

# SUSTAINABILITY REPORT

LAFARGE 2014



**LAFARGE**  
Building better cities™

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## “The challenge presented by climate change is transforming our business”

**BRUNO LAFONT**, Chairman and Chief Executive Officer

**Climate change is one of today's biggest global challenges.** In December 2015, under the auspices of the United Nations, the COP21 climate conference will bring together governments from around the world to Paris, to agree upon solutions to combat global warming. The private sector, including Lafarge, will also be a key contributor towards the development of solutions for a carbon-neutral, zero waste circular economy

**The entire life cycle of our materials, from production to their use, is taken into account in our actions to mitigate climate change.** It is a search for innovative answers, to both reduce the impact of our industrial sites and provide solutions to meet societal challenges. This includes improving energy efficiency in buildings and contributing towards building better cities, aiming to make them more compact, more durable, better connected and more beautiful.

**Our commitment to sustainable development goes beyond climate change and addresses all dimensions of our responsibility.** That is why we have defined an ambitious roadmap covering the management of all natural and social capital, which has enabled us to accelerate progress in 2014. For example, our programs for affordable housing are now in place in 18 countries and 300,000 people have benefited from our solutions to access better housing. Special concretes with high sustainability values (such as Agilia®, Thermedia® and Hydromedia®) are sold in 27 countries and make up over a third of our concrete sales. It is such innovative

programs responding to societal needs and enabling business growth that will allow us to contribute positively to the future of cities, society and nature.

**In 2015 we will continue progress towards our Sustainability Ambitions 2020.** Fatalities within our business remain unacceptable and we will refocus our efforts to ensure progress in 2015. The challenge presented by climate change is transforming our business. The speed of innovation across the entire business – from our manufacturing processes to product solutions - is accelerating to address these challenges, creating more value and enhancing competitiveness. Our 2014 results demonstrate the strength of this transformation, with EBITDA 5% higher than last year on a like-for-like basis; the combination of a dynamic innovation strategy with continual cost reductions has enabled us to reach our targets one year ahead of schedule.

**It is in this spirit that our merger project with Holcim has been developed.** Sustainability will remain a key driver of value creation, leveraging the most geographically diverse operational portfolio and proven expertise of our teams to fulfil even more ambitious goals. LafargeHolcim will be at the forefront of the sector in ensuring the needs of customers and markets in over 90 countries are met in a sustainable way. The merger project presents us with a great opportunity and major responsibility.

*GRI Standard Disclosures: G4-1*

## COMPANY PROFILE

# LAFARGE WORLD PRESENCE<sup>1</sup>

World leader in building materials as major player in the cement, aggregates and concrete industries<sup>2</sup>, we contribute to the construction of cities throughout the world. Our innovative solutions provide cities with better housing and make them more compact, more durable, more beautiful and better connected. The Group operates in 61 countries<sup>3</sup> and employs 63,000 people<sup>4</sup>. It generates annual sales of €12.8 billion.



SHARED VALUE AT LAFARGE <sup>5</sup>	€m 2013	€m 2014	2014 %
Sales	15,198	12,843	–
Costs of goods sold	10,265	8,631	–
Cash value added	4,933	4,212	100
Paid to employees for their services	2,239	1,917	45.5
Paid to lenders as a return on their borrowings	1,041	870	20.7
Retained for growth	819	666	15.8
Community investment	20	27	0.6
Net cash	814	732	17.4
Income taxes paid to governments	525	443	60.5
Paid to investors for providing capital	289	289	39.5

Revenues<sup>4</sup>

**€12,843 m**

Number of countries

**61**

Number of employees

**63,000**

Number of production sites<sup>4</sup>

**1,612**

Number of quarries<sup>4</sup>

**680**

GRI STANDARD DISCLOSURES:

1. G4-8/2, G4-4/3, G4-6/4, G4-9/5, G4-EC1

# UNDERSTANDING OUR STRATEGY

**Our 'Building Better Cities' ambition encapsulates our determination to respond to one of the major challenges of the 21<sup>st</sup> century: increasing urbanization. It is also a reinvigorated commitment to conduct our business in a way that is respectful of nature and society<sup>1</sup>.**

Over the years we have built a geographically balanced portfolio that gives us a presence in 61 countries. This unique position allows us to benefit from dynamic growth in emerging countries while at the same time maintaining strong market positions in the developed world. The announcement of our plan to merge with Holcim marks a new and historic stage in the growth of the Group as we seek to create a world-leading business at the forefront of building materials, to provide even more effective support for market growth. Last year we focused on two priorities: continuing to implement our innovation and performance strategy and preparing for this major merger project.

## BUILDING BETTER CITIES

By 2050 the global population is forecast to exceed 9 billion, and around 70% of those people will live in cities. This trend towards urbanization brings with it many challenges: providing more effective management of urban density and mobility flows, providing universal access to decent housing, improving housing quality, and building infrastructure, all at the same time as eliminating natural resource wastage, pollution and greenhouse gas emissions.

As the world leader in building materials with an operating presence in emerging markets and more mature countries, Lafarge has a crucial role to play in these social transformations. With this in mind, we have identified key priorities for responding to the needs of this market: contributing to building cities that offer better infrastructure, energy efficiency and buildings that enhance quality of life.

## IN-MARKET INNOVATION

To succeed in those priorities we have built our strategy around the essential nucleus of innovation. Our innovation approach is supported by our central Research & Development Center in Lyon and six local laboratories with a market-based organizational structure. This dual approach allows us to understand the needs of our customers and derive inspiration from local challenges and diversity to develop and promote products and services that deliver additional value for our customers and end users.

## STRONGER PERFORMANCE FOR GREATER COMPETITIVENESS

After innovation, performance is our second lever for growth. As part of making ourselves more competitive, we are taking direct action

## GRI STANDARD DISCLOSURES

1. G4-2

# 70%

is the proportion of people who will live in cities by 2050\*



**Implementation of our Plant Operating Model (POM) 2.0, designed by cement plant managers to optimize the plant performance - at our Bazian plant (Iraq)**

to reduce our costs and boost the productivity of our production facilities. Optimizing procurement management, increasing the use of alternative fuels, stamping out waste in our operating sites, better targeting investments, and employing a high level of professionalism in all our business processes have together enabled us to reach our goal of generating €1.75 billion additional Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) between 2012 and 2015, a full year ahead of our announced target date.

#### **LAFARGE EMPLOYEES: THE DRIVING FORCE BEHIND OUR TRANSFORMATION**

The fact that we have been able to so effectively develop these two key levers for growth is thanks to our people and their support for our process of business transformation. The Research & Development Center has been restructured to reflect the priorities of the market and introduce a team dedicated to facilitating technology transfer between our operating countries. New people with the right combination of technical knowledge and market experience have been hired for our local development laboratories. The marketing function has been expanded with the introduction of our Marketing Academy last year. Lastly, a wide range of programs for sales staff

training and development has been rolled out to 3,000 employees in all our operating countries.

We are also continuing the process of promoting diversity and professional development for everyone in the company through training and career management. Our Sustainability Ambitions 2020 program includes specific measures to increase the number of women in management roles.

#### **SUSTAINABLE DEVELOPMENT: A CONFIRMED COMMITMENT**

The Lafarge ambition to contribute to the process of building better cities is being achieved by improving the quality of life for city dwellers and creating value for everyone. By everyone, we mean not only our employees and subcontractors, but also all the stakeholders affected by what we do, from shareholders to customers, governments and the communities who live close to our operating locations. Our growth and competitiveness are inextricably linked to living conditions in the places where we operate, and there can be no long-term economic development without conservation of the natural world.

We have demonstrated our commitment to combating climate change over many years. Back in 2001 we set ourselves the target of

## €1.75bn

additional EBITDA generated by optimizing performance

GRI STANDARD  
DISCLOSURES

2. G4-19.



Delivery of 50,000m<sup>3</sup> of concrete with 50 different formulations for the construction of the new Philharmonia of Paris (France) to tackle the technical, aesthetic and acoustic challenges of this unusual project

80%

of building energy can be reduced through better use of building methods and materials

reducing our own CO<sub>2</sub> emissions per ton of cement by 20% by 2010, and having achieved that target, we now intend to increase the reduction to 33% by 2020. Convinced of the necessity for collective effort, the Group is leading initiatives like the World Business Council for Sustainable Development EEB (Energy Efficiency in Buildings) projects with the ambition to cut energy consumption in the building sector by 80% between now and 2050. We are also making an active contribution to the discussions on business solutions being prepared for the UN Climate Change Conference in Paris this December.

### AN AMBITIOUS PROGRAM FOR ACCELERATING OUR PROGRESS

Launched in 2007, the Ambitions 2012 program enabled us to improve our sustainable development practices. Its successor – Sustainability Ambitions 2020 – is the most comprehensive program in our sector. It addresses all areas of sustainable development - social, economic and environmental – in a single program. By taking full account of the major challenges facing our Group and the expectations of our stakeholders, we have identified ambitious quantified targets for each priority action area. Together, these Ambitions provide a roadmap for the Group in making a positive net contribution to society and

nature, through minimizing our environmental footprint, while at the same time maximizing value for all our stakeholders.

### A SUSTAINABLE ROADMAP INTEGRAL TO OPERATING COUNTRY STRATEGIES

Our sustainable development ambitions are not in conflict with our growth. In fact, they contribute directly to our industrial and commercial development strategies in our operating countries.

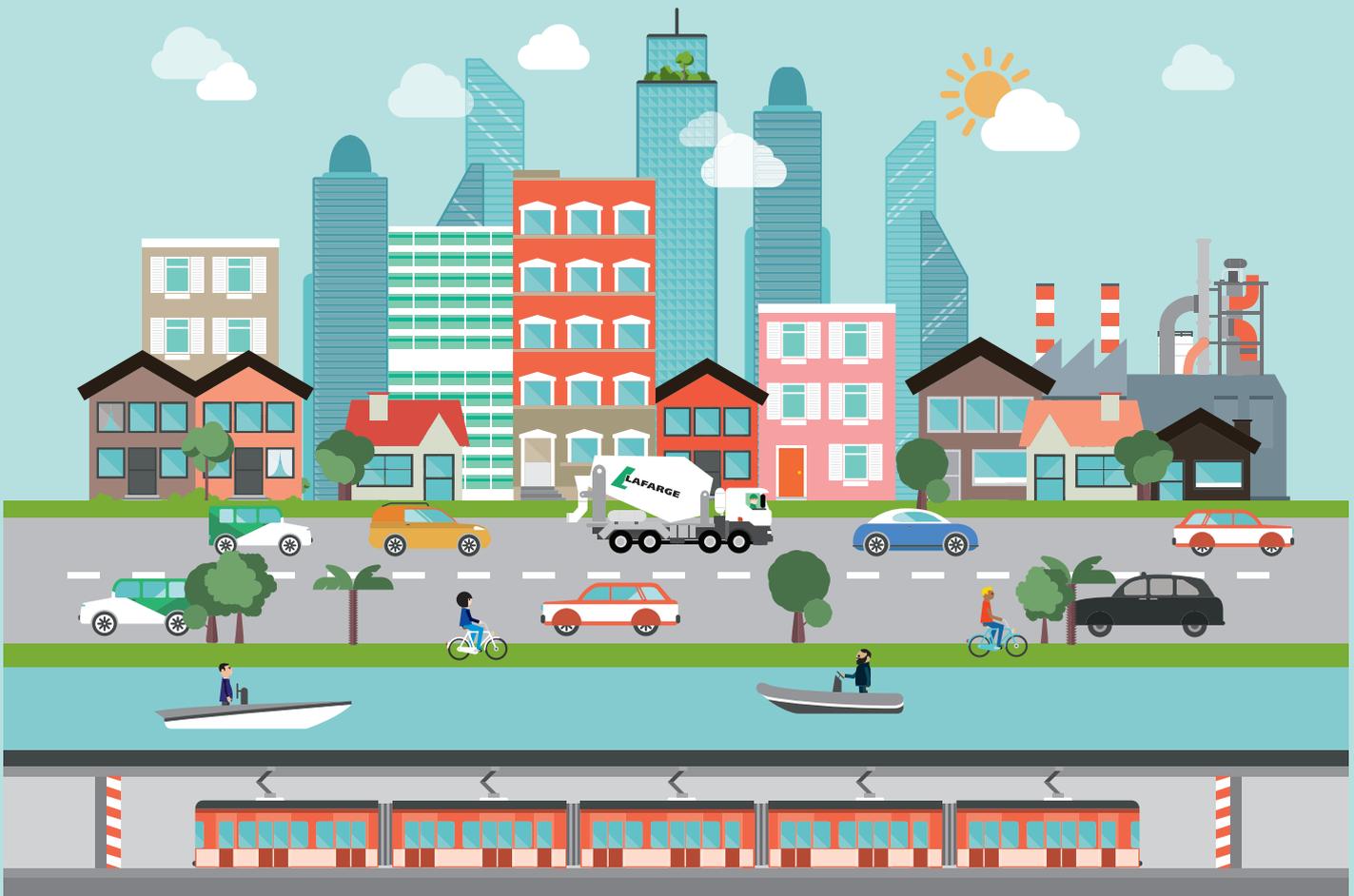
This is achieved through a unique methodology called the Lafarge Sustainability Compass \*\*, which enables each country to develop a sustainable development strategy that will add the most value for all its stakeholders. There are three stages in this process: determining the maturity in each of the principal areas of sustainable development (e.g. water biodiversity, health and safety, employment, climate change) by measuring and benchmarking performance, followed by identifying the priority challenges for its own business and local stakeholders, and finally, by using this data to identify priority action areas. ◆

\*World Urbanization Prospects, United Nations 2014

\*\* [www.lafarge.com/sdrweb/links](http://www.lafarge.com/sdrweb/links)

# CLIMATE CHANGE AND ENERGY<sup>1</sup>

Climate change is a defining challenge for the 21<sup>st</sup> century and for the construction sector as a whole. Over the last few years Lafarge has developed a comprehensive climate and energy strategy. As a major emitter of greenhouse gases, with direct emissions of 89.8 million tons in 2014 and an additional 11.3 million tons from energy purchased and emissions associated with the transport of our products, we are aware and accept our responsibility to minimize and offset these emissions through our actions.



# INTRODUCTION

Cement is a key ingredient in concrete, the most used material on earth after water, vital for the construction of housing and infrastructure and, therefore, a cornerstone of socio-economic progress. Part of the reason for the high levels of CO<sub>2</sub> emissions associated with cement production is the sheer volume of cement required to produce concrete: an estimated 3.7 billion tons in 2012 alone. At the same time, cement and concrete can make a positive impact towards meeting the challenges of climate change, working towards net zero CO<sub>2</sub> emissions (within the ‘two-degree threshold’) by providing energy efficient construction solutions that con-

tribute towards more compact, connected and durable cities, which are of vital importance in the context of increasing urban development.

