
SUSTAINABILITY our ambitions for 2020





Lafarge commits to future generations

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By 2020 there will be roughly 8 billion people living on our planet with over 60% inhabiting towns and cities. They 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 current buildings are responsible for around 40% of global carbon emissions, there is also a need for renovation to improve energy efficiency.

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 further. This is the logical pursuit of an approach initiated 10 years ago. Our Sustainability Ambitions 2020 commit our Group to very concrete objectives and in making 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 has a long-standing commitment to sustainability. This is an integral part of our ambition to contribute towards building better cities. It is also embedded in the way we run our operations on a daily basis and central to the way in which we engage with all our stakeholders.

Our commitment is grounded in the strong belief that sustained economic growth and lasting leadership can best be achieved when there is social progress, environmental protection and respect for local communities. This is reflected in our Sustainability Ambitions 2020 presented here, a comprehensive and far-reaching program covering the three realms of sustainable development - social, economic and environmental.

This Group program translates into a range of projects at country level, as our country management teams integrate sustainable development into their business strategy. To facilitate this, we have developed the Lafarge Sustainability Compass, a unique methodology that provides countries with an objective assessment of their maturity level in a range of areas, helps them to identify the key issues for their business and their stakeholders and then develop local action plans that combine business development with ambitious targets for sustainability.

Our ultimate aim as a Group is to make a net positive contribution to society and nature, minimizing our environmental footprint while maximizing the value created for all our stakeholders.

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

Ensure 35% of senior management positions are held by women.

Volunteer working

Contribute 1 million volunteer hours annually to locally selected projects.

Local job creation

Ensure 75% of our country operations implement a plan for local job creation and education.

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

Achieve a 33% reduction in 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* (30% of which should be biomass).

Reused and recycled materials

Ensure 20% of our concrete contains reused or recycled materials.

*on an equity-consolidated basis

Reach

Ofatalities

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

Ensuring the health and safety of our employees and contractors is our number one priority. This is the guiding principle for all Group employees, starting at the highest levels of responsibility. For many years we have strived to make our industrial operations safer, to establish advisories and standards that are clear for everyone and to increase safety awareness of both our employees and our contractors. It is our belief that it is unacceptable to risk one's life whilst working. There is no limit to our ambition in this area. This is why we have introduced new processes for

assessing risks, country by country and site by site, and why we are pursuing our efforts to embed health and safety ever more fully into our business. The scope of our responsibility extends far beyond our employees and our sites. By 2020, we want to not only avoid fatalities but also to ensure that no employees or contractors are victims of serious incidents, whether at our facilities or on the road.

ambition

Ensure **35%** of Senior Management positions are held by **women**

Diversity speeds up change and is a source of performance, creativity and innovation. This is why we encourage 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 and give them the opportunity to change jobs, countries or functions throughout their careers. In what has traditionally been a predominantly male sector, we are aiming to double the number of female managers by 2020.

Contribute **1**million volunteer hours annually

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 and promote Lafarge's core values of human dignity, ecology, and social development. 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

Ensure **75%** of our country operations implement a plan for local **job creation**

We contribute actively to the economic development of the communities in which we operate. This goes beyond direct and indirect employment: we also support initiatives for the creation of sustainable local jobs. Examples include training young people in masonry skills in Algeria, setting up free training courses in solar panel installation and mobile servicing in Bangladesh, or launching a new business park in partnership with the local authorities in Serbia. 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 and education plans by 2020.

ambition⁴

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

Several billion people lack decent housing across the globe. One billion of them live in slums. Some people see this situation as inevitable. But we are developing innovative solutions to help provide decent housing at an affordable price. We have developed a unique portfolio of affordable housing projects across a range of geographies, including Northern and Sub-Saharan Africa, Asia and Eastern Europe. Through our Microfinance Program for Affordable Housing, we are helping to provide people with access to loans to allow them to acquire, renovate or extend their homes. We are also committed to providing free training in the use of cost-effective 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

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

Each year we invest around €120 million in research and development. Most of our ongoing R&D work today focuses on designing products and solutions with a reduced environmental footprint. Examples of these are Aether® lower-carbon cement; our Aggneo™ brand of high-quality recycled aggregates; Thermedia® structural insulating concrete, and Hydromedia™, our new-generation pervious concrete for more effective storm water drainage. These are sustainable solutions which make a positive environmental contribution. We are committed to developing new ranges of sustainable products and services, that we want to represent €3 billion of sales per year by 2020.

