

Supplier Safety and Sustainable Development



 **LAFARGE**
bringing materials to *life*™

About this brochure: This brochure sets out what our own commitments and practices are in working safely and sustainably. The targets we have set for ourselves in this area are based on our Lafarge Way and Principles of Action, which drive us as a responsible company.

How can you help?

We explain how you can help in *Working together to achieve a sustainable supply chain* on pages 14-15.

BRUNO LAFONT



PHOTO CAPTIONS

Left: Bruno Lafont, Chairman and CEO of Lafarge

Right top: Former Lafarge quarry rehabilitated to provide flood control basins on the Oise River, France

Right bottom: Safety Month activity for employee's children – forming a “zero” to demonstrate our accident goal, La Reunion, France

Our commitment to safety and to sustainability

Lafarge's products are essential to the creation of human civilization: building infrastructure and housing for people. People being at the center of our offer, it is then natural that safety is our number one priority. In 2006, the Lafarge Group has restated clearly its ambition regarding safety:

Although we are already a leader in safety in our sector, we want to be ranked among the best industrial groups.

Making, transporting, and using our products has a significant social, economic, and environmental footprint. We are committed to work today in a manner that does not compromise the needs of future generations and to continuously reduce the size of our environmental footprint. To move in this direction, the Lafarge Group has defined what we call our “*Sustainability Ambitions 2012*”, a set of ambitions shared by all Lafarge employees, our business partners, our suppliers and subcontractors.

Our commitment to suppliers

We have always sought to have good, collaborative relations with our suppliers.

We believe that this is best for our customers, best for our suppliers and best for us.

Lafarge cannot be truly safe unless we have suppliers that embrace and share our vision on safety. If our products are to be produced safely, then we must have good safety practices in our own operations.

We recognize that many of our suppliers already have good safety and sustainability practices. Equally, we recognize that in some areas, performance can and should be improved.

By elaborating on our safety and sustainability ambitions, and our expectations of our suppliers, we are seeking to move forward with our supply chain towards more thorough levels of safety and better sustainability practices.



For Lafarge, the safety of our employees, suppliers and subcontractors is our **number one priority**. Already one of the safest companies in our sector, we have nonetheless set ourselves the objective of becoming one of the world's leading industrial groups in this domain.



Lafarge's commitment to health and safety

Much has been achieved. A great deal remains to be done.

To achieve this goal, in 2006 the Lafarge Group drew up an ambitious roadmap, covering all aspects of performance in terms of health and safety that included the following actions.

- > **Creation of a dedicated organization, reporting to top management:** The Health and Safety Competency Center (HSCC) was set up, reporting directly to the Chairman and CEO Bruno Lafont. It supervises and coordinates the activities of health and safety throughout the Group's business units.
- > **Development of Group standards, deployed worldwide:** in 2006, a new safety policy and 11 safety rules were launched and signed by the 90,000 employees.
- > **Leadership and empowerment of managers:** Safety has become a key career management criterion within the Group. The health and safety roadmap's results and state of progress are now part of the annual performance and bonus criteria applicable to all operational managers.
- > **Stronger efforts to raise awareness among employees:** Training programs have been set up at each site, for both employees and subcontractors.
- > **Developing the sharing of best practice among business units:** to create internal momentum and encourage business units to adopt best practices, Lafarge has set up a "Safety Excellence Club" to reward performance at the best business units, which have achieved a high level of performance.

PHOTO CAPTION

Below: Quarry employees discussing safe vehicle routing, Radkowice, Poland



Employee and contractor safety is the number one priority of the Group, and our ambition to become one of the world leaders in this domain is fully embedded into the **Excellence 2010** strategic plan as well as in **Sustainability Ambition 2012**.

HEALTH & SAFETY POLICY



Lafarge is committed to providing a safe and healthy work environment for its stakeholders and to conducting its various businesses in a safe manner. Health & Safety are core values that must be incorporated into all aspects of our business.

We integrate health and safety objectives into our management systems at all levels of the Group. Management is accountable for the prevention of injuries and occupational illnesses.

Everyone working for Lafarge expects a safe and healthy work environment, and in turn, we expect everyone to contribute to that safe environment through responsible behavior.

Everyone is also expected to demonstrate that Health & Safety are core values through visible commitment and active engagement of each other.