Our climate change and energy strategy revolves around the following three areas:

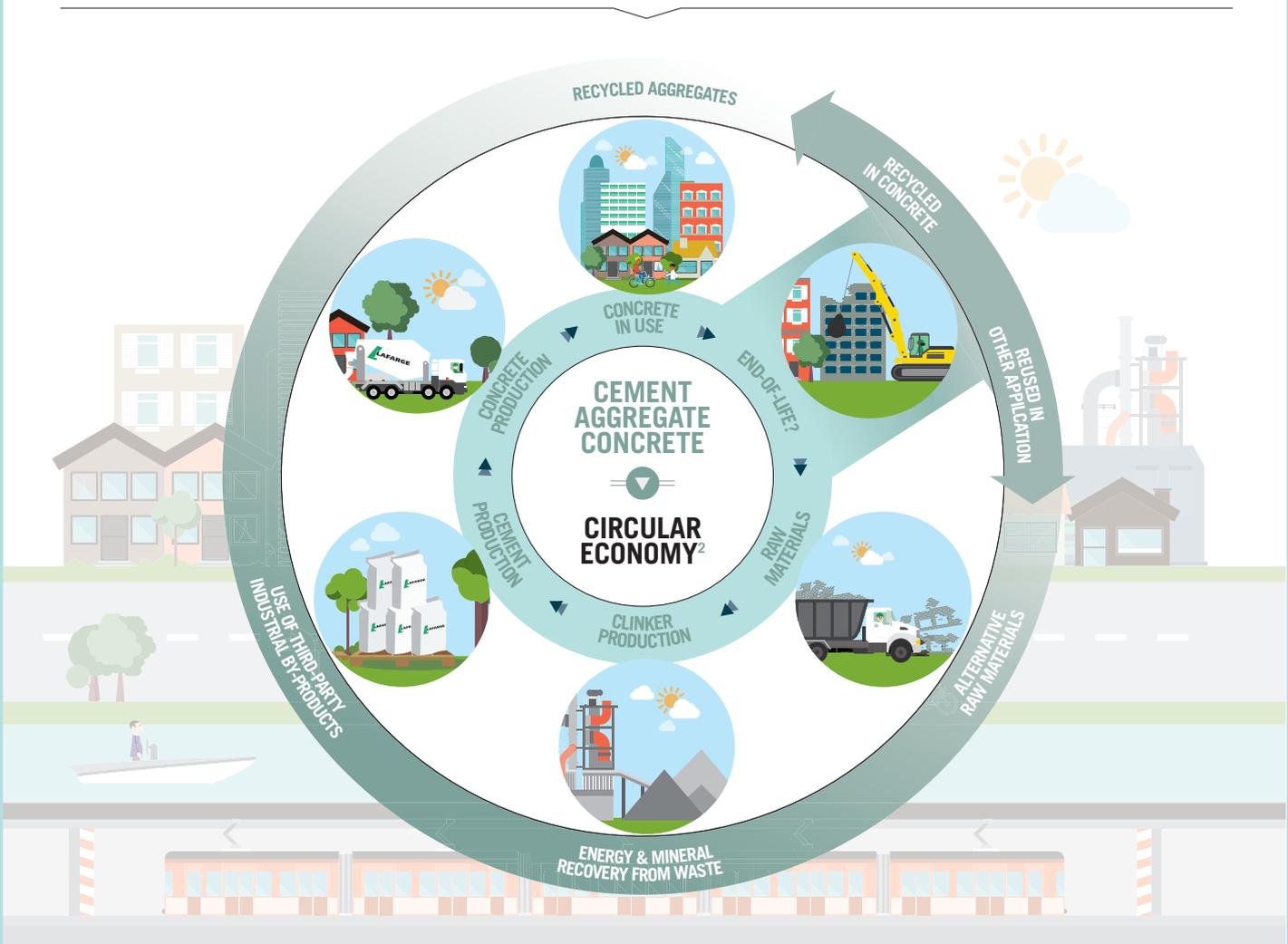
- Contributing to the reduction of society’s overall emissions, through construction solutions to **improve building energy efficiency;**
- **Reducing our direct emissions** per ton of cement, through industrial performance programs and R&D to develop lower-carbon solutions; **and also our indirect emissions,** by

using more renewable energy and lower carbon transport;

- **Promoting responsible energy and climate policies** by business and governments.

There is an increasing focus on not only limiting climate change but also adapting to the effects of climate change that are unavoidable and already present today. Concrete is very resilient to extreme weather conditions and our product mix designs are optimized to develop concrete with the capacity to withstand the potential effects of climate change.

*\* Source: Global Cement magazine*



# IMPROVING BUILDING ENERGY EFFICIENCY

**Buildings today account for 40%\* of energy use and around one-third of carbon emissions worldwide. Buildings consume 90% of their total energy during usage through heating, lighting and air-conditioning; only 10% of consumption is linked to the manufacture of building materials and the construction phase<sup>1</sup>.**

With existing technologies, including cement and concrete-based solutions, it is possible to reduce this energy consumption by 60-80%. As a leading building materials manufacturer, we have developed a number of solutions, including:

- New products, such as our Thermedia® range of structural, insulating concrete,
- Our Efficient Building™ construction systems, such as double-skin concrete walls or UHPC lightweight insulated facades,
- Energy-efficient buildings such as the ABCD+ positive energy house, developed in partnership with French individual home-builder Cécile Robin,
- Solutions for sustainable cities, such as the Zenata 'eco-city' project in Morocco, for which we are working in partnership with Reichen & Robert, the urban planning agency, and Novec, the engineering design firm.

In all these examples we have collaborated with actors across the construction value chain to transform the approach taken. The implementation of energy efficiency measures can often be frustrated by non-technical factors such as lack of awareness and transparency, technology inexperience, decision-making and operating complexities and investment uncertainty.

As a result, Lafarge is leading initiatives such as EEB (Energy Efficiency in Buildings), launched under the

auspices of the World Business Council for Sustainable Development (WBCSD) and co-chaired with United Technologies. Bringing together players from across the construction sector – investors, regulators, architects and engineers, material and equipment suppliers, and end users of solutions – this project is focused on developing new forms of collaboration to achieve an 80% reduction in building energy consumption by 2050.

As a signatory to the Manifesto for Energy Efficiency in Buildings, we are also committed to reducing our own buildings' energy consumption. Following audits at 20 offices across 15 countries, which represent 85% of the Group's total office floor space, we implemented energy saving measures that enabled a 12% reduction in energy consumption across these offices in one year, as part of our program 'My Low Energy Office'.

\* IEA website  
\*\* Concrete Sustainability Hub, MIT

**80%**  
reduction on a buildings' energy consumption by 2050: this is the objective of Lafarge by developing new forms of collaboration across the value chain



# REDUCING DIRECT AND INDIRECT EMISSIONS

**We have been reducing our carbon footprint since 1990. Our voluntary commitment to reduce CO<sub>2</sub> emissions per ton of cement – the first company in the sector to do so – was made back in 2001 and the target was met ahead of schedule. Our objective today is to reduce our CO<sub>2</sub> emissions per ton of cement by 33% by 2020 (compared to 1990 baseline). By 2014 we achieved a 26.4% reduction<sup>1</sup>.**

## Scope 1

We have focused on three established levers to reduce emissions: improving kiln energy efficiency, substituting fossil fuels with other energy sources and using additives, such as slag, fly ash and pozzolan, to produce less carbon-intensive blended cements.

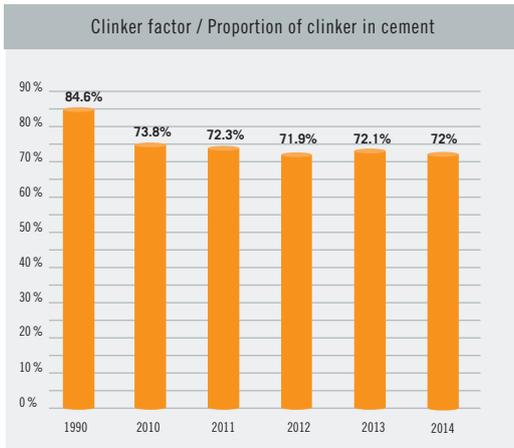
- In order to reduce the energy required to produce cement, we are deploying a world-class operating model (POM 2.0) at all cement plants. Covering all phases of plant operations, POM 2.0 contributes to improved production expertise and more reliable, energy efficient plants. This supplements ongoing initiatives that result in year-on-year improvements in energy efficiency.
- A key lever for increasing sustainability is the replacement of conventional fuels with those manufactured from industrial, household or agricultural waste. Our use of these alternative fuels has progressed significantly in the past years, reaching an average substitution rate of 20.7%\* in 2014, resulting in a CO<sub>2</sub> reduction of 6.3 million tons. Using processed waste as a fuel for cement kilns reduces our environmental footprint, secures energy supplies over the long term and improves plant competitiveness. It can also contribute to more efficient and safer waste management in countries where processing capabilities may be inadequate or non-existent and generate local economic activity and jobs.

An important aspect of this program concerns the use of renewable biomass as fuel. Our biomass fuel use has increased considerably in the last three years, particularly in Sub-Saharan Africa, where we have established local agricultural projects that can also generate biomass residues such as coffee, rice and corn husks for our kilns. The biomass content accounted for 38%\* of overall alternative fuel use in 2014, significantly higher than the 30% we targeted in our 2020 Sustainability Ambitions program. *[See Alternative Fuels and Recycling chapter page 18 for more information]*

\* Consolidated according to financial standard IFRS11

A COMPLETE STRATEGY		
Scope 1	Scope 2	Scope 3
<p><b>Scope 1 emissions: industry</b></p> <p>3 traditional levers:</p> <ul style="list-style-type: none"> <li>• Improving kiln energy efficiency</li> <li>• Substituting fossil fuels with other energy sources</li> <li>• Producing less carbon-intensive, blended cements</li> </ul>	<p><b>Scope 2 emissions: electricity generation</b></p> <ul style="list-style-type: none"> <li>• Leadership in the use of renewable energies</li> <li>• Capturing the excess heat generated by production to generate electricity</li> </ul>	<p><b>Scope 3 emissions: transportation of products</b></p> <ul style="list-style-type: none"> <li>• Optimize transportation</li> <li>• Use rail and water transports</li> </ul>





- As the vast majority of our greenhouse gas emissions are associated with the production of clinker – the key ingredient to make cement – the environmental footprint of the product can be lessened by reducing the quantity of clinker used. Continuous improvements have been achieved, in the context of meeting customer requirements.

In addition to addressing industrial performance, we are also harnessing R&D to develop new lower-carbon cements. The objective of this research is not only to reduce the footprint of specific products, but also to provide solutions that can be manufactured on a large scale through potential adaptations of existing production facilities. R&D can also result in beneficial performance characteristics (in some countries, Lafarge advocates for changing building codes, norms and standards to accept new low-carbon innovative products).

- Our teams are currently engaged in pre-industrialization work for a new generation of lower-carbon Aether® cements. These cements provide similar performance to ordinary Portland cements in a range of applications, but with an overall carbon footprint reduced by 25-30%. The high dimensional stability of Aether® cements makes them a particularly promising alternative in low-shrinkage applications. In 2014 Aether®-based screeds were tested at our research facilities and on client sites.
- In partnership with US start-up Solidia Technologies, work is underway to industrialize a new solution that could reduce the carbon footprint of precast concrete by up to 70%. Following a trial to confirm the industrial feasibility of Solidia Cement™ at our Whitehall plant in the US and a series of tests at precast clients in autumn 2014, preparations are underway for commercialization of the product.

Improvements across the entire range of products and solutions enable market requirements to be met. For instance, the worldwide trend of urban growth can be supported through the development of taller, more efficient tower buildings or bridges and infrastructure that are as refined as they are solid.

## Scope 2

Our responsibility also extends beyond CO<sub>2</sub> emissions generated from industrial process (scope 1 emissions) to include indirect emissions. Reducing CO<sub>2</sub> emissions linked to electricity generation (scope 2 emissions) can be addressed through increased use of renewable energy, although as a large power consumer it has been difficult to tackle this issue at the scale required: adding renewable power to a cement plant will increase capital costs by 25 to 30% and in many emerging countries the power infrastructure is not sufficient to support the backup load requirements of a cement plant.

We have some experience with successful projects, particularly at our Tetouan plant in Morocco where a wind farm capable of meeting all of the plant's power needs has been established since 2005. However, due to the capital intensive nature of such projects, our investment has been prioritized on improving production and efficiency capabilities rather than replicating this model. As a result, the focus has remained on buying energy from more sustainable sources, where it is feasible and economically viable.

## Scope 3

CO<sub>2</sub> emissions reduction linked to product and materials transportation (scope 3 emissions) is progressed through optimizing distribution towards rail and water transport, which tend to be less energy intensive. Again, our approach has focused on country-led projects, including established supply hubs developed around the Great Lakes region in the US and in the Ile-de-France region around Paris and the introduction of biodiesel for operating and distribution vehicles. Currently, there is no group-wide policy to accelerate progress beyond successful country-led projects.

\* Consolidated according to financial standard IFRS11



38%

The biomass content of our alternative fuels was 38% in 2014, significantly higher than the 30% we targeted in our 2020 Ambitions program\*

-30%

The new generation of lower-carbon Aether® cements provides similar performance with an overall carbon footprint reduced by 25-30%

# PROMOTING STRONG CLIMATE AND ENERGY POLICY

## #climattitude /

It's the mindset that brings together a range of our initiatives to fight climate change.

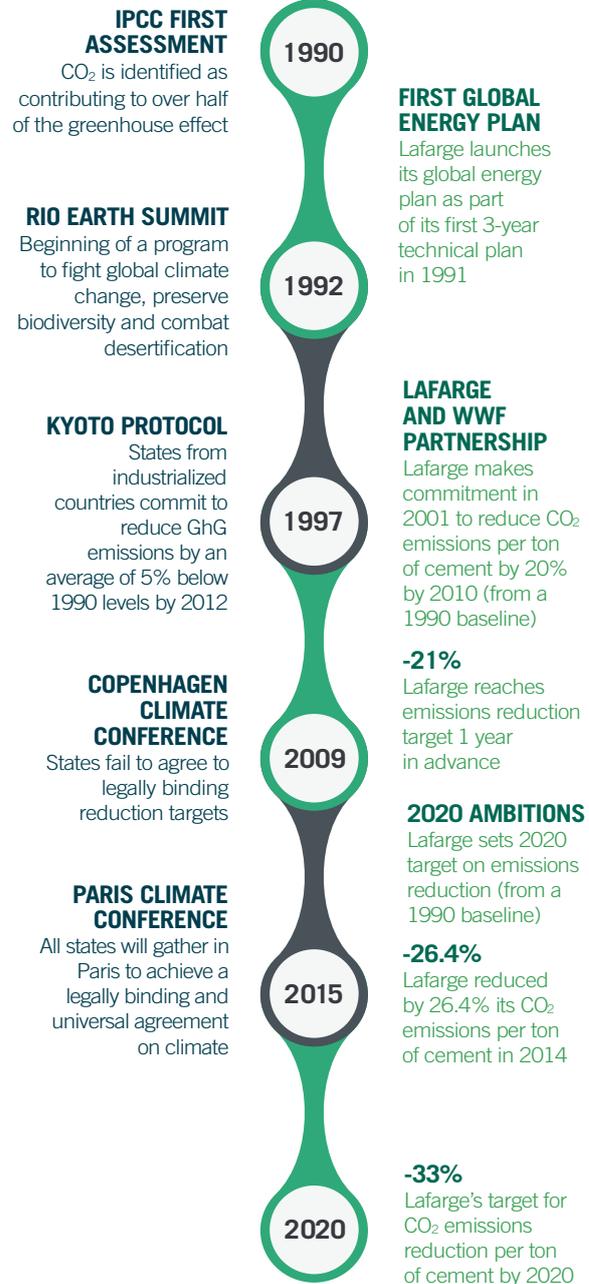
**Lafarge is a strong advocate of responsible energy and climate policies, particularly through participation and leadership in associations such as European Round Table of Industrialists (ERT) and WBCSD.**

Through association participation, as well as in policy papers and day-to-day contacts with authorities in different markets, we have supported the introduction of policies that eliminate subsidized fossil fuels, establish a meaningful price on carbon while avoiding 'carbon leakage', and promote long-term price stability to avoid volatility in carbon markets that would be detrimental to investment. We also promote economic policy to incentivize the R&D necessary to achieve net zero CO<sub>2</sub> emissions by 2100\*.

