

# progress continues in 2009

TARGET	Deadline	2008 Performance	2009 Performance	WHY IS LAFARGE PURSUING THIS AMBITION? WHAT WILL CHANGE? HOW ARE WE PROGRESSING AGAINST THIS AMBITION?
<b>MANAGEMENT</b>				
On <b>safety</b> reduce the employee frequency rate for Lafarge employees to 0.94 or below in 2010.	2010	1.57	<b>0.98</b> <sup>EW</sup>	Every year since 2006 we have targeted an injury frequency rate reduction. Our aim is to reach as soon as possible zero injuries and to join the "best in class" industrial companies. 2009 showed strong progress. <b>The target was achieved with the employee frequency rate reduced by over a third. A new target of 0.94 is set for 2010.</b>
Continue to check the implementation of our <b>Competition compliance program</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 it by end 2010.	2010	50%	<b>65%</b> <sup>EW</sup>	Free markets and open competition always benefit in the long term 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 have not always operated in free markets, and by doing this, we will ensure that all our units are aligned and operating under the highest competitive standards. <b>Solid progress was made towards our goal with the completion of verifications in nine further countries. We have to accelerate in 2010 to meet our target.</b>
Manage and improve our <b>local stakeholder relationship management</b> by: <ul style="list-style-type: none"> <li>• training 100% of units in the local stakeholder relationship methodology;</li> <li>• undertaking self-assessment on relationships using a selection of units;</li> <li>• full reporting of the three new KPIs;</li> <li>• launching a dedicated intranet site on local stakeholder relationships;</li> <li>• supporting the implementation of a new internal audit screening tool.</li> </ul>	2012 2009 2009 2009	N/A N/A N/A N/A	<b>35.4%</b> <sup>EW</sup> <b>Not yet achieved</b> <b>Done</b> <b>Done</b> <b>Done</b>	To measure Lafarge's commitment on stakeholder relations, benchmarked data is reported for the first time this year on the three KPIs: training on Group methodology, meetings with communities and development of local action plans. Meetings with communities include formal and informal events designed to bring the site into contact with its neighbouring communities. This includes community open events as well as formal liaison committees. Local action plans demonstrate planning on stakeholder relations, focusing the actions of a site to its surrounding communities. For cement plants, this is known as Community Engagement Plans under the Cement Sustainability Initiative.
On <b>customers</b> , by 2012, the Group will achieve €3 bn annual sales in new products.	2012	€1.5 bn	<b>€1.8 bn</b>	We constantly innovate to meet customer need. Our target was to achieve €1 billion annual sales from products that have been developed in the last five years by 2008. In fact we exceeded this target achieving €1.5 billion annual sales in 2008. <b>Spurred by this success we set ourselves a new and more stretching 2012 target.</b>
Reach 20% of <b>women in senior and executive management</b> (Lafarge Hay grades 18+) by 2012.	2012	12.0%	<b>12.77%</b> <sup>EW</sup>	The female population in senior management in Lafarge is far too low and therefore we have set a target of one-fifth of senior and executive management being women by 2012. <b>We made some progress during 2009. We recognize that the current rate of progress is insufficient to meet our 2012 goal. The Group is developing further initiatives to come close to our goal.</b>
<b>SOCIAL</b>				
By end 2010, establish a comprehensive Group-wide occupational health program including, at a minimum, regular medical examination.	2010	On track	<b>On track</b>	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 to establish by 2010 a comprehensive Group-wide occupational health program with regular medical examination. <b>A full account of our progress is given on page 14 showing that we are well on track to a good initial program.</b>
For HIV/AIDS and malaria, by end 2010, Lafarge will have extended to major developing countries where it operates, its best practice currently implemented in Africa.	2010	On track	<b>On track</b>	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 challenge is greatest in Sub-Saharan Africa. Here we have acted already. By end 2010 Lafarge will have extended its best practice from Africa to other major developing countries where it operates. We will do this with respect to local legislation and culture. <b>We are making good progress, for fuller details see pages 14 and 48.</b>

Our Sustainability Ambitions 2012 set targets for the material sustainability issues that we face. They were developed through consultation with internal and external stakeholders. Internally we consulted with each Business line and twice reviewed the emerging priorities with the Group Executive Committee. Externally we engaged with our Stakeholder Panel and a number of other key individuals and institutions. Formally approved by the Board, they were launched by Bruno Lafont at the Lafarge Shareholder General Meeting on May 6, 2007. The Sustainability Ambitions 2012 are a practical tool to help us achieve stretching goals. We are finding them to be both a practical help and an ever-present challenge. We deal purposefully with many other sustainability issues outside the framework of these Ambitions. Water is a good example here. These are important issues too but through stakeholder dialog we have identified the most material factors and included them in our Sustainability Ambitions 2012.

