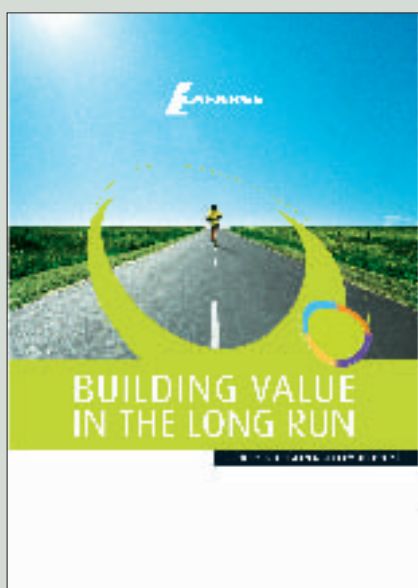




OUR SECOND SUSTAINABILITY REPORT



OUR SUSTAINABILITY APPROACH IS BASED ON THE FOUR MAIN PILLARS OF:

- > Openness, dialogue and partnership development.
- > Economic value creation.
- > Social improvement.
- > Environment protection.

This report covers our economic, social and environmental performance over the 2002 period and has been designed for all of our stakeholders: employees, shareholders, customers, local communities, end users, suppliers, public authorities, trade unions, NGOs, the media, other companies, etc... While our first report of 2001 was more dedicated to the exploration of the issues and challenges of sustainability, we focused in this second report on the follow-up of our objectives with more performance indicators and the participation of international federations of trade unions.

Our report has three key objectives:

- To enhance dialogue with stakeholders
- To report on our triple bottom line performance
- To reflect our values and principles of action

Sustainable development within Lafarge is at the heart of our recent 2003 "Leader for Tomorrow" company project, while aiming at generating value for our customers, our employees and shareholders and contributing to building a better world for our communities.

1 OUR APPROACH TO SUSTAINABILITY

We believe that dialogue and stakeholders engagement are key success factors for creating value in the long run. We therefore proceeded during 2002 to significantly increase consultation and exchanges of views:

- dialogues with international federations of trade unions on social standards and local development were initiated;
- local dialogues with communities surrounding our plants were developed; in the Cement Division, this became an integral part of the performance program Advance.

LAFARGE AND THE WWF

Within the framework of WWF's "Conservation Partner" Program, Lafarge and WWF are implementing a world-wide partnership aimed at improving Lafarge's environmental performance, strengthening policies and practices, developing WWF's Forest Landscape Restoration project and raising awareness of the importance of sustainability and biodiversity conservation. In line with Lafarge's CO₂ emissions reduction commitment of 2001, WWF welcomed Lafarge into its Climate Savers program.

THE WBCSD SUSTAINABLE CEMENT INDUSTRY PROJECT'S AGENDA

The 10 members have an Agenda for Action for the next five years. It includes six key areas of progress: climate protection, fuels and raw materials consumption, employee health and safety, emissions reduction, local impacts and internal business processes.

www.wbcdcement.org

GLOBAL CORPORATE CITIZENSHIP: THE LEADERSHIP CHALLENGE FOR CEOs AND BOARDS

The statement covers the following aspects: "provide leadership, define what it means for your company, make it happen and be transparent about it".

www.weforum.org

GLOBAL BUSINESS COALITION ON HIV/AIDS

The coalition is an alliance of International companies, dedicated to the fight against HIV/ AIDS.

www.businessfightsaids.org

THE UNITED NATIONS' GLOBAL COMPACT

It is designed to engage multinational companies. It includes nine principles which cover areas of human rights, labor standards and the environment.

www.unglobalcompact.org

Fatality ratio: number of fatalities for 10,000 employees.

Frequency rate: number of accidents leading to loss of time, by millions of hours worked.

Severity rate: number of calendar days lost as a result of accidents, by thousand hours worked, excluding contracting parties.

To compare: Lafarge employees fatalities in 2001: 15 people. While Lafarge employees fatality ratio averaged 2.62 in 2001 it dropped to 1.28 in 2002 (The results do not include the Roofing Division as they did not have available data).