In 2014 we signed the World Bank initiative 'Putting a Price on Carbon', a manifesto that recognizes the importance of aligning carbon pricing to incentivize reduced energy use. To this end, Chairman and CEO of Lafarge, Bruno Lafont, participated in the Private Sector Forum at September 2014's UN Climate Summit, which brought together heads of state and leaders of international and civil society businesses to discuss the role that the private sector can – and should – play in the development of solutions to fight climate change, in the build up to UN's Climate Change Conference (COP21) that will be held in Paris in December 2015. It is through participating and leading in these types of events, including the WBCSD's climate and energy program that we contribute towards solutions such as carbon pricing.

We also believe that policies should not be limited to targets for CO<sub>2</sub> emissions reduction and should also encourage energy efficiency and innovation in the value chain - especially in the building sector. For example, codes and norms focusing on buildings' energy performance, rather than use of specific materials, would facilitate more potential for innovation and, therefore, lead to greater reductions in CO<sub>2</sub> emissions.

\*UNIPCC report, November 2014



# SUSTAINABILITY AMBITIONS 2020: OVERVIEW

BUILDING THE CIRCULAR ECONOMY					
Objective	Target Year	2013 Performance	2014 Performance	How are we progressing?	REF.
<b>Enhance biodiversity:</b> 100% of quarries and cement plants to implement Biodiversity Management Plans (BMP) in line with Lafarge standards by 2020, and by 2015 for regions with local biodiversity sensitivity.	2015	40%	44.3%	BMP completed at almost all quarries with high <sup>1</sup> biodiversity and 48.4% of locally sensitive <sup>2</sup> quarries.	p.20
<b>Enhance biodiversity:</b> 100% of our quarries to implement rehabilitation plans in line with Lafarge standards by 2015.	2015	85.1%	87.6%	Rehabilitation plans will need to be accelerated in 2015, mainly for cement operations.	p.20
<b>Continue our program of reducing CO<sub>2</sub> emissions:</b> Reduce by 33% our net CO <sub>2</sub> emissions per ton of cement compared to 1990 levels by 2020.	2020	-25.9%	-26.4%	Overall reduction was lessened by shortage of natural gas in some regions which compelled the Group to switch to solid fuels.	p.24
<b>Continue the program of reducing our environmental footprint:</b>					p.24
50% reduction in dust emissions per ton of clinker compared to 2010 levels, with no kilns emitting more than 50 mg/Nm <sup>3</sup> .	2020	-23.7%	-32.2%	Good progress enabled by continued investment in abatement technology.	
25% reduction in NO <sub>x</sub> emissions per ton of clinker compared to 2010 levels.	2020	-16.9%	-24.5%		
30% reduction in SO <sub>2</sub> emissions per ton of clinker compared to 2010 levels.	2020	-4%	-31.8%		
30% reduction in mercury emissions per ton of clinker compared to 2010 <sup>3</sup> .	2020	24.3 mg/t	22.6 mg/t	Focus remains on highest emitting plants.	
<b>Enhance local watershed sustainability:</b> 100% of cement and aggregate operations to complete water risk assessments by 2014.	2014	100%	100%	Methodology developed for engaging stakeholders on local water issues.	p.22
<b>Enhance local watershed sustainability:</b> 100% of operations in water impacted areas to engage local stakeholders in developing a local watershed sustainability plan and reduce water impact by 2020.	2020	-	33%		
<b>Increase resource efficiency:</b> 20% of our concrete to contain reused or recycled materials by 2020 <sup>4</sup> .	2020	0.1%	0.3%	Challenge of deploying at global scale remains.	p.18
<b>Develop use of non-fossil fuels in our cement plants:</b> Use 50% of non-fossil fuels in our cement plants by 2020 (on an equity consolidated basis; 30% of which should be biomass).	2020	17.2%	20.7%	Biomass makes up 38% of alternative fuels in 2014.	p.18

## BUILDING SUSTAINABLY

Objective	Target Year	2013 Performance	2014 Performance	How are we progressing?	REF.
<b>Provide solutions for access to housing:</b> Enable 2 million people to have access to affordable and sustainable housing by 2020.	2020	120,000	300,000	Our program now covers 18 countries.	p.34
<b>Develop sustainable products and services:</b> Increase sales of new sustainable solutions, products and services to €3 billion per year.	2020	€1.8bn	€1.8bn	In 2015, we will increase focus on sustainable concrete.	
<b>Reduce the environmental footprint of buildings:</b> Contribute to 500 energy efficient construction projects using at least one of the Lafarge Efficient Building™ Systems by 2020 <sup>5</sup> .	2020	-	54	Reporting process is being improved.	
<b>Promote the implementation of sustainable construction solutions for cities:</b> Become an active member in sustainable building certification organizations in 35 countries by 2020.	2020	-	13	More country units are promoting sustainable construction in line with their national context.	

## BUILDING COMMUNITIES

Objective	Target Year	2013 Performance	2014 Performance	How are we progressing?	REF.
<b>Achieve excellence in health and safety:</b>					p.28
Reach zero fatalities for our employees and contractors by 2020.	2020	26	24		
60% reduction in the number of road incidents per million km against a 2013 baseline.	2020	Employees: 0.69 Contractors: 0.09	Employees: 0.68 Contractors: 0.15	Road transport remains a key risk to be managed. As most deliveries are outsourced, implementation of this new KPI is still in progress.	
Virtually eliminate lost time incidents for our employees and contractors by 2020.	2020	0.49	0.49	Plateau in performance requiring refocused actions.	
<b>Enhance access to senior management positions for women:</b> Ensure 35% of senior management positions are held by women by 2020.	2020	18.6%	19.2%	The number of female senior managers has doubled in the last 10 years.	p.32
<b>Support local communities projects through volunteer work:</b> Contribute 1 million volunteer hours annually to locally selected projects by 2020.	2020	57,000	118,000	Volunteering contributing to a balance between financial and non-financial support.	p.30
<b>Be a driver of local socio-economic development:</b> Ensure 75% of country operations implement a plan with targets for local job creation by 2020.	2020	37%	44%	Deployment being led by units in emerging countries.	p.30
<b>Enhance stakeholders relations:</b> 100% of sites to implement stakeholder engagement plans.	2020	20%	29%	Increased engagement at larger sites across Group.	p.30
<b>Ensure Supply Chain is in accordance with UN Global Compact principles:</b> 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. Target: 80% of spend to assess sustainability.	2020	10%	25%	The first third-party assessments have been done on our largest suppliers.	p.39

(1) Quarries within 0.5 km of IUCN I - VI, Ramsar, IBA, Natura 2000, World Heritage Sites - G4-EN11 / (2) Quarries within 0.5 km of local biodiversity sensitive area, quarries with protected species or quarries with naturally occurring caves. / (3) The 2020 target was fixed based on the 2010 reference value of 31.7 mg per ton of clinker to which a 30% reduction target was applied to reach a targeted internal benchmark. The 31.7 mg/ton reference value was published in the 2012 Sustainability Report. Using the standard methodology for adjusting scope for acquisitions and divestitures, the mercury emission rate was 20.6 mg/ton in 2010, 21.4 in 2011 and 19.8 in 2012 / (4) G4-EN2. / (5) G4-EN7.



# MANAGING OUR ENVIRONMENTAL FOOTPRINT



**A**s one of the pioneers in sustainable development, we have been setting ambitious goals for reducing our impact on the planet and its natural resources for more than 20 years. Our Sustainability Ambitions program has already allowed us to significantly reduce our use of non-renewable resources by incorporating recycled materials and alternative fuels into the production process. The latter today represents close to 20.7% \* of our fuel mix and we expect to reach 50% by 2020. Finally we are improving water management to preserve this resource in areas of scarcity.

Managing our environmental footprint also means preserving the fragile balance of our planet. To that end, we have implemented plans to rehabilitate our quarries and to enhance biodiversity. Similarly we endeavor to limit our emissions in order to contribute to the fight against climate change, and also to protect the air quality

*\*Consolidated according to financial standard IFRS11*

**Photo: A cleanness policy aiming at minimizing fugitive dust is being implemented in Arcos cement plant (Brazil)**

**18 Alternative fuels  
and recycling**

**20 Biodiversity**

**22 Water**

**24 Emissions**

# ALTERNATIVE FUELS AND RECYCLING

**We reduce our consumption of non-renewable resources by using processed industrial, municipal and agricultural waste as alternatives fuels in cement plants and re-using construction and demolition waste to develop our recycled aggregates and concrete offer<sup>1</sup>.**



Waste processing unit to produce alternative fuel in our cement plant of Davenport (Iowa, United States)

**A**lternative fuel use reached its highest level in 2014, with an average substitution rate of 20.7%\*, 38.1% of which was derived from biomass. Alternative fuel usage has doubled in the past four years and its use is continuing to accelerate, with 16 countries achieving a substitution rate of 30% or more during the year.

### ADAPTING PROJECTS TO THE LOCAL CONTEXT

As waste is sourced locally, projects must be adapted to the specific local context. In developed countries industrial waste is predominantly used while municipal waste is a growing source

of alternative fuel in emerging countries. Waste management is an increasing concern in many countries where waste treatment facilities may be insufficient. Our cement plants provide a safe, environmentally sound waste disposal solution. The use of these sources of alternative fuels also helps secure the sites' long-term energy supply and increases competitiveness while contributing to local economic development, through the creation of local jobs. Following the launch of two large-scale municipal waste projects in Iraq and Egypt in 2013, feasibility studies for similar new projects in Nigeria, Kenya, Zambia, Morocco, Tanzania, China, Russia and Brazil were launched in 2014.

#### GRI STANDARD DISCLOSURES

- 1. G4-DMA: materials
- 1. G4-DMA: material stewardship
- 2. G4-EN2

**16**

countries achieved an alternative fuels substitution rate of 30% or more

**9 million**

tons of recycled aggregates were sold in 2014

## CASE STUDY



### RECYCLED AGGREGATES TO BUILD NEW INFRASTRUCTURES IN QATAR

Our biomass use in Sub-Saharan Africa continued to expand with an increasing focus on large-scale agroforestry projects. Developed in partnership with external experts such as International Center for Research in Agroforestry (ICRAF) and local communities, these projects help boost local agricultural production and generate biomass residues that are used as fuel in our cement kilns. In November 2014 a Memorandum Of Understanding was signed with the Ogun State Government in Nigeria to study the feasibility of a project covering more than 100,000 hectares to promote reforestation and smallholders development. Lafarge Industrial Ecology and the Ogun State Forest Commission will study the implementation of different potential models for this land, involving both large-and small-scale agroforestry projects, are also being currently studied in Tanzania, Uganda and Kenya. Using biomass or municipal waste as alternatives to conventional fuel can be challenging. Projects can involve many actors, long-term investment and process adaptations to incorporate the fuels. Despite these challenges, the securing of long-term energy supply increasing plant competitiveness and strengthened local community relations ensure the positive contribution of such projects.

### BOOSTING RECYCLED PRODUCTS OFFER

In 2013 we launched our program to increase use of recycled aggregates for both concrete and pure aggregates applications helping conserve natural resources. Nine million tons of recycled aggregates were sold in 2014, in line with the target of selling 15 million tons per year by 2020. Alongside increasing sales in developed countries such as France and Canada, we were the first company to launch recycled aggregates in emerging markets

such as Brazil and Qatar, supported by the establishment of new recycling facilities. Sales of aggneo™ high-quality recycled aggregates continued to develop, and were used in a range of applications, such as road base, road shoulders and drainage systems. aggneo™ services were also launched in France to remove inert construction and demolition waste from customer sites. Providing recycled concrete solutions can face regulatory constraints and low market acceptance. However, in France and Canada – two of our main markets – we sell concrete with recycled aggregates on a monthly basis, and total sales volumes for the year were approximately 108 thousand cubic meters. While this represents only 0.3% of total volumes<sup>2</sup>, it is a three-fold increase compared to 2013 volumes. ◀

Qatar is planning to invest 40% of its budget in new infrastructure for the FIFA 2022 World Cup and for the delivery of the 2030 National Vision, the country's national development plan. However, Qatar lacks building materials; most of the aggregates is imported at a very high cost. The Qatari authorities have just revised the local construction specifications to allow the use of recycled aggregates. In 2014 to tackle the growing market needs while finding sustainable solutions; we invested in new recycling facilities, providing Qatar with 667,000 tons of recycled aggregates during the year. This is a significant achievement for Lafarge and for recycled materials in this region with high

construction needs. It is the first time that recycled aggregates have been used in the country. In 2015 our local teams will launch a recycled concrete offer, targeting to sell 100,000 m<sup>3</sup> of recycled concrete and 1 million tons of recycled aggregates. We ensure that our work in Qatar and that of our contractors conform to our human rights policies.

such as Brazil and Qatar, supported by the establishment of new recycling facilities. Sales of aggneo™ high-quality recycled aggregates continued to develop, and were used in a range of applications, such as road base, road shoulders and drainage systems. aggneo™ services were also launched in France to remove inert construction and demolition waste from customer sites. Providing recycled concrete solutions can face regulatory constraints and low market acceptance. However, in France and Canada – two of our main markets – we sell concrete with recycled aggregates on a monthly basis, and total sales volumes for the year were approximately 108 thousand cubic meters. While this represents only 0.3% of total volumes<sup>2</sup>, it is a three-fold increase compared to 2013 volumes. ◀

*\* Consolidated according to financial standard IFRS11 (17.4% when consolidated for entities under the Group's management control)*



# BIODIVERSITY



Redevelopment of the former Volos limestone quarry into tree nurseries at Almiros (Thessaly region, Greece)

## 636

hectares of active quarries were restored in 2014

## 99.3%

of quarries with high biodiversity have implemented a BMP

**We manage biodiversity at our sites and engage with experts and local stakeholders to protect natural capital and secure our license to operate. In 2014 we launched our strategy to achieve a Net Positive Impact<sup>1</sup>.**

**O**ur operations can have both positive and negative impacts on biodiversity. Lafarge continued to develop further tools and guidance to enable sites to manage their biodiversity and quarry rehabilitation more effectively.

### REHABILITATION PLANS FOR QUARRIES

All quarries are screened using data from our Integrated Biodiversity Assessment Tool and Geographic Information Systems to determine sites with high biodiversity (within 500 m of IUCN I to VI, Ramsar, IBA, Natura 2000 and World Heritage Sites<sup>2</sup>). These quarries represent 22.1%<sup>3</sup> of total quarries and have all implemented Biodiversity<sup>4</sup> Management Plans (BMP), except one mothballed quarry that reopened in 2014. Sites are also screened for local

sensitivity (proximity to protected habitats or species and naturally occurring caves). These sites account for 19.1% of our quarries and 48.4% of them have implemented a BMP (target for 2015 is 100%). Additional targets include rehabilitation plans at all quarries by 2015 and implementing BMPs at these sites by 2020. At the end of the year 2014, 87.6% of our quarries had rehabilitation plans and more than 636 hectares<sup>5</sup> were restored in 2014; there is a need to accelerate the development of these plans in 2015, mainly for our cement operations. 44.3% of quarries now have BMPs, so progress is continuing well. In developing BMPs we encourage our sites to form relationships with local NGOs, universities and stakeholders to better manage biodiversity<sup>6</sup>. We have many examples of these partnerships around the world which

## CASE STUDY<sup>8</sup>



### SAN CARLOS QUARRY: PRESERVATION OF NATURAL HERITAGE

Lafarge took over the operations of San Carlos quarry located in an important volcanic area of Campos de Calatrava in Spain. The quarry had faced strong concerns from The University of Castilla La Mancha and local NGOs that its activities would destroy part of the volcanic formations. Extensive dialogue with

scientists and stakeholders was established and site visits were organized to find ways to conciliate quarrying activities with preservation of natural heritage. Quarrying exposed the different formations which were not visible before and enabled students to do further research. It was agreed to preserve an area of the quarry and create an

open-air museum in 2015 with the university and NGOs, which will also enhance local development through tourism, providing income and employment to local communities. We also created habitats within the quarry as nesting sites for local birds of prey and made improvements to enhance local biodiversity.