When it comes to safety, I believe the only acceptable number is zero - zero accidents, incidents or occupational illnesses. Reaching this goal is critical for us to reach excellence.

Bruno Lafont
Chief Executive Officer



In the *Sustainability Ambitions 2012* program, Lafarge announced our ambition to **halve our lost-time injury rate in 2008** compared to 2005 and achieve a 1.55 rate.

Our progress towards our safety ambitions

Ultimately, Lafarge wants to reach the target of zero fatal accidents.

Managing the top 4 most high risk situations

The 4 highest risk situations in the Group's professional activities have been identified:

- > Working at height (WAH)
- > Energy isolation
- > Confined space entry
- > Use of mobile equipment

Specific Operational Standards and Advisories have been or are being defined and have been or are deployed in all units worldwide.

Setting Group Standards

Standards are mandatory and apply to all Lafarge businesses and joint ventures when Lafarge is either the majority shareholder or the managing partner. Standards apply to all employees, contractors, transporters, vendors and visitors.

Lafarge businesses respect all local laws and regulations that are more stringent than the requirements specified in the Standard.

The Operational Standards

- > *Personal Protection Equipment (PPE)*, published
- > *Working at Heights (WAH)*, published
- > *Energy Isolation (EI)*, to be published
- > *Confined Space Entry (CSE)*, to be published

Governance Standards

- > *Contractor Safety Management (CSM)*, published. The *CSM* establishes a common and systematic approach for the effective management of contractor and subcontractor health and safety (H&S).
- > *Reporting and Investigation (RI)*, published
- > *Health & Safety Management System (HSMS)*, to be published

LAFARGE'S LOST-TIME INJURY FREQUENCY RATE

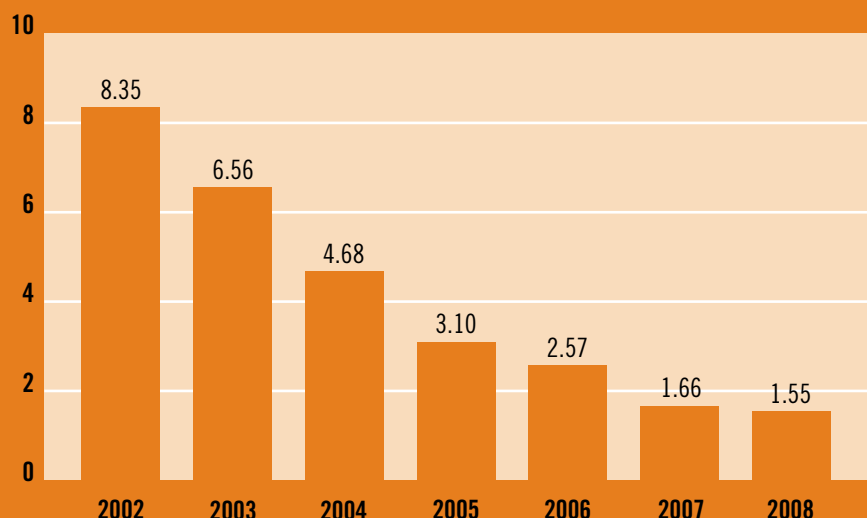




PHOTO CAPTIONS

Top to bottom: Gypsum plant, Palatka, Florida, United States, employee wearing energy isolation locks

Stouffville sand & gravel operation, Eastern Canada, Southern Ontario area, employees working safely at height

Signing of the Group Safety Chart with Bruno Lafont, Chairman and CEO of Lafarge, Sonadih cement plant, India

Issuing Group Advisories

H&S advisories are an internal Lafarge group communication that are reviewed by all sites. It is recommended that each site perform a self assessment to evaluate existing site practices compared to the H&S advisory and local regulations. Corrective actions are implemented as appropriate.

Lafarge businesses are expected to comply with all local laws and regulations that may be more stringent than the information presented in the H&S advisory.

The Advisories are

ALREADY PUBLISHED:

- > *Working Safely Around Stockpiles and Surge Piles*
- > *Confined Space Safety*
- > *The Use of Mobile and Lifting Equipment for Working at Height*
- > *Mobile Equipment: Implementing Basic Safety Requirements*
- > *Conveyor Safety (CSA)*

SOON TO BE PUBLISHED:

- > *Electrical Arc Flash (EAF)*
- > *LoToTo (Lock Out, Tag Out, Try Out) procedure*

Health: the Industrial Hygiene (IH) Program

Overview

Lafarge is committed to providing a safe and healthy work environment for employees, contractors and visitors. This commitment is demonstrated through the implementation of formal health and safety policies and programs including the establishment of a comprehensive Industrial Hygiene Program.