We are also developing our partnerships with NGOs in order to improve our environmental and social performance. Joint work with NGOs helps us to better understand local communities expectations and to put forward appropriate answers. At Group level, we are working closely with three large NGOs addressing respectively each of the three pillars of the sustainable development:

- In depth collaboration with WWF on environmental issues in the framework of the Lafarge / WWF Conservation Partnership of 2000.
- Common work with CARE to tackle health and social issues in emerging countries. CARE is a member of our Africa Health committee and helps us to address the sensitive issue of HIV/AIDS.
- With Habitat for Humanity, we are now in the process of extending our existing regional partnership to a global agreement to build 300 houses in 25 countries.

In the same spirit, many partnerships are concluded at local level by business units.

Finally, Lafarge contributed very actively to the development and publication of the World Business Council for Sustainable Development (WBCSD) cement sustainability "Action Plan", which is the outcome of a long process started in 2000 involving extensive consultations of cement industry stakeholders all around the world.

2 OUR ACHIEVEMENTS IN 2002

Lafarge's efforts towards sustainability have been recognized: we are now present in all the main sustainability stock indexes: DJSI, DJSI Europe, FTSE4GOOD, ETHIBEL. In particular, Lafarge integrated the FTSE4Good Europe and World indexes in early 2003. This acknowledges the progress made in implementing environmental management systems.

Lafarge committed publicly towards various sustainability initiatives:

- Agenda for action of the WBCSD Cement Initiative
- Global Corporate Citizenship
- Global Business Coalition on HIV/AIDS
- United Nations Global Compact early 2003.

3 OUR SOCIAL PERFORMANCE IN 2002

A new health and safety policy and safety performance assessment

We clarified roles and responsibilities, defined common indicators for the Group and launched a Health and Safety Management system to be enforced in 100% of the business units by end 2005. The Group Audit department is involved in controlling policy implementation.

2002	FATALITIES			FATALITY RATIO	FREQUENCY RATE Lafarge employees	LOST TIME ACCIDENTS Contractors	SEVERITY RATE Lafarge employees
	Lafarge employees	Contractors	Third parties				
Cement	6	15	6	1.28	4.85	215	0.19
Aggregates and Concrete	3	10	7	1.12	7.85	Not available	0.34
Gypsum	1	1	-	1.57	6.66	2	0.33
Roofing	-	-	-	-	20.18	3	0.41

Moreover, we have implemented country risk programs for managers and will be issuing guidelines in 2003 to avoid bribery and corruption practices in all parts of the world where we operate.

Diversity, training, employee share-ownership in 2002

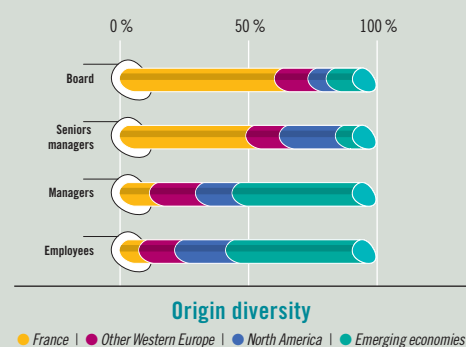
After safety, which remains our main priority, Lafarge is dedicated to improve its performance on three other important social topics: diversity, training, employee share-ownership, and we will report yearly on results obtained.

DIVERSITY	Gender diversity	
	Women in top management	2.5 %
	Women in senior management	5 %
	Women in managers and employees	15 %
	Local managers / expatriates	
	Number of expatriates	551
	Part of French expatriates	22 %
	Number of expatriates origin countries	37
TRAINING		
	Managers having attended a training session	1/6
	Top managers having attended a training session	65 %
EMPLOYEE OWNERSHIP		
	Participation rate	54.2 %
	Number of employee shareholders	38 000
	Capital held by employees	1.7 %

4 OUR ENVIRONMENTAL PERFORMANCE IN 2002

Significant progress has been achieved in reporting on our environmental performance. We are on track towards the achievement of most of our objectives set out in 2001 including our commitment to reduce CO₂ emissions. The Gypsum Division has achieved its target for waste reduction and recycling two years ahead of schedule. For the first time, we are publishing the distribution of air emissions of our cement plants worldwide and show how they have evolved between 2001 and 2002. Data presented covers emissions of dust, SO₂ and NO_x. Not all our plants are covered yet, but we report on 75% of our cement plants for dust and 60% for SO₂ and NO_x. This was requested by many of our stakeholders as a move towards greater transparency on our impacts. Also for the first time, we are presenting environmental and social aspects linked to the transport of our products with, in particular, the evaluation of relevant CO₂ emissions.