#### GRI STANDARD DISCLOSURES

- |                         |            |
|-------------------------|------------|
| 1. G4-DMA: biodiversity | 5. MM1     |
| 2. G4-EN13              | 6. G4-25   |
| 3. G4-EN11              | 7. G4-14   |
| 4. MM2                  | 8. G4-EN12 |

also include projects to educate local communities and our employees on the importance of preserving biodiversity.

### IMPLEMENTING OUR BIODIVERSITY STRATEGY

We launched our Group Biodiversity Strategy on International Biodiversity Day (22 May). It was developed in conjunction with WWF and in consultation with the Group's International Biodiversity Panel, and includes a commitment not to open new quarries in protected areas IUCN I & IUCN III (a first for the sector) and World Heritage Sites<sup>7</sup>. We aim to achieve a Net Positive Impact on biodiversity based on a comparison between habitat types after a site has been rehabilitated and the pre-site situation, and are close to finalizing an in-house methodology to evaluate this. Internal guidance on managing limestone biodiversity was also developed in 2014, which includes specific biodiversity aspects related to naturally occurring caves in limestone areas. It will be tested over the next twelve months.

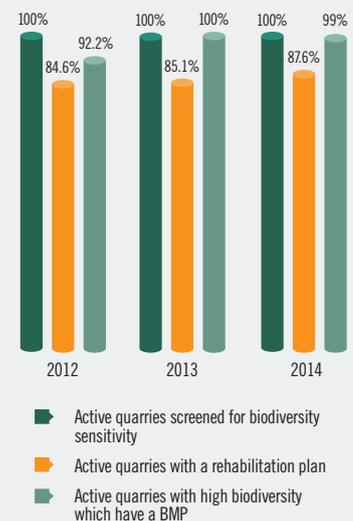
### ENGAGING WITH STAKEHOLDERS

We engage stakeholders to better manage biodiversity. We also endeavor to educate local communities by providing nature trails or

involving local schools, universities, residents and youth groups in site nature projects. We sometimes face difficulties in meeting the diverse expectations from the various stakeholders groups, some of which have very specific interests. For example, in Kanthan, Malaysia, a group of stakeholders is opposed to the further development of our quarry<sup>8</sup>. The BMP facilitates the approval of future site permits and the development of rehabilitation plans to avoid or at least minimize impact upon habitats and species. Our BMP tool has been selected by the Wildlife Habitat Council for inclusion in their new certification program. We also contributed extensively to the Cement Sustainability Initiative (CSI) guidelines on BMPs. Lafarge was invited to present on biodiversity at several events in 2014 including the CSI event to launch the BMP guidelines, the National Congress on Environment in Barcelona, Spain and the Wildlife Habitat Council Symposium in Baltimore, USA. ◀

\* [www.lafarge/sdnweblinks](http://www.lafarge/sdnweblinks)

### BIODIVERSITY & ACTIVE QUARRIES



# WATER

**With 28% of our cement production located in areas of water scarcity we are committed to reduce our water footprint and contribute more broadly to better water management in the areas where we operate.**

**O**ur efforts to improve water efficiency have enabled us to reduce water consumption per ton of cement by 14% since 2010. 72% of our sites are equipped with water recycling systems<sup>2</sup>; we still have opportunities to enhance water recycling at our aggregates and ready mix sites<sup>3</sup>.

### PROGRESSING OUR PROGRAM

We focus on reducing the water footprint of our operations in water-scarce areas and promoting more responsible water stewardship in the wider water basin. To that end, we endeavor to facilitate access to water, help improve water quality and raise awareness on water issues. We also use our quarries to promote water-related habitats and activities.

Water risk assessments were completed at all cement and aggregate operations and rainwater harvesting, water recycling and

re-use of wastewater have been identified as key levers. A third of the sites identified as sensitive have defined an action plan and developed water initiatives with local stakeholders. Lafarge has established local partnerships with WWF in the Philippines and Uganda to characterize water basins for better sharing of water with local communities and to raise awareness around water issues through training. In 2014 Lafarge participated in the CDP Water disclosure program.

### FOCUSING ON WATER-SCARCE AREAS

Water stewardship efforts are more particularly focused on our operations where water is scarce or very scarce, which happen to be areas of growth. Lafarge water strategy consists in maximizing waste-water recycling and rain water harvesting for internal use

**72%**

of our sites are equipped with water recycling systems

**116l/t**

consumption of fresh water per ton of cement in water scarce and very scarce regions



Rehabilitation of former quarry into pond to collect and store rainwater in Arasmeta (Chhattisgarh State, India)

**GRI STANDARD DISCLOSURES**

- 1. G4-21
- 1. G4-DMA: water
- 2. G4-EN10
- 3. G4-EN2

but also for sharing with local communities for agriculture needs. Fresh water consumption per ton of cement in water-scarce or very scarce regions is on average two-times lower than in water-abundant or water-sufficient regions. We expect production in areas of scarcity to increase by 2020. Fresh water consumption excludes waste-water recycled, brackish (salty) water but also rain water harvesting as per the CSI Protocol on water reporting issued in 2014. This is the first time we report fresh water consumption.

**ENSURING SUSTAINABLE WATER MANAGEMENT**

India is a good example of how the Group program is deployed. The National Action Plan on Climate Change addresses water conservation, wastage prevention, irrigation and flood control, as well as equitable distribution. Where water is available, it might not always be safe for drinking. Our two cement plants identified as sensitive in regards to water supply, located in Arasmeta and Sonadih, in Chhattisgarh, have both performed water technical audits and characterized their water basin. They have turned exhausted mine pits into ponds to collect and store rainwater, which is used for mining-related operations, on haul roads to control dust emissions, and for watering vegetation in the mine area. The ponds also help replenish the groundwater table and develop biodiversity, being home to numerous fauna and flora species.

Rooftop rainwater harvesting is also used at the plants and extended to surrounding townships to increase collection and storage. To prevent water wastage, underground pipes were installed to avoid leakage, and separators allow treated water to be reused for vehicle washing.

In Arasmeta Lafarge installed a sewage treatment plant for domestic water treatment so water can be reused for horticulture activities.



**CASE STUDY**

**FACILITATING ACCESS TO CLEAN DRINKING WATER TO SCHOLARS IN SOUTH AFRICA**

In 2014, we worked closely with local communities near our Mpumalanga plant in northern South Africa and identified the need to assist schools to gain access to safe drinking water. The aim was to prevent frequent waterborne illness and also to make the scholars' life easier: many of them had to walk long distances to fetch

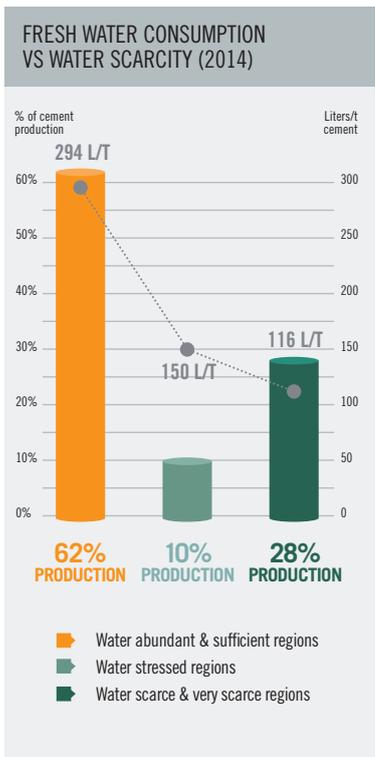
water from surrounding sources, disrupting class attendance regularly. Four schools were identified and our local teams have partnered with the Autotec Foundation and the Regional department of Education to sponsor the drilling of boreholes for the schools, allowing an adequate and safe drinking water supply

infrastructure and the set-up of regular laboratory analysis. Around the boreholes, we used our Hydromedia™ pervious concrete, to let water run off, avoiding the formation of mud and keeping the water station clean. The water is also re-routed to the garden instead of being wasted.

**ENGAGING WITH LOCAL COMMUNITIES**

Among the challenges faced, inadequate drainage systems coupled with a lack of awareness of the general population – especially in rural areas – may lead to contamination of water sources. In the Indian example, programs have been developed to maintain and upgrade water hand pumps for local villages, serving about 1,200 people, in partnership with a hydro-geology expert team from Action for Food Production (AFPRO). Training and tools were provided to 28 local young people to enable them to perform routine maintenance and repairs. Through the Lafarge volunteering program, employees also helped supervise pond deepening programs in surrounding villages to enhance storage capacity for rainwater allowing better management of storm and flood water and help recharge the aquifer. ◆

*\* Including water technical audit and basin characterization*



# EMISSIONS

**We set ambitious targets to reduce emissions as part of our environmental stewardship and responsibility towards the communities surrounding our operations<sup>1</sup>.**

**C**ommitments on emissions reduction have been part of our sustainability program for many years. We have maintained transparency on our CO<sub>2</sub> emissions since announcing targets – the first in the sector to do so – in 2001. In 2014 we scored 84 for disclosure and B for performance in the Carbon Disclosure Project (CDP).

## REDUCING DIRECT EMISSIONS

The reduction in direct CO<sub>2</sub> emissions in 2014 compared to 2013 was 4 kg per ton of cement which led to 32 million tons of CO<sub>2</sub> emissions being avoided in 2014 compared to emissions intensity in 1990 (reference year). A combination of actions enabled this reduction of 'scope 1' emissions<sup>3</sup>, including better kiln energy efficiency to reduce the amount of energy required per ton of clinker produced; an increase of 8% of biomass content in alternative fuels substituted for conventional fuels; and increasing sales of cements with a lower carbon content. The latter are obtained by using supplementary mineral additives or cementitious materials to reduce clinker intensity. Our scope 1 emissions were however adversely impacted by the unavailability of natural gas in some regions in 2014 which compelled us to switch to solid fuels.

## DEVELOPING LOW-CARBON CEMENT SOLUTIONS

Work continues on new innovative products with smaller environmental footprints such as Aethel<sup>®</sup>, a new generation lower-carbon cement. The footprint of these cements is 25-30% smaller than ordinary Portland cements. We continue to work with US start-up Solidia Technologies on a new solution for precast concrete that could reduce the carbon footprint by 70%.

## REDUCING INDIRECT EMISSIONS

'Scope 2' emissions, which mainly encapsulate indirect emissions related to electricity consumption of the operations, were stable compared to 2013 levels, at 8.7 million tons

It is difficult to affect scope 2 emissions without major capital investment, and investments have been prioritized towards energy efficiency and productivity improvements. 'Scope 3' emissions induced by our activities, such as transportation of our products, amounted to 2.6 million tons<sup>6</sup>, remained unchanged from 2013 levels.

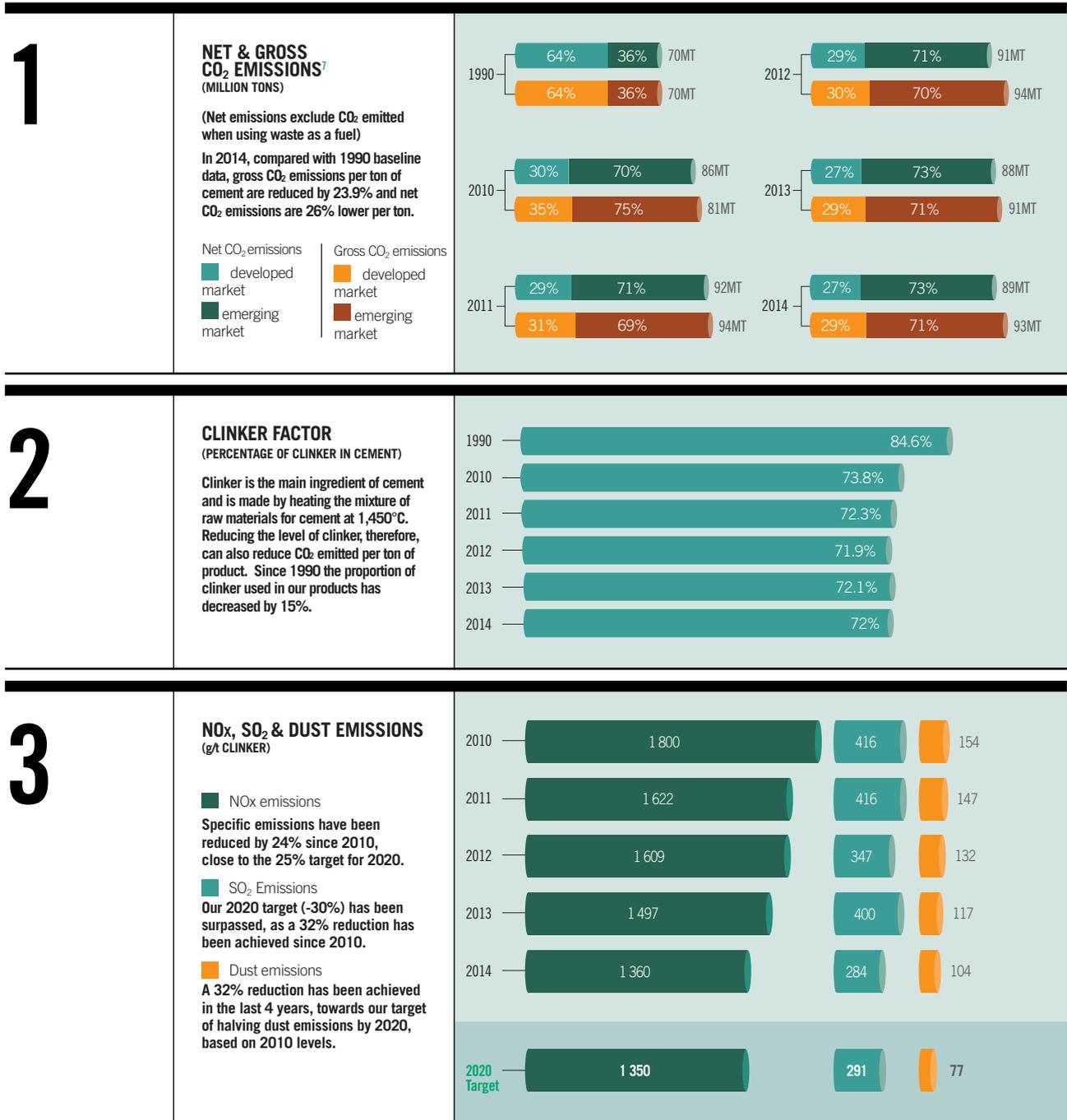
## PURSuing PROGRESS ON OTHER EMISSIONS

Challenging targets were set in the Sustainability Ambitions 2020 program to reduce other main emissions from the cement-making process, namely oxides of nitrogen (NO<sub>x</sub>), oxides of sulphur (SO<sub>x</sub>), dust and mercury. Compared with a 2010 baseline, reductions were achieved in all four areas through installation of new abatement systems for major pollutants. These reductions were facilitated by focusing investment on plants with the highest emissions. For example, Selective Catalytic Reduction (SCR) technology installed at Joppa plant reduced NO<sub>x</sub> by up to 80%, while a gas scrubbing system at Alpena plant will achieve up to 90% reductions in SO<sub>2</sub>, helping North America to contribute significantly to the targets. Investments were also made in technology to reduce dust emissions at plants in Zimbabwe, Algeria, Cameroon and Brazil. ◆

### GRI STANDARD DISCLOSURES

1. G4-DMA: emissions
1. G4-21
2. G4-EN19
3. G4-EN27
4. G4-DMA:energy
5. G4-EN16
6. G4-EN17
6. G4-EN30
7. G4-EN15

# CONTINUING PROGRESS IN EMISSION REDUCTION





# CREATING VALUE FOR OUR STAKEHOLDERS



**A**s an industrial Group with strong local roots, we have a particular responsibility towards all our stakeholders, especially the communities living in close proximity to our sites. The health and safety of Lafarge people and contractors remains our number 1 priority with the objective of reaching zero harm. Everywhere we operate, we are promoting local job creation and, more broadly the economic and social development of communities. Designed in partnership with local actors, our programs are supported by employees through a policy encouraging volunteering.