Scope

The IH Program applies to all Lafarge product lines. The IH Program strengthens and builds upon existing Lafarge safety and health programs relating to the management of occupational health hazards.

Objective

The primary objectives of the IH program include:

- > Disease prevention – Implementing a comprehensive program that minimizes the risk of adverse health effects attributable to exposures to chemical, biological and physical agents in the workplace.
- > Industry leadership – Building on existing occupational health and safety programs to achieve industry leadership in occupational health and to achieve our sustainability objectives.
- > Risk Management – Managing risk and reducing losses by:
 - Protecting employees, contractors and visitors.
 - Ensuring compliance with applicable laws and regulations.
 - Reducing litigation and workers compensation claims.
 - Program efficiency – Reducing overlapping programs and inconsistencies by implementing a common program for managing occupational health risks.

HEALTH & SAFETY



The objectives will be accomplished by implementing a systematic approach designed to anticipate, recognize, evaluate and control occupational health hazards that may be present within Lafarge operations.

The elements contained in the IH Program reflect current industry-wide practices, consensus standards, and regulatory standards that have been developed to control exposures and prevent occupational illness.



What we expect in terms of health and safety performance from our suppliers and subcontractors

We look to our suppliers and subcontractors to:

- > Share our vision and values.
- > Agree to the Safety and Industrial Hygiene clauses in our contracts.
- > Respect at minimum all local laws and regulations.
- > Dedicate enough time and resources to train your employees on safety.
- > Ensure that each of your employees involved in work at Lafarge operations knows, understands and respects our safety standard operating procedures and rules when working within, with, and for Lafarge Group.
- > Be honest in the self-assessment of health and safety practices as well as in all information communicated to Lafarge.
- > Communicate the safety training you bring to Lafarge through your services to ensure we all benefit.



PHOTO CAPTIONS

Top to bottom: Safety briefing with contractors at Rawang cement plant, Malaysia

Safety audit review

Safety personnel discussing safety with contractors at the Chilanga plant, Zambia



How Lafarge works in partnership on this issue?

First, we are communicating and explaining to your our ambition. That is the purpose of this brochure.

Second, we consider the area of safety as one of the first elements of performance from our suppliers. Our thoughts on you as a supplier and business partner are formed by your performance in the expectations as set forth above.

Third, we will engage with the most important suppliers in defining together a safety improvement plan. We strongly believe that by working closely together on the subject we can not only improve the safety and health performance of Lafarge Group and our business partners, but also strengthen our overall performance.

PHOTO CAPTION

Left: Lafarge employees wearing safety equipment, Caudon Works, United Kingdom

To ensure that we respond effectively we set ourselves clear targets. This is fully explained in our *Sustainability Ambitions 2012*. We set out the ambitions themselves and our performance against in the table on pages 12-13.

PHOTO CAPTION

United Kingdom, Cauldon Works, employee supervising plantings in the rehabilitated quarry



Lafarge's sustainability commitments

We know that our business has a big environmental impact. We act to mitigate that impact. Yet sustainability is not about the environment alone. We must be socially and economically sustainable too.

Our approach to sustainability

Lafarge is serious about sustainability.

Being a sustainable company is a significant challenge. Our planet faces many sustainability challenges; some are more applicable to Lafarge than others. To ensure that we respond effectively we set ourselves clear targets. This is fully explained in our *Sustainability Ambitions 2012*. We set out the ambitions themselves and our performance against in the table on pages 12-13.

We are keen supporters of common action within our industry to achieve sustainability goals. We also recognize that working alone we cannot secure the changes that we desire, so we have joined several organizations that share our vision. For example, in 2000, Lafarge entered into a worldwide conservation partnership with World Wildlife

Fund International. Lafarge also has global partnerships with Habitat for Humanity International, CARE, and the WBCSD Cement Sustainability Initiative.

