce is a healthy workforce. Lafarge operates in countries ranging from those with comprehensive health provision provided by the state to those with no public health provision. Therefore our ambition is by 2010 is to establish a comprehensive Group-wide occupational health program with regular medical examination.
For HIV/AIDS and malaria, by 2010, Lafarge will have extended to major developing countries where it operates, its best practice currently implemented in Africa.	2010	In progress	In progress	Lafarge's interests are equally balanced between the developed and developing worlds. In the developing world HIV/AIDS and malaria can be major killers. The misery caused by these preventable diseases is untold. The challenge is greatest in Sub-Saharan Africa. Here we have acted already. By 2010 Lafarge will have extended its best practice from Africa to other major developing countries where it operates. This will mitigate the human burden of these diseases among our workforce and its families, where the consequences of the diseases are most serious and where state health provision is weakest. We will do this while respecting local legislation and culture.

\* The 2005 LTIFR figure of 3.09 excludes employee fatalities while our 2008 target includes employee fatalities.



TARGET	Dead-line	2006 Perf.	2007 Performance	WHY IS LAFARGE PURSUING THIS AMBITION? WHAT WILL CHANGE? HOW ARE WE PROGRESSING AGAINST THIS AMBITION?
<b>ENVIRONMENT</b>				
Have 100% of our sites audited environmentally within the last four years.	Permanent	84%	84% ✓	Have 100% of our sites audited environmentally by skilled/expert teams, within the last four years. One of our challenges is that our organization has close to 3,000 sites all over the world. We have grown by acquisition in places where environmental practices are not yet at Lafarge standards. In order to deliver these standards, we need to make sure that we regularly cover 100% of our sites. <b>We succeeded in maintaining a high rate in 2007.</b>
By 2010 reach a rate of 85% of quarries with a rehabilitation plan complying with Lafarge standards.	2010	79%	75% ✓	Lafarge puts as much effort into planning for the quarry after it ceases its active life as it does into putting a new quarry into operation. This involves engagement with local stakeholders in order to find the best output. Because of the complexity of our standards, it is unlikely that we could reach 100% at any point in time. 85% is a very challenging standard. The apparent fall in this indicator in 2007 was due to the adoption of tighter standards for rehabilitation plans.
By 2010, all our quarries will have been screened according to criteria validated by WWF International and those with realisable potential will have developed a site biodiversity program by 2012.	2010	N/A	38%	Biodiversity has been on the Lafarge agenda for some time, and even more since our partnership with WWF, which started in 2000. We are pleased that we are able to publish the result for this challenge for the first time. <b>This indicates that we made good progress in 2007.</b>
	2012	N/A	22%	
By 2010: <ul style="list-style-type: none"> <li>cut our worldwide net CO<sub>2</sub> emissions per tonne of cement by 20% as compared to 1990.</li> <li>cut our absolute gross emissions in the Cement Business in industrialized countries by 10% as compared to 1990.</li> <li>cut our absolute net emissions in the Cement Business in industrialized countries by 15% as compared to 1990.</li> </ul>	2010	-14.1%	-16.0% ✓	The increased concentration of CO <sub>2</sub> and other greenhouse gases in the atmosphere is driving climate change. It is the biggest environmental challenge of our time. Our overall ambition is to cut our net worldwide CO <sub>2</sub> emissions per tonne of cement by 20% by 2010 compared to 1990. <b>By the end of 2007 we stood at 16.0%, very good progress.</b> We believe we are on target to meet our 2010 goal. Net emissions are the gross emissions less the emissions that come from burning biomass and waste. In addition over the same period we have two further ambitions for the industrialised countries Cement Business: to cut our absolute gross emissions by 10% and our absolute net emissions by 15%. In European Annexe 1 countries (EU 27 + Russia, Ukraine and Turkey), production of cement has increased faster (+ 5.9%) than our ability to reduce the specific gross emissions / t of cement (-0.6%). In North America, production of cement has been decreasing (-2.5%) while our specific gross emissions / cement were stabilised. In the light of the realisation of the increased understanding of climate change, we recognise that new targets will be necessary for the period after 2010.
	2010	-7.0%	-4.5% ✓	
			-9.6%	
Cut our dust emissions in our cement plants by 30% over the period 2005 - 2012.	2012	-4.4%	-13.7% ✓	Our activities may generate dust. Although we are already within local regulations, our voluntary undertaking is to reduce our dust emissions by 30% by 2012 compared to 2005. This will considerably reduce nuisance for our neighbours. Achieving this aim will necessarily involve capital investment. <b>We made good progress in 2007 but some corrections were also brought to the 2005 baseline emissions which increased by 4% as a consequence.</b>
Cut our NO <sub>x</sub> emissions in our cement plants by 20% over the period 2005 - 2012.	2012	-4.0%	-8.5% ✓	Any combustion releases NO <sub>x</sub> into the atmosphere. Beyond local regulations, Lafarge is voluntarily committing to a 20% reduction of NO <sub>x</sub> generated per tonne of clinker over the period 2005-2012. This will add to Lafarge's efforts for a cleaner world. This will require capital investment and operating expenses. <b>We made good progress in 2007 and are on track to meet our target.</b>
Cut our SO <sub>2</sub> emissions in our cement plants by 20% over the period 2005 - 2012.	2012	-0.3%	-11.8% ✓	SO <sub>2</sub> results from kiln processes; the sulphur comes mainly from the local raw materials, like limestone, that are used. Consequently the levels of SO <sub>2</sub> emitted by plants can vary considerably. Beyond local regulations, Lafarge is voluntarily committing to a 20% reduction of SO <sub>2</sub> generated per tonne of clinker over the period 2005 - 2012. Significant capital investment and operating expenses are being made to mitigate the impact of these emissions. <b>We made good progress in 2007 and are on track to meet our target.</b>
By 2010 have a baseline for persistent pollutants in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions.	2010	N/A	49.3% of kilns analysed	Persistent pollutants can be found in inputs and at the kiln stack. In line with the methodology of CSI and working with WWF, Lafarge is voluntarily undertaking: <b>1</b> - To complete the measurements of the persistent pollutants for all its kilns by 2010. <b>2</b> - To develop suitable KPIs and report on progress (in 2007). <b>3</b> - To implement Best Manufacturing Practices to reduce emissions on top emitter plants in 2010 <b>4</b> - To integrate into standard management practices the lessons learnt that contribute to limit emissions of persistent pollutants. <b>We are able to report this indicator for the first time in 2007 and continue to make good progress. We are on track to meet our target.</b>

✓ Indicators verified by Ernst &amp; Young