Many of our innovation efforts focus on the creation of solutions facilitating the development of inclusive business, such as affordable housing to ensure that everyone can have access to decent housing at an affordable price. Our ambition is to create value for society as a whole.

**Photo: Children in front of houses built by the National Housing Authority, in partnership with Lafarge, developed to rehabilitate housing after the Yolanda typhoon and Bohol earthquake in Naic (province of Cavite, Philippines)**

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**28 Health and Safety**

**30 Community  
development and outreach**

**32 Employee diversity  
and skills**

**34 Access to housing**

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# HEALTH AND SAFETY

**We have made Health & Safety of employees and contractors our number 1 priority. Reaching – then maintaining – zero harm is an absolute necessity<sup>1</sup>.**



Lafarge Health & Safety training center – dedicated to our employees, contractors and other companies – has welcomed over 11,000 people since 2009 in Okke (GangWon-do, South Korea)

In prioritizing Health & Safety (H&S) and dedicating significant resources, we have reduced the number of fatal incidents and injuries related to the business. In 2015 we must continue our actions to reach the goal of zero fatalities. In addition, we are implementing a plan to control exposure to health risks at our sites, which have been identified following a comprehensive risk assessment program.

## PROGRESSING TOWARDS WORLD-CLASS STANDARDS

The 2014 data demonstrates that performance progress has plateaued in the last two years, relative to improvements over time. 24 fatalities were recorded, including employees, sub-contractors and third-parties. This is a marginal reduction from 26 fatalities recorded in 2013. Every fatality is deeply regretted. The CEO or a member of the Group's Executive Committee attends every fatality review

to ensure that learnings are identified and shared, to stop such an incident reoccurring elsewhere. Road safety remains a key area of focus, including the roll-out of all elements in the Group's advisory. Our Health & Safety Management System (HSMS) remains our basis for driving continuous performance improvement. It contains 10 key elements covering health and safety management at all sites, including behavior. It was upgraded in 2014 to incorporate core industrial process risks and health issues. A comprehensive Group audit program ensures the HSMS is in place. In 2014 60 audit missions were conducted (a total of 90 missions have been completed in the last two years). More than 400 people participated in these onsite audits, with senior operational and functional managers alongside H&S professionals to grow their own expertise on the topic. The main challenges commonly identified in these audits concern gaps in the implementation of standards related to energy

**0.49**

Lost-Time Incidents Frequency Rate (LTIFR) in 2014 for employees and contractors

**84%**

of countries developed a system for assessing health

**GRI STANDARD DISCLOSURES**

- 1. G4-DMA: occupational health and safety.
- 2. G4-LA7

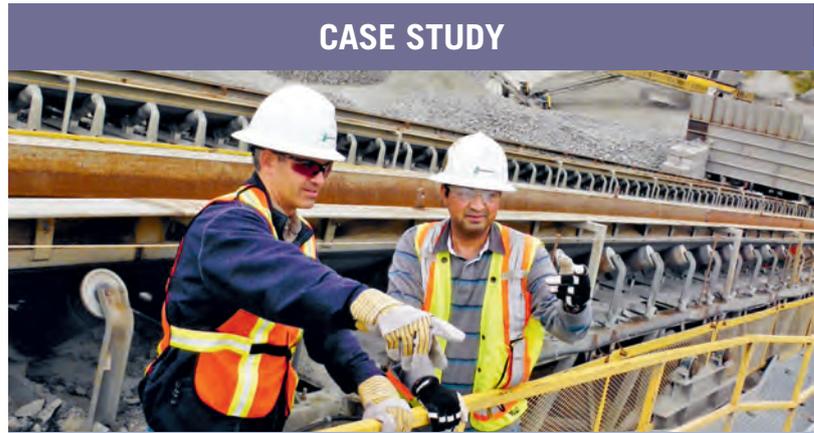
isolation and working at height, management of onsite traffic, contractor behavior and ensuring appropriate risk assessment schemes are in place. At the same time, good practices are identified and shared from these audits, for example on worker involvement and recognition, improved job aids when preparing to manage risks, contractor safety management or safe lone working. Each audit results in an action plan for the country and its sites to drive continuous improvement and risk mitigation. Our central H&S team continues to ensure all actions are completed on time and in full. So far, Group H&S audits have been conducted in 35 countries. 80 missions are planned for 2015 in 34 countries, 9 of which are new to the program. The aim is to have covered all sites or clusters by the end of the year.

**REINFORCING LEADERSHIP**

We continue to place an emphasis on the role of leadership and individual behavior in developing safe operations, alongside rigorous deployment of the HSMS. This approach is deployed at a number of levels. The Group's Health & Safety Excellence Club, which identifies the safest operations in the Group, has 36 members, 23 of which are operational units, with the remaining members representing country product lines or countries in their entirety. As well as involving senior Group and country managers in the audit program as noted above, there is a specific focus on developing the leadership skills of 'shopfloor' managers at all operations (see case study).

**ESTABLISHING EXTENSIVE HEALTH PROGRAMS<sup>2</sup>**

Health is as important as Safety especially occupational health risk prevention. Our ambition is to reduce employees and contractors exposure to health hazards in the workplace and ensure fitness to perform daily duties. The initial focus in 2014 was on establishing an annual system to assess risks, which was completed by 84% of countries. Noise, dust and ergonomics hazards were identified as key risks. The system helps countries identify locations for potential exposure as well as employees exposed. Following this assessment, 41% of the countries established annual industrial hygiene



**CASE STUDY**

**SUPERVISOR LEADERSHIP TRAINING**

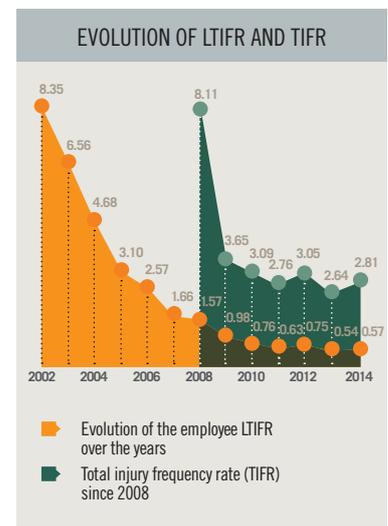
In 2014, we placed a specific focus on developing the leadership skills of 'shopfloor' managers at all operations (typically referred to as supervisors). Their ability to lead teams in working safely has been identified as a key opportunity for performance improvement. The training programs either focused purely on safety or included safety as part of the curriculum. We have

developed guidelines to help countries implement this program through group work, discussions and practical exercises. Workshops allow participants to build on their knowledge and skills in their role as a supervisor by assessing risk in the work area as a daily routine and by engaging their team around their behavior more. So far, the United States and Western Canada encouraged

supervisors to use the ABC behavior model. China trained supervisors to improve their communication skills to better interact with employees and resolve conflicts. Serbia has developed a certification system that leads every year to a re-evaluation to ensure that supervisors still keep up with H&S requirements and are updated with new standards, rules and best practices.

sampling programs, involving potentially exposed employees using wearable monitors. Over 10,000 air and noise samples were taken globally during the year.

As a result of this sampling, it is possible to identify around 7,000 employees at risk of dust exposure; around 13,000 employees at risk of noise exposure. A hierarchy of controls is applied to mitigate this exposure. Although mandatory use of Personal Protective Equipment (PPE) can protect exposed workers, efforts are made to move control up the hierarchy, including eliminating the need for work in these areas or using engineering controls to reduce dust, noise or ergonomic hazards. During 2014, €650,000 was spent on projects to reduce dust exposure. It is intended to further extend this program in 2015, starting with 13 more countries launching annual industrial hygiene sampling at the beginning of the year. Nearly all sites have now implemented a Medical Emergency Response (MER) plan, with 16% of total workforce being trained in First Aid. A comprehensive pandemic response guide was also prepared in response to the Ebola virus, although its principles can be applied to other pandemic risks. ◆



# COMMUNITY DEVELOPMENT AND OUTREACH

**Our commitment to the communities is supported by a methodology focusing on awareness, dialogue and collaboration designed to create shared value for local stakeholders and for the operations.**

**W**e have been committed to contributing towards the local economic development of the communities in which we operate for almost 40 years<sup>1</sup>. Ambitious targets have been set to support the deployment of programs designed to maximize value creation, including promoting employee volunteering, and job creation and education programs.

## GLOBAL SYSTEMATIC APPROACH<sup>2</sup>

At Lafarge we believe shared value creation with communities starts with the systematic deployment of basic tools and processes. A bespoke four-step methodology has evolved over the last 10 years; it provides every

operation with the means to deploy these tools at a level appropriate to the footprint of the site. As a result, the deployment of these tools is typically more comprehensive in large sites (cement plants, large aggregate sites) compared with sites with smaller footprints (concrete plants).

The results demonstrate that the use of methodology and tools<sup>3</sup> facilitate increased engagement with local stakeholders. In 2014 there was an increase in sites mapping their stakeholders and analyzing their risks; the number of sites developing and implementing engagement plans also grew although remains below the level targeted. There was also an increase in actions undertaken with

**>500**

operational managers from over 20 countries participated in workshops on stakeholder engagement



**118,000**

is the number of volunteering hours completed by Lafarge employees

New volunteer player in 2014, China registered 13,000 hours with more than 2,300 employees involved

#### GRI STANDARD DISCLOSURES

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1. G4-24                     | 4. G4-EC8                            |
| 1. G4-DMA: local communities | 5. G4-DMA: indirect economic impacts |
| 2. G4-26                     |                                      |
| 3. G4-25                     |                                      |

stakeholders, including a 9% increase in meetings, with 3,300 meetings with stakeholders across the group and an increase in CSR activities.

There was a decrease in sites experiencing difficult relations with local stakeholders (37%, down from 45% in 2011). Of those sites experiencing difficult relations, the majority (53%) of issues were classed as minor. 11 sites highlighted conflicts with stakeholders that had significant consequences on business and image. These conflicts varied in scope and nature and included cement, aggregates and concrete sites. Case studies explaining the nature of some of these conflicts in Slovenia and Malaysia can be found on our website.

Although these measures are improving, an emphasis remains on ensuring that stakeholders are engaged on operational business developments as early as possible to promote enhanced dialogue and collaboration, rather than sharing information at a late stage of project planning process.

The deployment of this methodology is supported by a toolkit of 130 examples taken from 25 countries as well as a central team to follow-up on local programs and action plans. During 2014 more than 500 operational managers from over 20 countries, including members of country Executive Committees, participated in workshops on stakeholder engagement, a fourfold increase in participants from 2013.

#### CREATING SHARED VALUE

Community programs and partnerships are another way to interact with our communities. We focus on long-term, collaborative programs that balance financial and non-financial contribution and are designed to address the key needs of the community and simultane-

## CASE STUDY



### EMPOWERING WOMEN IN OUR LOCAL COMMUNITIES

We aim at empowering women of our local communities because we believe that, equipped with the proper resources, women have the power to lift whole families and entire communities. For example, in 2014 in India, 550 women were trained in collaboration with several recognized NGOs in nursing, marketing, sales, computer knowledge, sewing (above picture) and

manufacturing materials. In Brazil, within a project framework to help the people of Rocina favela renovate their homes and in partnership with NGOs, Brazilian public agencies and universities, some sessions were reserved for women of all ages. After training, 24 women achieved qualification course in professional workmanship bricklayer in the favela. Also our Surma plant in

Bangladesh trained 37 women in 2014 (763 since 2001) in Small Enterprise Development in cattle rearing and embroidery with a national NGO (picture above). In Nigeria, the Shagamu and Ashaka sites initiated a skill acquisition and development scheme including the graduation of 27 women in 2014 in hair dressing and tailoring fashion design.

ously help create value for the site. The split between financial and non-financial contributions at site level<sup>4</sup> (not including any country or corporate contributions) is becoming more balanced (€16m and €10.6m, respectively). The number of programs, 2,463 in total, was 30% higher than in 2013 and involved a total of 690 sites.

2014 saw an increasingly balanced approach, with our Group volunteering program increasing the level of non-financial contribution considerably. In 2014 more than 118,000 volunteering hours were completed across 30 countries and involving 10,000 volunteers. These efforts, which have doubled compared to 2013, contributed towards more than 700 community programs around the world.

We also identify job creation and education as key value creating levers<sup>4</sup> and provide tools and methodologies to countries to develop sustainable programs. 24 countries ran such programs in 2014.

Other value creating approaches such as affordable housing and support to farmers

whose agricultural waste is used for biomass fuel are covered in other sections of this report. Shared value creation<sup>4</sup> can be evaluated by measuring the socio-economic footprint of our operations, in addition to the deployment of engagement tools. 23 countries have measured the footprint<sup>5</sup> of their sites in 2014, through a combination of Lafarge's in-house measurement tool, developed in collaboration with CARE France and, in some cases, carried out with the use of external consultants. ◆

# EMPLOYEE DIVERSITY AND SKILLS

**We are convinced that strong investment in skills development, diversity in our teams and a constructive social dialogue are key to deliver on our strategic objectives.**

**E**ngagement and the development of our people are critical to business acceleration. This was particularly important in 2014 due to ongoing preparatory work for our merger project, with continuous social dialogue in place to facilitate exchange of views. Professional development continues to be aligned closely with our priorities, as diversity increases across the workforce.

### ENGAGEMENT DURING PERIOD OF CHANGE

We value engagement with our employees and dialogue with employees' representatives<sup>1</sup>. The global framework agreement on corporate social responsibility and international industrial relations signed by Lafarge in 2013 stresses the Group's

commitment to abiding with major international frameworks such as the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work<sup>2</sup>, the UN Global Compact<sup>3</sup> and the OECD Guidelines for Multinational Enterprises.

Engagement and consultation is supported by effective internal communications. This is maintained at country level with 80% of entities informing their employees on strategy in 2014. Dedicated monthly newsletters, supported by an online forum, have informed employees on the progress of the merger project, with materials and training for country leadership teams to engage and support their teams during this unprecedented period of change.

**2,403**

sales representatives and managers attended the Sales Force Effectiveness program



At our Caapora plant (Brazil) like everywhere we operate, our inclusive culture is defined as supporting a work environment that values diversity

**19%**

of senior management positions are held by women

GRI STANDARD DISCLOSURES	
1. G4-DMA: labor/management relations	3. GRI G4-DMA: investments
2. G4-DMA: freedom of association	4. G4-DMA: diversity and equal opportunity
2. G4-DMA: child labor	5. G4-DMA: training and education
2. G4-DMA: non-discrimination	6. G4-DMA: equal remuneration for women and men
2. G4-DMA: forced or compulsory labor	

As part of the formal engagement process, a methodology agreement was signed in May with the European Works Council to detail the procedure and involvement of employee representatives at each step of the project. In November there was a meeting gathering Lafarge and Holcim HR directors with affiliates from Building and Woodworkers' International, the European Federation of Building and Woodworkers and IndustriALL Global Union, coming from operations across the world, to discuss the merger project.

In 2014 the Group's employee turnover rate reduced, although the number of employees voluntarily leaving increased slightly. Lafarge is recognized as an Employer of Choice in 5 countries – an increase of 2 from last year – twenty entities, including Malaysia, China, Bangladesh and Zambia, surveyed their employees for their feedback, a 29% increase on 2013. Response rate was between 60-80% and overall, results showed a high level of employee engagement; employees' concerns reported revolve mostly around work-life balance.