We also set out within our sustainability to learn from the successes and good practice of others. A good example here is the question of sustainable construction where we are working with other companies, other industries, academia, governments and non-governmental organizations.

Stakeholder input is vital to delivering sustainability effectively. This stretches from our group-wide stakeholder panel who meet with our Board twice per year through to the neighbors of our cement plants, aggregate quarries and wallboard plants.

Our suppliers are a vital stakeholder group, which is why we are undertaking this initiative.

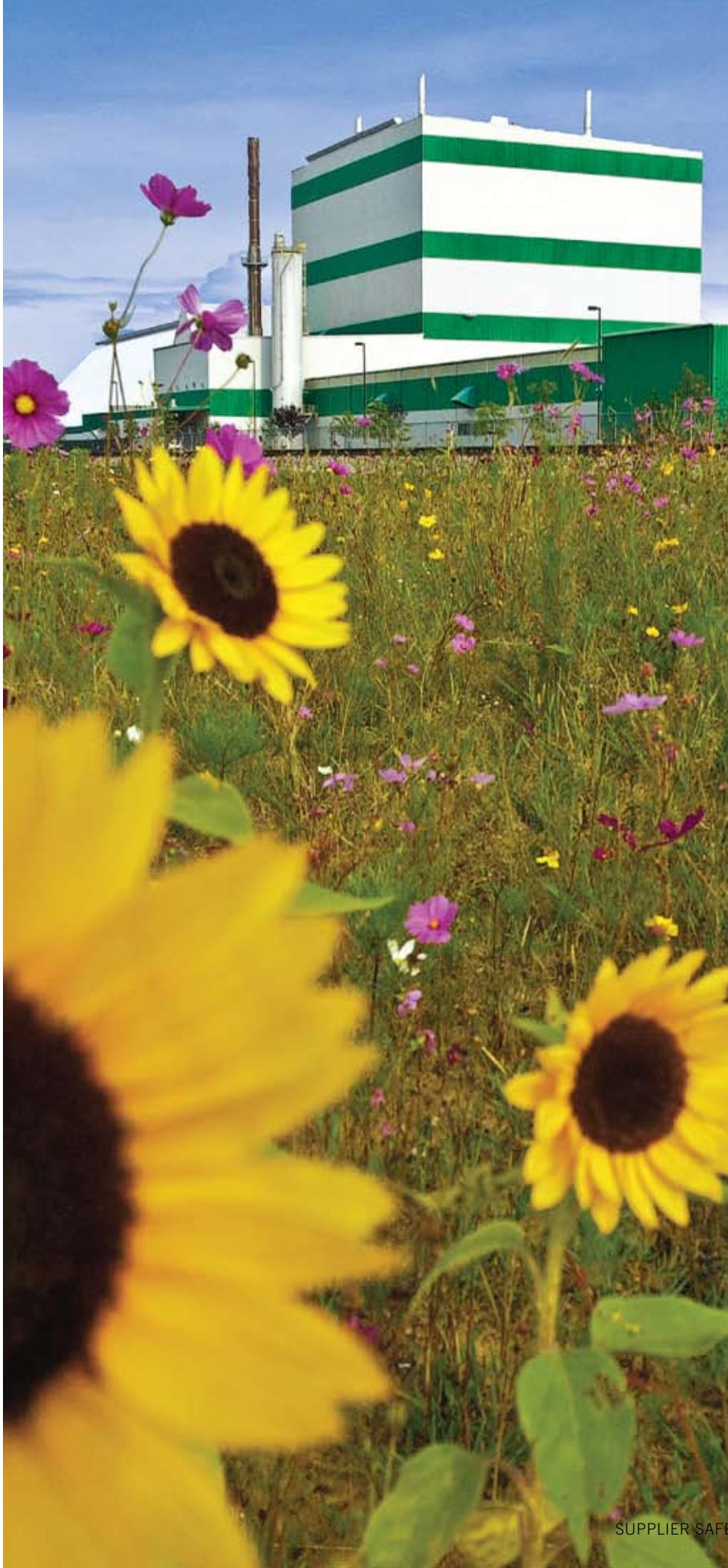


PHOTO CAPTION

Gypsum plant, Silver Grove, Kentucky, United States, uses 99% synthetic gypsum, a by-product of the desulfurization process coal-fired power plants use to reduce air pollution

Sustainability Ambitions 2012: **Our manifesto for action**

We have thought through where we need to make a difference if we are to be a sustainable business. Our *Sustainability Ambitions 2012* is our program for improvement in the medium term. We have selected the goals carefully from among the factors that are fully within our control. In each case we have measured where we are, and set future targets that, when achieved, will deliver major improvements. We are progressing well against these goals.