ambition₆

Achieve a **33%** reduction in our CO₂ emissions per ton of **cement**

In 2001 we were the first cement group to make a public, voluntary commitment to reduce our CO₂ emissions. In 2009, we met our initial target of a 20% reduction per ton of cement (from a 1990 baseline) thanks to a strategy of innovation and energy efficiency. But we have to go further. The stakes are high because limestone, the raw material used in cement production, 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 industrial processes, reduce our consumption 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-generation cement produced with less limestone and less energy, allowing a 25-30% reduction in CO₂ emissions compared to conventional cement.

ambition

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

Thirty years ago we embarked upon an ambitious program of using non-fossil fuels in our cement kilns. The idea consists of replacing gas and coal with alternative fuels processed from materials such as used tires, solvents, oils, rice and coffee husks and municipal waste. What makes this approach even more interesting is that not only does it save energy, but it also eliminates this waste. For this process to work, our kilns need to be adapted and, most importantly, sustainable local waste streams have to be established.

The process is in motion: in 2013 17.2% of the Group's energy was provided by non-fossil resources, 39% of which was biomass. In stepping up this program through a dedicated industrial ecology organization, our ambition is to 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

Ensure 20% of our concrete contains reused or recycled materials

Worldwide demographic growth and rapid urbanization in emerging markets are generating immense construction needs. But the raw materials used to produce our building materials are neither renewable nor infinite. We have introduced innovations to help conserve these, incorporating materials into our products that have been recovered from the demolition and dismantling of buildings. These technologies must be further developed, as must the relevant supply chains and the conditions for their economic growth. By setting this ambitious target of 20% by 2020, we seek to encourage the establishment of efficient recycling streams. In so doing, we will help create a virtuous circle for transforming these materials and preserving natural resources.

ambition⁹

In addition to these 9 major ambitions, Lafarge is making other commitments that further contribute to the development of communities, to sustainable construction and to the circular economy. This proactive, responsible approach is the result of work carried out with internal and external stakeholders. Our aim is to provide a net positive contribution to society and nature.

ADDITIONAL COMMITMENTS FOR BUILDING COMMUNITIES



HEALTH & SAFETY

Achieve excellence in health and safety

We want to achieve a Total Injury Frequency Rate (total number of incidents requiring medical intervention per 1 million work hours) of below 1 for our employees and contractors on site.

Improve transport safety

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

Protect employee health

From a 2012 baseline, we want to achieve:

- a 50% reduction in the number of employees required to use personal protective equipment to protect themselves from noise and crystalline silica exposure;
- a 50% reduction 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

- We want 75% of our key positions to be covered by certification programs.
- We want 75% of employees to complete a defined certification program where one is available.

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 could be achieved by ranking in the top 20% in internal benchmarking surveys.



ADDITIONAL COMMITMENTS FOR BUILDING COMMUNITIES



COMMUNITY DEVELOPMENT AND OUTREACH

Model for Lafarge sustainability

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

Enhance stakeholder engagement


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

Measure local socio-economic impact

We want 75% of our countries to measure their socio-economic impact, using our in-house assessment tool.

SUSTAINABLE SUPPLY CHAIN

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

- We want 100% of our purchases to be made from suppliers who 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 suppliers 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).
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ADDITIONAL COMMITMENTS FOR BUILDING SUSTAINABLY



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.



ADDITIONAL COMMITMENTS FOR BUILDING THE CIRCULAR ECONOMY



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 regions with local biodiversity sensitivity.

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 OTHER EMISSIONS

Continue our program of reducing our environmental footprint

- We want to achieve the following reductions per ton of clinker, from a 2010 baseline:
- a 25% reduction in our NO_x emissions;
 - a 30% reduction in our SO₂ emissions;
 - a 50% reduction in dust emissions. Kiln main stack dust emissions shall not exceed 50 mg/Nm³.

Address local concerns

- We want 100% of our cement operations to assess 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 at the closest residence to the plant of below 55dB.
- 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 will be monitored through an Ethics Committee, whose task is to ensure that our Code of Business Conduct is applied throughout the world. This lies at the heart of our approach to sustainability and is grounded in our values of courage, integrity, respect and transparency.



Lafarge's 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 (starting annually in 2014).
- Conduct a series of annual internal control audits.



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