### DIVERSITY AND INCLUSION AT LAFARGE

Diversity and Inclusion is a key enabler to performance and there has been significant progress<sup>4</sup>. The number of senior management positions held by women has doubled in 10 years; a new Group Diversity & Inclusion Policy<sup>5</sup> has been issued and the Gender Equality European & International Standard (GEEIS) was attained, in recognition for our approach. This year we publish additional data to monitor gender diversity throughout the business (15.6% of the total workforce are female). Gender consider-

ations are also integrated in our work with local communities, acknowledging the important role women play in economic development.

### CONTINUED DEVELOPMENT OF STRATEGIC SKILLS

People development is closely aligned to the Group's priorities of innovation and performance. All cement plant managers are now fully trained on our revised Plant Operating Model (POM 2.0), which enables increased productivity and competitiveness through the deployment of consistent and proven processes.

The Sales Force Effectiveness program continued, with the participation of 2,403 sales representatives and managers; 33 Country Marketing Directors also took part in the Group's newly established Marketing Academy managed in collaboration with HEC Paris, with the aim of transforming our approach with increased balance between 'push and pull marketing'. Skills development is increasingly available through alternative options to 'classroom training' with on-the-job training and e-learning to provide more awareness and flexibility for employees to pursue professional development.

## CASE STUDY



### LAFARGE OBTAINS GEES/GEIS LABEL

In 2014 we were awarded the GEES/GEIS (Gender Equality European/International Standard) certification<sup>6</sup> recognizing our gender equality actions at European and International level. Created with the help of Bureau Veritas - the world leader in certification - and launched by the Arborus endowment fund in 2010,

the GEES/GEIS label aims at furthering professional equality. Audits by Bureau Veritas were carried out at Group level, highlighting our ability to stimulate and pilot a policy on an international scale. Four of our sites were also assessed: Lafarge Head Office, Spain as well as emerging countries Brazil and Nigeria.

These four sites were recognized for their local initiatives and commitment to professional gender equality. Within the next 24 months, a follow-up audit will be conducted, in the same conditions, allowing to identify fields that still need to be improved.

### MAINTAINING SECURITY

We have a dedicated security department, with staff around the world to ensure the security of our teams, contractors and assets. As well as overseeing security requirements for sites on an ongoing basis, the team ensures a dedicated decision-making unit is in place when our operations are impacted by significant external events. This was the case for our operations in the north-west of Syria, close to the Turkish border, which were stopped from September until the end of the year due to the situation in that country. For our Karbala plant, in southern Iraq, operations continued but at a limited level with enhanced security in place. The Ashaka plant in Gombe State in north-eastern Nigeria was subject to two raids by Boko Haram in the last quarter of the year. Although some equipment was taken, employees were evacuated prior to the raids and operations resumed quickly afterwards. Security at the site has been considerably enhanced and remains under constant review. ◆

<sup>4</sup> [www.lafarge.com/sdrweblinks](http://www.lafarge.com/sdrweblinks)

# ACCESS TO HOUSING

**About 1 billion people live in slums. As part of our contribution to building better cities, we foster access to housing through locally-tailored solutions: microfinance, earth-cement solutions, slum renovation and collective social housing<sup>1</sup>.**



Young girls outside their house built in DuraBric<sup>®</sup>, our earth & cement solution, in Dwangwa (Malawi)

**A**t the end of 2014 the Affordable Housing program reached about 300,000 beneficiaries in 18 countries – more than a two-fold increase since end 2013. The program also generated a profit for the second year in a row. As part of our membership in the Clinton Global Initiative, Lafarge has committed to achieving 10,000 microfinance projects by the end of 2015 across 10 countries.

### ADVANCING OUR APPROACH ACROSS DIFFERENT FIELDS

Earth and cement solutions for bricks that do not require firing are now available in Malawi and Rwanda and will be launched in four more countries (Cameroon, Tanzania, Kenya and Zambia) in 2015. A complete offer is provided, including training, access to equipment and technical assistance in

preparing the right mix of constituents and brick compression. Following a successful pilot in Mumbai, bagged concrete solutions for slum rehabilitation have been expanded to a further two locations in India. 150,000 bags of concrete have been delivered by rickshaws directly onto construction sites inside the slums. The Mumbai plant is now operating at full capacity and at break-even. Other technical solutions tailored to local building practices and construction needs are currently being tested. Lafarge's social housing offer consists in accelerating construction projects while ensuring good quality at an affordable cost in developed markets<sup>1</sup>. In France the foundation stone for "les Hauts Plateaux"<sup>2</sup>, an innovative social housing project mixing housing and garden space, was laid in Bègles in October 2014.

**€7.2 m**

additional EBITDA was generated by the Affordable Housing program in 2014

**300,000**

our Affordable Housing program reached about 300,000 beneficiaries in 18 countries

GRI STANDARD DISCLOSURES

1. G4-EC8

Lafarge has worked closely with the architect and building contractor since the beginning of the project to ensure the efficiency of cement and concrete use for this project as well as producing housing with a high aesthetic value.

**COMBINING BUSINESS AND SOCIAL INITIATIVE**

Affordable housing programs cannot be delivered alone. Typically Lafarge links local microfinance partners with retail stores that distribute Lafarge products, enabling the micro-loans to be made to clients in materials rather than currency. This approach has proven to create more value for all actors involved, for example in allowing local retail stores to increase sales, ensuring the micro-loan goes directly to the project, as well as making sure Lafarge products are used. The development of partnerships with local bodies, such as administrations, developers, NGOs and banks, is essential. Such partnerships take considerable time to develop, although when established, can generate significant value, as demonstrated by Lafarge's partnership with the French Development Agency (AFD) which helped deliver 900 affordable housing projects in

Nigeria in 2014. A global partnership was also established with International Finance Corporation (IFC) in 2014. These development agencies help with the refinancing and capability building of our local microfinance partners. The partnership with the local microfinance institutions is a requirement. The provision of micro-loans for housing projects is different from other micro-loans in that it is

secured against an asset rather than a revenue stream. Thus an academy to train bankers on these specificities took place, in Kenya in July, in partnership with the IFC and UN Habitat. By sharing the hosting of this event, the specificities of loans, regulatory challenges and technical aspects and best practices could all be presented together to the 40 participants drawn from 8 countries, which subsequently helped the launch of new projects in Kenya, Zambia and Cameroon.

In developing a sound and sustainable business it is necessary to create societal and financial value, which includes the ability to run a profitable venture. In 2014 Lafarge's program generated €7.2 million additional EBITDA (a two-fold increase from 2013), thanks - in part - to the management provided by the local sales and marketing teams in the countries where programs take place. ◆

\*[www.lafarge.com/sdrweblinks](http://www.lafarge.com/sdrweblinks)

CASE STUDY



**TECHNICAL ASSISTANCE AND TRAINING FOR DURABLE HOUSING**

The knowledge and technical skills required to build a house properly are key to successful affordable housing projects. Technical assistance is provided free-of-charge – a real economic benefit – to low-income participants using Lafarge products to ensure buildings are completed to the requisite

standard and allow for future expansion. Aimée Oizuamu, a Technical Assistant in Nigeria (right on the picture), uses an application on a tablet to define the building design and the required amount of materials. Unique to Lafarge, it helps expedite the ordering process and strengthens Technical

Assistants credibility. In her feedback, Aimée explained that despite the sometimes long commute to remote construction sites, she finds helping families build their home a rewarding experience and has learned a lot in the field from over 100 construction projects.



“Les Hauts-Plateaux” project is a vertical housing estate that offers an innovative and affordable solution to the problem of urban sprawl in Bègles (Gironde, France)

# GOVERNANCE



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# BUSINESS ETHICS

**Business ethics is deeply embedded in our governance. It constitutes the cornerstone of our corporate responsibility and represents a core part of our risk management systems.**

**T**he Group Executive Committee and Country CEOs are ultimately responsible for ensuring that business ethics are embedded in our strategy and day-to-day operations, under close monitoring by the Board of Directors<sup>1</sup>. Business ethics was on the top of the agenda for all Board of Directors' meetings in 2014, especially in the framework of the merger project with Holcim. The Board met four times on governance issues; a full session was dedicated to Internal Control and Internal Audit in July.

#### **GOING BEYOND COMPLIANCE<sup>2</sup>**

Our Code of Business Conduct (CoBC)<sup>3</sup> covers all fields relating to business ethics. The Code is developed to ensure not only legal compliance in the numerous countries where we operate, but also consistent applications of the Group standards. All employees are expected to abide by this Code and training is in place to ensure awareness and compliance. Countries are required to train the widest possible audience (from shop-floor to Country CEO) whether through e-learning or via in-person trainings.

Around 5,700 CoBC compliance training sessions were delivered during the year both in-person and via a multi-lingual e-learning tool. To ensure suppliers operate to the same high standards, a Code of Business Conduct for suppliers has been launched and provided to all suppliers.

#### **OUR COMMITMENT TO FAIR COMPETITION**

Given the market specificities of our industry, the risk of competition issues is addressed through our Group Competition Compliance Program, established in all countries since 2007. Implementation of this program includes legal guidance, reporting tools and compliance audit and training conducted by, or under the supervision of, our dedicated Group legal team. Each Country General Counsel has to ensure that all employees, who, by virtue of their position, should have an awareness of competition laws ('relevant employees': members of country executive committees, sales and marketing teams, purchasing departments) attend periodic training sessions and perform dedicated e-learning on Group competition law compliance rules, under the guidance of Group Legal Department. Every new relevant employee must follow such training (whether in-person or through e-learning), so that 100% of them are aware of competition law compliance rules on a continuing basis.

In 2014, about 1,400 specific training sessions on competitive law compliance were completed worldwide, both in-person and via a multi-lingual e-learning tool. Reflecting our commitment to go beyond compliance, the Group legal team organizes regular workshops with country management teams to raise awareness of best practices and latest policy developments. During the year, there was a particular focus on competition law guidance, due to the merger project. Lafarge maintains



Back, from left to right: Luc Jeanneney, H el ene Ploix, Baudouin Prot, Paul Desmarais, Jr, Oscar Fanjul (Vice-chairman of the Board of Directors), Michel Rollier, Philippe Dauman, Juan Gallardo, Ian Gallienne, Christine Ramon, Mina Gerowin, Philippe Charrier, J er ome Guiraud, G erard Lamarche, Nassef Sawiris. Front, from left to right: V eronique Weill, Bruno Lafont (Chairman and Chief Executive Officer), Ewald Simandl.

open and transparent contacts with competition regulators worldwide, as well as well-established organizations such as the International Chamber of Commerce (ICC), the Organisation for Economic Co-operation and Development (OECD) and the European Round Table of Industrialists (ERT).

### MANAGING THE RISK OF CORRUPTION<sup>4</sup>

Engagement with national governments mainly relates to our license to operate. Specific procedures against fraud and corruption are in place at all businesses to avoid complicity in corruption issues. Group approval rules require all intermediation and business development related contracts above €300,000 to be validated by the Group Executive Vice President and the Group General Counsel and above a certain threshold, by the Group Chief Executive Officer. Below this threshold, the Country CEO must approve all such contracts. Specific rules also apply in countries concerning participation in political action. Policies are in place to ensure transparency and compliance with national regulations. Dialogue is also maintained with anticorruption organizations (e.g. Transparency International, Service Central de Pr evention de la Corruption in France) and business organizations (e.g. AFEP<sup>\*</sup>, Medef<sup>\*\*</sup>) to foster continuous improvement.

### PROMOTING HUMAN RIGHTS<sup>5</sup>

Lafarge adheres to major UN frameworks: the Universal Declaration on Human Rights, the

Declaration on the Rights of Indigenous People and the Guiding Principles on Business and Human Rights. We are also a member of the UN Global Compact LEAD group, and Entreprises pour les Droits de l'Homme in France.

In 2013 Lafarge signed a Global Framework Agreement on Corporate Social Responsibility and International Industrial Relations with BWI<sup>\*\*\*</sup> and IndustriALL Global Union. It covers forced and child labor, discrimination, protection of migrant workers, freedom of association, compensation, working hours, health and safety and working conditions among others and also applies to subcontractors.

In 2014 there were no reported corruption cases, no report of human rights breaches nor any new anti-trust prosecutions.

### PRACTICING RESPONSIBLE LOBBYING

Public affairs work is based on a lobbying charter, developed with Transparency International. To ensure effectiveness, Group legal and public affairs teams provide peer coaching to country experts. We actively contribute to public debates on issues of importance to our business such as energy and climate change. Our public positions on key issues are available on our website. ◀

<sup>\*</sup>Association fran aise des entreprises priv ees  
<sup>\*\*</sup>Mouvement des Entreprises de France  
<sup>\*\*\*</sup>Building and Wood Worker's International

#### GRI STANDARD DISCLOSURES

- |                                      |                                       |
|--------------------------------------|---------------------------------------|
| 1. G4-34                             | 5. G4-DMA: child labor                |
| 2. G4-DMA: compliance                | 5. G4-DMA: forced or compulsory labor |
| 3. G4-56                             | 5. G4-DMA: freedom of association     |
| 4. G4-DMA: anti-corruption           |                                       |
| 5. G4-DMA: anti-competitive behavior |                                       |
| 5. G4-DMA: non-discrimination        |                                       |

# SUSTAINABLE SUPPLY CHAIN

We are committed to ensure our supply chain is in accordance with the UN Global Compact Principles by carefully assessing our suppliers and ensuring we share the same values<sup>1</sup>.

As part of our effort to ensure that products and services are sourced in a responsible and sustainable manner, we expect our suppliers to have policies and procedures in place that foster a sustainable supply chain. This means ensuring that the UN Principles on Business & Human Rights are respected, and we perform due diligence on suppliers, which includes evaluating their business practices, as well as ensuring reliability in the supply chain to minimize the risk of disruption<sup>2</sup>. The task is huge: Lafarge has around 150,000 suppliers worldwide. As a result, a pragmatic, segmented approach has been adopted to assess suppliers, including ways to support them in their improvement programs to incorporate necessary mechanisms.

## ENSURING A SUSTAINABLE APPROACH

Since 2012 our approach to assessing suppliers has focused on our largest vendors, making up 25% of the total spend. This assessment continues to be completed in conjunction with an external specialist, EcoVadis, who carries out a risk mapping of suppliers using 21 CSR criteria providing in-depth data on the social, environmental, ethical and procurement practices of each supplier. 250 critical suppliers were assessed in 2014, bringing the total number of assessments completed and shared with the relevant Lafarge purchasing teams to 550 since 2012. Although it is clear that there is substantial progress required to assess all suppliers, we believe this approach

creates more value as we continue to work with each supplier to ensure the appropriate corrective and continuous improvement plan is followed. Our philosophy is that a more comprehensive review is, in the long-term, preferable to supplier self-assessments, which we acknowledge can be completed more easily. So far 4% of assessed suppliers (about 20 suppliers) have failed to meet our minimum requirements – which in some cases means Lafarge will discontinue working with them if they do not show progress towards improvements within 12 months. For the majority, Lafarge accompanies suppliers in their corrective actions which enables the supplier's business to become more sustainable and empowers the continuing business relationship; the actions that will be taken will also benefit other current and potential future clients of the supplier. To support this process, an EcoVadis webinar and kick-off calls with all the participating countries were organized in 2014 as well as incorporating the assessment process into the company's e-purchasing tool to enable commercial relationships to be measured to the appropriate standards. In 2015 work will continue to help country teams develop their knowledge on this area. This approach will be maintained in 2015: in addition to the continuing work with the suppliers to complete the necessary corrective actions, a further 450 suppliers are targeted for assessment during the next 12 months. Our 2015 target is to have suppliers representing 40% of our spend assessed, halfway to our

2020 goal of having suppliers representing 80% of our spend assessed. The possibility to do an initial screening for smaller suppliers to determine those requiring a full assessment will also be reviewed during 2015.