For more information see our *Sustainability Report 2007* on www.lafarge.com.

UN Global Compact: **A public, external commitment**

Besides having its own *Sustainability Ambitions 2012*, Lafarge is a signatory of the United Nations Global Compact (UNGC).

The Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor rights, the environment, and anti-corruption.

The *Sustainability Ambitions 2012* have been crafted to match the particular circumstances of Lafarge's own business and operations. The Global Compact principles can be applied to any organization. That is why we have chosen to make observance of the Global Compact a key expectation our relationship with suppliers.

Lafarge's Sustainability Ambitions 2012

TARGET	DEADLINE	2007 PERFORMANCE	WHY LAFARGE IS PURSUING THE AMBITION
On safety halve the 2005 lost time injury frequency rate (Fr: 3.09*) for Lafarge employees by 2008 to Fr: 1.55.	2008	1.66	Our aim is to reach as soon as possible zero fatalities and to join the “best in class” industrial companies.
Continue to check the implementation of our competition policy 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	35%	Through implementing our policy, we will ensure that all our units are aligned and operating under the highest competitive standards. 2007 saw the launch of our new Group-wide Competition Compliance Program.
Design a training package on local stakeholder relationship management adapted to the respective divisional organization by 2008.	2008	In progress	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.
On customers, by 2008, 100% of significant business units will carry out an annual customer satisfaction survey.	2008	Range 83%-55%	Having customers satisfied today and tomorrow is absolutely necessary to achieve sustainability. We have set ourselves tough targets for customer satisfaction and innovation.
By 2008, 100% of significant business units will have implemented OTIFIC in their operations.		Range 100%-55%	
By 2008, the Group will achieve €1 billion annual sales in new products.		€1.1 billion	
Double the percentage of female senior managers between 2003 and 2008.	2008	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.
Report on training at business unit level using the GRI (n° 3) guidelines.	2007	Achieved	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	In progress	An effective workforce is a healthy workforce. Our ambition is by 2010 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 the developing world HIV/AIDS and malaria can be major killers. 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.
Have 100% of our sites audited environmentally within the last four years.	Permanent	84%	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.
By 2010 reach a rate of 85% of quarries with a rehabilitation plan complying with Lafarge standards.	2010	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. 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.

TARGET	DEADLINE	2007 PERFORMANCE	WHY LAFARGE IS PURSUING THE AMBITION
By 2010, all our quarries will have been screened according to criteria validated by WWF International and those with realizable potential will have developed a site biodiversity program by 2012.	2010 2012	38% 22%	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.
By 2010: • cut our worldwide net CO ² emissions per tonne of cement by 20% as compared to 1990. • cut our absolute gross emissions in the Cement Business in industrialized countries by 10% as compared to 1990. • cut our absolute net emissions in the Cement Business in industrialized countries by 15% as compared to 1990.	2010	-16.0% -4.5% -7.6%	The increased concentration of CO ² and other greenhouse gases in the atmosphere is driving climate change. It is the biggest environmental challenge of our time.
Cut our dust emissions in our cement plants by 30% over the period 2005 - 2012.	2012	-13.7%	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 neighbors.
Cut our NO ^x emissions in our cement plants by 20% over the period 2005 - 2012.	2012	-8.5%	Beyond local regulations, Lafarge is voluntarily committing to a 20% reduction of NO ^x generated per tonne of clinker over the period 2005-2012. This will add to Lafarge's efforts for a cleaner world.
Cut our SO ² emissions in our cement plants by 20% over the period 2005 - 2012.	2012	-11.8%	Beyond local regulations, Lafarge is voluntarily committing to a 20% reduction of SO ² generated per tonne of clinker over the period 2005 - 2012.
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.	2012	49.3% of kilns analyzed	We were able to report this indicator for the first time in 2007 and continue to make good progress.

UN Global Compact

HUMAN RIGHTS

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2: make sure that they are not complicit in human rights abuses.

Further information about the United Nations Global Compact can be found at www.unglobalcompact.org.