	2002 PERFORMANCE	OBJECTIVE
Number of audited sites within the last four years	89 %	100 %
Number of quarries with a rehabilitation plan	87 %	80 %
Global direct (gross) CO ₂ emissions (cement only)	80.2 Mt	
Reduction of our emissions par ton of cement from 1990	-10.7 %	- 20 %
Group water consumption	116 Mm ³	
Use of recycled material as raw material		
Cement Division	10.5 %	49 %
Gypsum Division	10 %	45 %
Waste production going to disposal		
Cement Division	1.4 %	1 %
Gypsum Division	1 %	1.5 %



TACKLING HEALTH ISSUES IN AFRICA

With about 7,500 employees, representing approximately 10% of the Group's staff, Lafarge is present in 12 African countries with high prevalence rates (up to 33.7% in Zimbabwe).

40 million people are living with the HIV/AIDS virus in the world, 70% of which live in Sub-Saharan Africa. 3 million people died of AIDS in 2001. Faced with this serious public health issue and the lack of public health structures in many countries where Lafarge operates, the Group, as an entity of significant size and influence, has a responsibility to take a position on health issues. As announced last year, we developed specific actions in 2002 to improve health management in Africa, including the specific problem of HIV/AIDS.



5 OUR SUSTAINABILITY OBJECTIVES

GROUP OBJECTIVES	Date	Actual state	See Sustainability report page
OUR APPROACH TO SUSTAINABLE DEVELOPMENT			
■ Create a Sustainability Committee to oversee sustainability issues	2002	●	10
■ Designate one person, reporting directly to the CEO, responsible for coordinating sustainability issues	2002	●	10
Reinforce and systematize stakeholder consultations and dialogues at the local, national and international levels	2002	►	8
Bring together, at least once a year, Lafarge senior executives and WWF or other sustainability specialists to exchange views on sustainability issues	2002	►	8
ECONOMY			
■ Extend EVA to two thousand managers	2002	2200	21
SOCIETY			
Review Health and Safety policy and management systems		●	26
Review the other Group's social policies and develop guidelines	2005	►	31
▲ Develop our actions to improve health management including the specific problem of HIV/AIDS in hard hit and deprived local communities	2002	●	52
▲ Define action plan in 100% of African countries	2003	-	52
▲ Implement Health and Safety management in all Business Units	2005	30%	27
■ Implement an intranet job market, accessible to all	2002	●	29
To repeat share-ownership programs at regular intervals:			
• LEA 2002	2002	●	30
• ▲ LEA program 2004-objective of reaching 3% employee ownership in Lafarge in the mid-term	2004	1.9%	30
Develop Group guidelines regarding disabled people	2003	►	30
▲ Double the internal training rate from 1/6 to 3/6 at corporate and Division levels Develop quantitative reporting tools in line with GRI guidelines to be set up among the Business Units	2005	►	28
▲ Define a corporate approach against bribery and corruption practices	2004	-	34
ENVIRONMENT			
Have 100% of our sites audited within the last four years	2004	91%	42
Implement a Lafarge-approved rehabilitation plan by 2004 at 80% of our quarries	2004	►	37
Achieve a maximum level of stack dust emissions of 50mg/Nm ³ at all our cement plants Report on performance in our next report	2010	► 27.4%	42
Improve data collection on water usage	2002	●	43
Reduce Lafarge's global CO ₂ emissions by 20% per ton of cement over the period 1990-2010, including a 15% reduction in total CO ₂ tons emitted for industrialized countries*	2010	-10.8% -11.2%	38
Extend the measure of energy consumption to all Divisions where it is significant and track improvement into the future	2003	►	39
Use recycled materials at a level of:			
10% for the Cement Division	2005	10.5%	37
45% for the Gypsum Division	2005	49%	37
Extend the indicator as appropriate to the other Divisions over time	2005	►	37
Reduce production waste going to disposal to:			
1% for the Cement Division	2005	1.4%	43
1.5% for the Gypsum Division	2005	1%	43
Set target for the Roofing Division			

● Achieved | ► Significant progress | ■ Objectives which will not be reconducted | ▲ New objectives

* Lafarge calculation model for CO₂ emissions is different from the WWF calculation model. From WWF's perspective, this later target is reduced to 10% because the CO₂ emissions from waste fuels are not considered as carbon neutral.



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