## ENSURING COMMON VALUES

Lafarge's standard terms and conditions require that suppliers adhere to the United Nations Global Compact (UNGC) principles and this requirement was included in 99% of purchase orders issued across the entire group in 2014<sup>3</sup>. The remaining 1% refers to countries who have not answered the survey. Data collected by assessment is provided to suppliers to inform their policies. Our Group's supplier Code of Business Conduct was revised in 2014 to reflect Lafarge's standards for suppliers in the field of sustainability. The new Code of Business Conduct is now referenced in the Group's standard terms & conditions which form part of all purchase orders. ◆

## GRI STANDARD DISCLOSURES

- |  |  |
|--|--|
| 1. G4-DMA: supplier assessment for labor practices     | 1. G4-DMA: supplier environmental assessment |
| 1. G4-DMA : supplier assessment for impacts on society | 2. G4-21                                     |
| 1. G4-DMA: supplier human rights assessment            | 3. G4-HR1                                    |
|  | 4. G4-56                                     |

# OUR STAKEHOLDER PANEL



Since 2003, the Stakeholder Panel has served as an independent group of “critical friends” advising and supporting Lafarge on its sustainability journey. We challenge Lafarge on its approach to sustainability, helping it anticipate emerging issues, extending the scope of the Group’s reach, testing its understanding of developments in good practice, and pressing it to exercise leadership in the building materials industry.

**D**uring the year Lafarge has kept us informed on progress of the proposed LafargeHolcim merger and we look forward to seeing how the two companies’ sustainability strategies will merge to become greater than the sum of the parts. The proposed merger will create a very large Group whose scale will make sustainability issues more critical, increasing stakeholder interest and emphasizing the need for transparency and the imperative of leadership within the sector.

We value the insight that we have gained into Lafarge and welcome this occasion to give our view on progress made in 2014 and the opportunities and priorities for improvement.

The 2014 report reads well and tells a good story illustrated with relevant case studies which aid understanding. We understand and regret that it is not yet possible to fully report benchmarking across the sector but we still believe this is important and we encourage Lafarge to better contextualize and where possible report its performance benchmarks. We also reiterate our earlier recommendation that Lafarge be more specific about dilemmas and challenges which would help the reader better understand that this journey is not easy.

We were again pleased to see Business Ethics highlighted and recognize Lafarge’s commitment to human rights and the major UN

frameworks. We encourage Lafarge to provide more informed commentary in this area particularly issues raised and solutions found.

## BUILDING THE CIRCULAR ECONOMY

We welcome the progress made on reducing CO<sub>2</sub> emission and we encourage Lafarge to develop further targets for scope 2 and 3.

We recognize the leadership of Lafarge in not only reducing its own footprint but also providing business leadership on this major societal challenge. This leadership is especially critical this year as governments progress towards a global agreement at the climate summit in Paris in December. Lafarge’s innovation in delivering solutions which improve building energy efficiency is having a positive effect on building codes, for example in Canada, and we would like to see more examples. We recommend that the scope be extended to integrate the whole life cycle of the built environment, including while buildings and urban infrastructures are in use.

We are pleased to see the progress made on reducing air emissions but more clarity with regard to mercury emissions is needed.

We welcome the Lafarge biodiversity strategy launched this year and the progress made in managing biodiversity on its sites. We applaud the Lafarge commitment to avoid exploitation in protected areas (IUCN categories I to IV), a

first for the sector, and the promise of an enhanced ESIA for new sites and expansions of existing sites. The 'net positive impact' methodology will need to be tested and independently peer reviewed over the coming years. The panel particularly welcomes the commitment to conserve 'cathedral cave' at Kanthan, Malaysia and encourages the broad engagement of all stakeholders in resolving biodiversity issues on other areas of the site. We recognize the progress made in areas of water scarcity and encourage the company to deploy its learning overall, adopting a landscape approach to watershed management, raising water quality where possible for local communities and developing innovative solutions for urban resilience.

The panel also welcomes the progress on alternative fuels, particularly biomass and recommends expanding the program, not competing with food production but supporting agriculture via agroforestry and creating jobs by using agricultural by-products as fuel. The panel believes that by exploring the integration of biomass production and watershed management at a landscape level the company may achieve greater synergies between these programs. We recognize the challenges Lafarge is facing in scaling its recycling offer but the experience being gained will support acceptance over coming years.

### BUILDING SUSTAINABLY

We recognize the substantial progress made in providing access to affordable housing, and in particular the emphasis on local partnerships. We encourage Lafarge to explore new business models which meet local needs and add societal value. The learning from the examples given, particularly in Mumbai, demonstrates the business viability of such an approach. The panel asks Lafarge to consider whether a portion of the resulting profits can be invested into local community funds to provide education and skills training. We recommend that an independent assessment of such projects be



Lafarge Executive Committee and our Stakeholders Panel at their annual meeting in December 2014

made to identify the lessons learned and measure the societal net positive impact. Lafarge's development in the provision of sustainable solutions, products and services is impressive. The panel encourages Lafarge to explore further the potential of renewable resources in all dimensions of operations. We are pleased to see the progress made in promoting sustainable construction solutions for cities and encourage Lafarge to leverage its capacity to influence this on a cross-sectorial systems approach.

### BUILDING COMMUNITIES

Over the last decade Lafarge has made significant progress in its safety performance but this has plateaued in the last two years, and in particular the number of fatalities is unacceptable. The challenges are understood but there needs to be a renewed focus and urgency if Lafarge is to achieve its ambitions. Progress is being made with the Occupational Health program but it is slow and it is recommended that workplace risk assessments and exposure control elements be accelerated. The panel welcomes the progress on gender diversity but encourages Lafarge to broaden its

#### MESSAGE

Karina Litvack, a founding member of the panel, stepped down in 2014. Lafarge and the panel colleagues wish to thank Karina for her insight and contribution.

agenda on all aspects of diversity including inter generational diversity. We note the progress being made to develop strategic skills through structured training programs. We encourage Lafarge to give more information about their employee surveys with examples of issues raised and actions taken.

Good progress is being made in supporting local communities through employee volunteering however we would like to see more information on the benefits to communities. We encourage Lafarge to invest further in building trust and partnerships with local communities enabling them to co-design and co-own investments. We believe that local stakeholder engagement is a fundamental part of a successful sustainability strategy and whilst progress is being made we encourage Lafarge to pursue this more vigorously. We commend Lafarge on the progress with supply chain assessments, and are pleased to see that the Group's supplier code of business conduct has been incorporated in Lafarge standard terms and conditions and all suppliers are expected to be compliant. We encourage Lafarge to focus on those suppliers who are not engaging in the assessment process and report on what actions have been taken. ◆

## STAKEHOLDER PANEL MEMBERS

- **ADRIAN MARINESCU**  
(European Works Council)
- **SHEILA KHAMA**  
(African center for economic transformation)
- **PHILIPPE LÉVÊQUE**  
(Care)
- **FRANK ROSE**  
(independent)
- **JEAN-PAUL JEANRENAUD**  
(WWF)
- **ROBERT WILD**  
(IUCN)
- **LIVIA TIRONE**  
(architect)

# APPENDIX

## REPORTING METHODOLOGY

### REPORTING STANDARDS

Our reporting is consistent with the GRI (Global Reporting Initiative) G4 Sustainability Reporting Guidelines. Environmental reporting is done according to the 'Group environmental standard' version V3.7.4, as well as specific instructions and procedures as indicated below. Where detailed definitions of KPIs are defined by WBCSD - CSI (World Business Council for Sustainable Development - Cement Sustainability Initiative), the recommended CSI methodology is used for the calculation of the KPI<sup>1</sup>. CSI reporting guidance covers the following: climate protection, fuels & materials, health & safety, emissions reduction, biodiversity and water. All elements for calculating KPIs are documented in a glossary specific to the Cement or Aggregates and Concrete businesses. Compliance with GRI G4 Guidelines, details on materiality assessment and a summary of reporting standards used are documented in this report.

### SCOPE OF CONSOLIDATION AND REPORTING METHODOLOGIES<sup>2</sup>

The reporting covers all business units and their industrial production sites under the Group's management control worldwide<sup>3</sup>. Data is collected from four major sources: the environmental reporting, the social survey, the health and safety reporting and the stakeholder survey. Environmental data is collected by business line and consolidated at Group level. Social data and health & safety data are collected by business units and consolidated at Group level, with health & safety data including contractors as far as incidents are concerned. The 2014 social data is derived from a survey covering 63 entities<sup>4</sup> representing 95 % of the total Group workforce and includes majority owned entities and managed assets. Among other aspects, the social survey collects data on potential grievances on working hours and Human rights, it includes questions to verify that neither child labor nor forced or compulsory labor is used as well as questions on freedom of association and collective bargaining. Headcount data is compiled by an external

consultant supervised by Corporate and Country finance departments. The stakeholder survey collects data from plants for cement and areas/regions for aggregates and concrete. When a new site is acquired by Lafarge, we give them a maximum of four years to meet our sustainability reporting standards but performance and emissions reporting are included from the startup date. This period is necessary to implement the appropriate management systems. When a plant is sold, we cease to include its performance data and we remove its data from the baseline data used for our Sustainability Ambitions. For plants divested during the year, social data is excluded for the entire year; for environmental and health & safety, data is included up until the time of divestiture<sup>5</sup>.

### REPORTING METHODOLOGY SPECIFICS

We use the CSI Revised Protocol Version 3 to calculate CO<sub>2</sub> emissions between the 1990 baseline and the reporting year. In 2011 we changed our methodology for calculating air emissions to comply with the March 2012 CSI guidelines for emissions monitoring and reporting in the Cement Industry (wbcsdcement.org). Previously, gas factors based on the type of kiln process were utilized whereas we now use gas factors based on the energy consumption of the specific kiln; prior years data and our baseline (2010) is restated using this methodology for comparison. For dust, SO<sub>2</sub> and NO<sub>x</sub> emissions, we use standard emission concentrations based on the site's kiln process when no measurements are available: in 2014 it was applied to 0.4% of clinker production for dust emissions, 1.0% for SO<sub>2</sub> emissions and 1.1 % for NO<sub>x</sub> emissions. For clinker produced with monitoring of dust, SO<sub>2</sub> and NO<sub>x</sub> emissions, information was not available for two sites for which we used the 2013 value. Energy consumed outside of the organization was estimated based on the transportation of our products by the Group, our contractors and our customers. For water, we implemented for the first time the CSI water protocol issued late 2014<sup>7</sup>.

For safety KPIs that include contractors, contractor off-site hours are not included in the divisor and therefore these indicators may slightly overstate the frequency rates. Fatalities are included in the calculation of the ITIFR. Absenteeism data is not consolidated due to the various national definitions under which this data is captured.

### CONTROL AND ASSURANCE

For cement emissions data, environmental experts in the regional technical centers (Beijing, Montreal, Kuala Lumpur and Vienna) review and validate the performance data for the plants within their regions. In compliance with French law, financial and sustainability information must be externally verified as Lafarge is a listed company<sup>8</sup>.

Bureau Veritas provides independent verification for sustainability data. A selection of key quantitative indicators were reviewed to issue a limited assurance report (see verification report page 43 for details). The following indicators were not audited in 2014: sites covered by a medical emergency response plan, senior management hired from the local community, hours of online training, political contributions KPIs, fines paid for anticompetitive business practices, number of training sessions on antitrust, cases of corruption, purchases from suppliers who have agreed to respect communities' and workers' human rights, electricity sold, energy consumed outside the organization, significant spills, customers' satisfaction KPI, closure planning KPI. ◆

### GRI STANDARDS DISCLOSURE

- |                                       |   |
|---------------------------------------|---|
| 1. G4-EN5                             | 5. G4-DMA: labor practices grievance mechanisms |
| 2. G4-23                              | 6. G4-DMA: assessment (human rights)            |
| 3. G4-20                              | 6. G4-DMA: human rights grievance mechanisms    |
| 4. G4-HR9                             | 6. G4-22  |
| 5. G4-DMA: freedom of association     | 7. G4-EN8                                       |
| 5. G4-DMA: child labor                | 8. G4-33  |
| 5. G4-DMA: forced or compulsory labor |   |

# VERIFICATION REPORT ON THE SINCERITY OF THE INFORMATION RELATIVE TO THE TRANSPARENCY REQUIREMENTS ON THE DISCLOSURE BY COMPANIES OF ENVIRONMENTAL AND SOCIAL TOPICS

*The reviewed social, environmental and societal information are relative to year ended December 31, 2014.*

## REQUEST, RESPONSIBILITIES AND INDEPENDENCE

At the request of Lafarge, and in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*), we performed, as independent third party, an independent verification of the social, environmental and societal information contained within the section 4 "social and environmental responsibility" of Lafarge 2014 Registration Document.

The preparation and presentation of the qualitative and quantitative information for the publication required by article R.225-105-1 of the French Commercial Code (*Code de commerce*) is the sole responsibility of Lafarge. The collection and management of this information has been coordinated by the Technical Director for Environment of Lafarge Group in accordance with:

- the Group reporting procedure 'group environmental standard' version V3.7.4;
- the Group specific instructions and procedures, a summary of which is provided in Section 4.5.2 (under the heading 'social and environmental responsibility'), relating directly to the table of the Key performance indicators in section 4.4.2.

These are hereafter referred to as 'the reporting methodology', available at Lafarge's Head Office, a summary of which is included in the form of a methodological note in section 4.4.2 of the Registration Document, which will be available on Lafarge's website. It is our role, in accordance with the requirements of article R.225-105-2 of the French Commercial Code (*Code de commerce*), to conduct the verification pursuant to the issuing of this verification report.

The conclusions of this report include:

- an attestation of completeness of the social, environmental and societal information required by article R.225-105-1 of the French Commercial Code (*Code de commerce*);
- a reasoned opinion on the sincerity of the published information as well as a limited assurance opinion of the quantitative information, and if any, a reasoned opinion on the explanation given in case of the omission of certain consolidated information.

This opinion is independently stated, and without partiality. Our work has been conducted according to the professional practices. Bureau Veritas has implemented its Code of Ethics which is applied by its staff.

## NATURE AND SCOPE OF OUR WORK

We conducted our work from the beginning of November to the signature of the present report, for a period of about 15 weeks, by a team of 7 verifiers. We conducted more than 70 interviews during this mission.

We verified that the social, environmental and societal information covers the consolidated perimeter as defined in articles L.233-1 and L.233-3 of the French Commercial Code (*Code de commerce*). The perimeter's adjustments for the social, environmental and societal information are clarified in the methodological note of the Registration Document.

For the attestation of completeness of the information we undertook the following work:

- taking note of the Group policy relative to sustainable development, according to its social and environmental impacts and its societal commitments;
- comparison of the information presented in the 2014 Registration Document with the list as set out in article R.225-105-1 of the French Commercial Code (*Code de commerce*);
- verification of the explanation given in case of omission of consolidated information.

For the reasoned opinion on the sincerity of the information, we conducted our work in accordance with the French legal order, published on the 13<sup>th</sup> May 2013, determining the methodology according to which the independent third party conducts its mission, and with our methodology.