LABOR STANDARDS

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4: the elimination of all forms of forced and compulsory labor;

PRINCIPLE 5: the effective abolition of child labor; and

PRINCIPLE 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We want the entire process, from sourcing to sale, to be a safe process and are looking for support from our suppliers to achieve this.



Working together to achieve a sustainable supply chain

At Lafarge, we are proud of the positive relationships that we have with our suppliers. One of the foundations of our business success is the quality of the goods and services we receive from you. Increasingly, our customers are seeking assurance that all aspects of the supply chain are working together to produce products that are safe, fair and sustainable. We want to be in a position where we can accurately and honestly give customers that assurance.

How will this affect me as a supplier or subcontractor?

We recognize that being truly sustainable has many aspects. However, as of now, we are focusing on three aspects of sustainability in our supply chain.

The first of these is health and safety. As we have noted, health and safety is the first commitment in our *Sustainability Ambitions 2012*. At the beginning of this brochure, we explained what we have done in Lafarge to improve our own health and safety performance and the steps we are planning to reach our targets.

We want the entire process, from sourcing to sale, to be a safe process and are looking for support from you to achieve this. Consequently, we will be entering into dialogue with some of you about your health and safety management systems and performance.

Secondly, we pride ourselves on the systematic, determined, and measured way in which we have set out to minimize the impact of our own environmental footprint. Due to the nature of our processes, significantly lowering our CO₂ emissions is very important to us, but our commitments are not confined to CO₂. They include matters as varied as environmental audits, quarry rehabilitation, and biodiversity.

Confident that we are mitigating the environmental effects of our own processes, we are seeking reassurance that you share this commitment and have instituted appropriate programs to manage your own environmental impacts. For example, what are you doing to produce your product or service using less electricity? Have you considered the use of alternative raw materials or components in your manufacturing processes? How are your programs and initiatives helping to build your ability to be a sustainable company?

As part of our overall objective in this area, we will be entering into dialogue with some of you about your environmental objectives, management systems, and performance.

Finally, we uphold fundamental labor rights in our operations. In well-regulated labor markets, this is a relatively straightforward matter. However, not every market in which we operate is well regulated. In such markets, upholding labor standards is a very significant challenge. Nonetheless, we are resolute in our opposition to forced or child labor. We work towards delivering freedom of association and equality of opportunity wherever we operate. We want our supply chain to reflect this commitment.

Consequently, we will be engaging in dialogue with some of you about this commitment.



PHOTO CAPTION

Above: Customer orientation at concrete delivery, United Kingdom



PHOTO CAPTION

Above: Safety briefing to contractors at a Lafarge cement plant

Below: Internal audit team employee, Paris, France



Overall, our stance on safety and sustainability in the supply chain is one of cooperation, not penal audit. However, alignment with our approach, and specifically with the ten commitments of the UN Global Compact, will be a contractual provision of all future contracts with us. Lafarge retains the right to terminate its contractual relationship with any supplier for non-compliance with any of these provisions.

From time to time, Lafarge has conducted audits of strategic suppliers to understand their sustainability performance better. These audits have not only led to a better understanding of the supplier's current performance, but have also given us an action plan from which to improve in the future. We will continue this practice to improve the overall performance of our supply base and to help us achieve our sustainability goals.

What we expect in terms of Sustainable Development performance from our suppliers and subcontractors

Lafarge seeks supply chain partners that share our goals with respect to sustainability. We

recognize that you can play an integral role in this effort. At a minimum, we expect that you commit yourself to the ten Principles as outline in the UN Global Compact and that you manage your business accordingly. Additionally, we want to work with our most important suppliers to share ideas regarding potential improvements on our behalf. We want you to help us become a true leader in this area.

What happens next? What will happen over time?

Over the next year, Lafarge Purchasing personnel will communicate these commitments directly to our top 100 suppliers worldwide. We will incorporate these principles into our existing contractual relationships with them and will work towards full compliance with that group. However, all of our suppliers and subcontractors can help by working with us towards our goals. We will report our progress against this goal in our annual Sustainability Report.

To learn more about Lafarge's commitment to safety and sustainable development visit www.lafarge.com and select the "Sustainable Development" tab.

If you wish to propose your materials, products or services to the Group, please contact us by e-mail.

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