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<b>ENVIRONMENT</b>				
Have 100% of our sites <b>audited environmentally</b> within the last four years.	Permanent	83%	<b>86%</b> <sup>EV</sup>	One of our challenges is that we have 1,980 sites in total 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 made further progress during 2009 and are looking at how we can make changes in our way of working to reach the target more quickly.</b>
By end 2010 reach a rate of 85% of <b>quarries with a rehabilitation plan</b> complying with Lafarge standards.	2010	79%	<b>79%</b> <sup>EV</sup>	Ten years ago Lafarge decided to formalize a global commitment to develop rehabilitation plans from the outset on all active quarries. The pace of development of the Group makes it very challenging to keep up with our 85% of quarries up to date with a demanding standard. <b>The disappointingly stagnant result of 2009 must not hide the effectiveness of actions developed to meet the 2010 target.</b>
By end 2010, all our quarries will have been screened according to criteria validated by WWF International.	2010	50%	<b>64%</b>	Biodiversity has been on the Lafarge agenda for some time, and even more since our partnership with WWF, which started in 2000. <b>Further progress has been made on quarry screening in 2009.</b> For a fuller insight into our developing biodiversity activities see pages 26-28.
Those with realisable potential will have developed a site <b>biodiversity</b> program by 2012.	2012	38%	<b>35%</b>	The decrease in percentage of sensitive sites having a biodiversity management program is caused by the significant increase in the number of sites identified as sensitive.
By end 2010: • cut our worldwide <b>net CO<sub>2</sub> emissions</b> per ton of cement by 20% as compared to 1990*. • cut our <b>absolute gross emissions</b> in the Cement Business in <b>industrialized countries</b> by 10% as compared to 1990. • cut our <b>absolute net emissions</b> in the Cement Business in <b>industrialized countries</b> by 15% as compared to 1990.	2010 2010 2010	-18.4% -12.5% -16.3%	<b>-20.7%</b> <sup>EV</sup> <b>-37.7%</b> <sup>EV</sup> <b>-41.3%</b> <sup>EV</sup>	In 2001, within the framework of our partnership with WWF, we committed to CO <sub>2</sub> emission reduction objectives to contribute as Lafarge to the overall objective to limit the Earth temperature increase to 2°C. <b>The first objective (- 20% net CO<sub>2</sub> emissions per ton of cement worldwide) was met in 2009</b> , one year ahead of schedule, thanks to our continuous performance improvement in all our business units. <b>The two other objectives (absolute emission reductions in developed countries) were already met end of 2008</b> , thanks to our industrial performance but in the context of the economic downturn, which has significantly impacted our production volumes. We intend to continue our efforts to reduce our CO <sub>2</sub> emissions.
Cut our <b>dust emissions</b> in our cement plants by 30% over the period 2005-2012.	2012	-21.1%	<b>-26.1%</b> <sup>EV</sup>	Our activities generate dust. Although we are already within local regulations, our voluntary undertaking is to reduce our dust emissions worldwide by 30% by end 2012 compared to 2005. This will considerably reduce nuisance for our neighbors. Achieving this aim will necessarily involve capital investment. <b>Considerable progress was made in 2009. We are confident of meeting our target ahead of the 2012 target date.</b>
Cut our <b>NOx emissions</b> in our cement plants by 20% over the period 2005-2012.	2012	-15.5%	<b>-21.7%</b> <sup>EV</sup>	Any combustion releases NOx into the atmosphere. Beyond local regulations, Lafarge is voluntarily committing to a worldwide 20% reduction of NOx generated per ton of clinker over the period 2005 - 2012. This will add to Lafarge's efforts for a cleaner world. It will require capital investment and operating expenses. <b>The target has been achieved three years ahead of schedule and we will continue our efforts to control emissions.</b>
Cut our <b>SO<sub>2</sub> emissions</b> in our cement plants by 20% over the period 2005-2012.	2012	-32.9%	<b>-44.2%</b> <sup>EV</sup>	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 worldwide 20% reduction of SO <sub>2</sub> generated per ton of clinker over the period 2005 - 2012. Significant capital investment and operating expenses are being made to mitigate the impact of these emissions. <b>Lafarge exceeded this target four years ahead of schedule in 2008, made progress in 2009 and will continue in 2010.</b>
By end 2010 have a baseline for <b>persistent pollutants</b> in our cement plants for 100% of kilns and reinforce our Best Manufacturing Practices to limit emissions.	2010	53.5% of kilns analyzed	<b>69.2%</b> <sup>EV</sup>	Persistent pollutants can be found in inputs and at the kiln stack. Progressing towards alignment 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 end 2010. <b>2</b> - To develop suitable KPIs and report on progress. <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>Lafarge continued to make progress in 2009 and plans to complete the work in 2010.</b>

<sup>EV</sup> Indicators verified by Ernst & Young (2009 data).

N/A: Not applicable.

\* Net CO<sub>2</sub> emissions are the gross emissions less the emissions that come from burning waste.



For more information:

<http://sustainabilityreport.lafarge.com>