We conducted the following procedures in order to provide limited assurance that nothing has come to our attention that causes us to believe that the produced information contains any material misstatements likely to call into question its sincerity, in all material aspects according to the 'reporting methodology':

- review of the 'reporting methodology' with regard to relevance, reliability, completeness, understandability of information, relating to good practice within the sector as defined by WBCSD – CSI (World Business Council for Sustainable Development – Cement Sustainability Initiative);
- identification of the persons, within the Group, who are in charge of the collection, and of those who are responsible for the procedures of internal control and risk management, if any;
- verification of the implementation of a process for the collection, treatment, compilation, internal control of the information to guarantee its completeness and consistency;
- examination of the internal control and risks management procedures relative to the preparation of the information;
- discussions with persons in charge of the social, environmental and societal reporting;
- selection of consolidated information to be tested<sup>1</sup> and definition of the nature and the scope of the tests, taking into consideration their importance with regard to the social and environmental consequences related to the Group's activities as well as to its societal commitments;
- regarding the quantitative information we recognized as being the most important, we have:

- performed an analytical review of the information and, for a sample of information, checked the calculations and the compilation of the information at the corporate level and the controlled entities;
  - selected a sample of sites<sup>2</sup> based on their activities, their contribution to the consolidated information, their localization, the results of the previous verification exercises and a risks analysis.
  - regarding each selected entity, we performed the following work:
    - interviews to check that the 'reporting methodology' is correctly implemented;
    - detailed testing, checking, based on sampling, the calculation applied and reconciling the information with supporting evidences.
- The sample of the selected sites represents between 14% and 41% of the reported data for the quantitative environmental and social information (except for dioxin/furan emission with a rate of 7%) and around 23% of the clinker production.

- Regarding the qualitative information we believe to be the most important, we have conducted interviews, examined source documents and, if any, public information;
- Regarding the explanations relative to the missing/omitted information, we assessed their relevance.

## COMMENTS ON THE "REPORTING METHODOLOGY" AND ON THE INFORMATION

The procedures and process for the Group reporting lead us to make the following comments:

- maintain the good level of internal verification relative to water consumption in order to assure the reliability of the breakdown values by supply sources. In aggregates quarries, water consumption is most commonly estimated, it is necessary to strengthen the implementation of the internal method of reporting and control;
- the method to account for subcontractor employee headcount differs between sites; however, at the global level the data is seen to be consistent on a year-to-year basis;
- for safety indicators, although no significant anomaly was detected, the collection of worked hours for subcontractors should be strengthened;
- although no significant anomaly was detected relative to the Group data, it is important to note that contributors to training hours KPI's in China were not informed of the need to break down this indicator by status;
- there has been a change to the internal process of verifying environmental data for the cement product line, following a reorganization of the technical centers. This process needs to be monitored to ensure there is no deterioration in the quality of information reported to head office;
- it is important to note that the sites considered within the scope for the calculation of mercury specific emission values (expressed in mg/t clinker) for the year 2010 are different from the sites considered for the years 2012, 2013, 2014. The evolution of the published values can be mainly explained by this change of scope.

## ATTESTATION OF COMPLETENESS OF THE INFORMATION

Based on our work, within the perimeter defined by the Group, we attest to the completeness of all the required social, environmental and societal information.

## SINCERITY OPINION AND LIMITED ASSURANCE

Except the qualified opinion above, based on our work, nothing has come to our attention to suggest that the social, environmental and societal information communicated by Lafarge Group in its 2014 Registration Document is not fairly presented in all material aspects in accordance with the reporting methodology. The explanation in case of omission of consolidated information appears to be acceptable.

Puteaux, March 6, 2015  
Bureau Veritas  
**Jacques Matillon**  
Agency Director



### 1. INFORMATION WITH LIMITED ASSURANCE

<sup>1</sup>- Social Information: total and headcount breakdown by gender, age, type of contract of employment, status, activities, geographic area; workforce hiring; retirements; resignations; redundancies; deaths; hours of training; women in senior and executive management; turn-over.

<sup>2</sup>- Environmental and Health & Safety Information: sites ISO 14001 certified, sites environmentally audited; dust, NOx, SO<sub>2</sub>; Mercury, VOC, Dioxins /Furans emissions, water withdrawals by sources, consumption of quarried and alternative raw materials; consumption of energy, fuels used, quarries with rehabilitation plans and quarries screened for biodiversity and those having biodiversity management plans, CO<sub>2</sub> emissions, lost time injury frequency rate and fatality rate.

### 2. FOR SOCIAL INFORMATION THE CONTRIBUTOR ENTITIES IN THE FOLLOWING COUNTRIES: CHINA, FRANCE, ALGERIA AND JORDAN

For environmental and health & safety information: the cement business units in Algeria, China, France and Jordan, for aggregates & concrete business units in France and Jordan, 4 cement plants on site, 1 cement quarry, 1 aggregate quarry, 1 aggregates/concrete/asphalt center located across the 4 countries above, moreover 17 cement plants have been verified off site.

# KEY PERFORMANCE INDICATORS

## BUILDING COMMUNITIES

Issue Indicators	2012	2013	2014	Scope	GRI
<b>Health and Safety</b>					
<b>Health program</b>	Sites covered by a medical emergency response plan <sup>new</sup> (%)	-	90%	<b>99%</b>	Group
	Group companies with a comprehensive program in place for public health issues (HIV, Ebola . . .) <sup>new</sup> (%)	-	-	<b>43%</b>	Group
<b>Fatalities</b>	Fatalities (employees)	5	3	<b>3</b>	Group
	Fatalities per 10,000 employees	0.77	0.47	<b>0.47</b>	Group
	Fatalities (sub-contractors)	12	11	<b>13</b>	Group
	Fatalities (third party)	8	12	<b>8</b>	Group
	<b>Total</b>	25	26	<b>24</b>	Group
<b>Fatalities by region</b>	Fatalities at Corporate level <sup>new</sup>	-	-	<b>0</b>	G4-LA6
	Fatalities in Western Europe <sup>new</sup>	-	-	<b>2</b>	G4-LA6
	Fatalities in North America <sup>new</sup>	-	-	<b>4</b>	G4-LA6
	Fatalities in Central and Eastern Europe <sup>new</sup>	-	-	<b>1</b>	G4-LA6
	Fatalities in Middle East and Africa <sup>new</sup>	-	-	<b>14</b>	G4-LA6
	Fatalities in Latin America <sup>new</sup>	-	-	<b>0</b>	G4-LA6
	Fatalities in Asia <sup>new</sup>	-	-	<b>3</b>	G4-LA6
<b>Lost Time Injuries<sup>(1)</sup></b>	Lost Time Injuries (employees)	105	72	<b>72</b>	Group
	Lost Time Injuries per 1 million manhours (employees)	0.75	0.54	<b>0.58</b>	Group
	Lost Time Injuries (sub contractors, on site)	51	51	<b>39</b>	Group
	Lost Time Injuries per 1 million manhours (sub-contractors, on site)	0.47	0.44	<b>0.39</b>	Group
	Lost Time Injuries per 1 million manhours (total)	0.62	0.49	<b>0.49</b>	Group
	<b>Total</b>	156	123	<b>111</b>	Group
<b>Lost Time Injuries per 1 million man hours by region<sup>(1)</sup> (employees and subcontractors)</b>	Lost Time Injuries at Corporate level <sup>new</sup>	-	-	<b>2.18</b>	G4-LA6
	Lost Time Injuries in Western Europe <sup>new</sup>	-	-	<b>1.59</b>	G4-LA6
	Lost Time Injuries in North America <sup>new</sup>	-	-	<b>0.80</b>	G4-LA6
	Lost Time Injuries in Central and Eastern Europe <sup>new</sup>	-	-	<b>0.50</b>	G4-LA6
	Lost Time Injuries in Middle East and Africa <sup>new</sup>	-	-	<b>0.41</b>	G4-LA6
	Lost Time Injuries in Latin America <sup>new</sup>	-	-	<b>1.01</b>	G4-LA6
	Lost Time Injuries in Asia <sup>new</sup>	-	-	<b>0.17</b>	G4-LA6
	<b>Total</b>	-	-	<b>0.49</b>	G4-LA6
	Total incident frequency rate	3.05	2.64	<b>2.41</b>	Group
<b>Community development and outreach</b>					
<b>Stakeholder Engagement<sup>(2)</sup></b>	Sites mapping their stakeholders (%)	55%	69%	<b>90%</b>	Cement
		31%	39%	<b>49%</b>	A&C <sup>(3)</sup>
	Sites developing action plans (%)	55%	48%	<b>51%</b>	Cement
		25%	10%	<b>9%</b>	A&C
	Sites meeting regularly with their local stakeholders / representatives of local communities (%)	67%	86%	<b>84%</b>	Cement
		34%	40%	<b>39%</b>	A&C
	Sites running corporate social responsibility actions (%)	72%	83%	<b>96%</b>	Cement
		47%	57%	<b>70%</b>	A&C
	Countries having implemented job creation plans / education programs (%)	-	37%	<b>44%</b>	Group
	Countries having measured their sites' socio economic footprint (%)	-	50%	<b>55%</b>	Group
<b>Spend and donation</b>	Cash contributions at site level <sup>new</sup> (million euros)	-	-	<b>16</b>	Group
	Time: employee volunteering during paid working hours (hours)	-	57,000	<b>118,000</b>	Group
	In-kind giving at site level: products or services donations <sup>new</sup> (million euros)	-	-	<b>10.6</b>	Group

Issue	Indicators	2012	2013	2014	Scope	GRI
<b>Employee diversity and skills</b>						
<b>Workforce</b>	Total Headcount	64,337	63,687	<b>63,038</b>	Group	G4-10
	Full-time employees (%)	99.1%	98.7%	<b>98%</b>	Group	G4-10
	Part-time employees (%)	0.9%	1.3%	<b>2%</b>	Group	G4-10
	Permanent employees (%)	96.4%	97%	<b>95%</b>	Group	G4-10
	Fixed-term contract employees (%)	3.6%	3%	<b>5%</b>	Group	G4-10
	Employees under the age of 30 (%)	15.0%	14.5%	<b>14.4%</b>	Group	G4-LA12
	Employees between 30 and 50 (%)	63.6%	63.5%	<b>62.9%</b>	Group	G4-LA12
	Employees above 50 (%)	21.4%	22%	<b>22.7%</b>	Group	G4-LA12
	Number of sub-contractors	31,577	32,571	<b>35,420</b>	Group	G4-10
Proportion of senior management hired from the local community (%) <sup>(4) new</sup>	-	-	<b>79.8%</b>	Group	G4-EC6	
<b>Employees by business</b>	Employees in Cement	41,249	37,948	<b>37,578</b>	Cement	
	Employees in Aggregates and Concrete	21,780	25,009	<b>25,630</b>	A & C	
	Employees in other businesses	1,308	730	<b>683</b>	Other	
<b>Employees by region</b>	Employees in Western Europe	11,448	14,431	<b>14,880</b>	Group	G4-10
	Employees in North America	8,821	7,752	<b>7,863</b>	Group	G4-10
	Employees in Central and Eastern Europe	7,041	6,086	<b>5,575</b>	Group	G4-10
	Employees in Middle East and Africa	19,644	19,055	<b>18,881</b>	Group	G4-10
	Employees in Latin America	2,609	2,269	<b>2,177</b>	Group	G4-10
	Employees in Asia	14,774	14,094	<b>13,662</b>	Group	G4-10
<b>Turnover and retention</b>	Employee turnover rate <sup>(5)</sup> (%)	14.2%	16.1%	<b>14.7%</b>	Group	G4-LA1
	at Corporate level <sup>new</sup> (%)	-	-	<b>16.5%</b>		G4-LA1
	in Western Europe <sup>new</sup> (%)	-	-	<b>12.8%</b>		G4-LA1
	in North America <sup>new</sup> (%)	-	-	<b>28.7%</b>		G4-LA1
	in Central and Eastern Europe <sup>new</sup> (%)	-	-	<b>25.0%</b>		G4-LA1
	in Middle East and Africa <sup>new</sup> (%)	-	-	<b>8.6%</b>		G4-LA1
	in Latin America <sup>new</sup> (%)	-	-	<b>15.8%</b>		G4-LA1
	in Asia <sup>new</sup> (%)	-	-	<b>12.4%</b>		G4-LA1
	Voluntary employee turnover rate (%)	4.6%	5.3%	<b>6.3%</b>	Group	G4-LA1
	Hirings	5,544	6,991	<b>6,155</b>	Group	G4-LA1
	Resignations	2,996	3,354	<b>3,481</b>	Group	G4-LA1
	Retirements	910	993	<b>970</b>	Group	G4-LA1
	Redundancies	3,298	2,025	<b>1,079</b>	Group	G4-LA1
Deaths (non-occupational causes)	98	114	<b>101</b>	Group	G4-LA1	
Male / Female fatalities	24M/1F	24M/2F	<b>23M/1F</b>	Group	G4-LA1	
<b>Employer of choice</b>	Countries where Lafarge is recognized as "Employer of Choice"	-	3	<b>5</b>	Group	
<b>Training and skills development</b>	Hours of training	1,577,585	1,557,717	<b>1,454,592</b>	Group	G4-LA9
	Hours of training for management staff (average per person)	39	37	<b>30</b>	Group	G4-LA9
	Hours of training for non-management staff (average per person)	33	36	<b>36</b>	Group	G4-LA9
	Number of hours of online training <sup>new</sup>	-	-	<b>24,691</b>		G4-LA9
	Managers who had an annual performance review (M/F) (%)	88%	91.9%	<b>94%</b>	Group	G4-LA11
			92.4%	<b>93%</b>		
	Non-managers who had an annual performance review (M/F) (%)	63%	73.7%	<b>69%</b>	Group	G4-LA11
			80.4%	<b>78%</b>		
Key positions covered by certification programs (%)	-	25%	<b>33%</b>	Cement		
For job families with certification programs, % of employees with a completed program for their position	-	35%	<b>52%</b>	Cement		
<b>Diversity</b>	Top management positions held by women <sup>new</sup> (%)	-	-	<b>10.5%</b>	Group	G4-LA12
	Senior management positions held by women <sup>new</sup> (%)	16.4%	18.6%	<b>19.2%</b>	Group	G4-LA12
	Junior management positions held by women <sup>new</sup> (%)	-	-	<b>20.6%</b>	Group	G4-LA12
	Women in total workforce <sup>new</sup> (%)	-	-	<b>15.6%</b>	Group	G4-10
	Entities with a recruitment and/ or career development plan aimed at a specific population (%)	45%	37%	<b>38%</b>	Group	
	of which % of entities with a specific program for women (%)	76%	70%	<b>68%</b>	Group	
	of which % of entities with a specific program for disabled workers (%)	33%	37%	<b>36%</b>	Group	

Issue In	dicators	2012	2013	2014	Scope	GRI
	Total number of incidents of discrimination, harassment or bullying <sup>new</sup>	-	-	9	Group	G4-HR3
	Total number of corrective actions taken on above incidents <sup>new</sup>	-	-	9	Group	G4-HR3
<b>Working Hours</b>	Employees working three 8-hour shifts (%)	16%	14.1%	13%	Group	
	Employees working two 8-hour shifts (%)	8.2%	8.7%	8%	Group	
<b>Social dialogue</b>	Entities having strike actions	4	6	5	Group	MM4
	Countries where employees are covered by collective agreements (%)	78%	75.3%	76.2%	Group	G4-11
	Workforce represented in Health and Safety Committees (%)	99%	97.5%	98%	Group	G4-LA5
<b>Grievances</b>	Number of grievances about human rights impacts filed through formal grievance mechanisms <sup>new</sup>	-	-	0	Group	G4-HR12
	Number of grievances about human rights impacts resolved <sup>new</sup>	-	-	0	Group	G4-HR12
	Countries that confirmed they do not employ children <sup>new</sup> (%)	-	-	100%	Group	G4-HR5
	Countries that confirmed that no forced or compulsory labor is employed <sup>new</sup> (%)	-	-	100%	Group	G4-HR6
<b>Employee satisfaction</b>	Countries conducting employees survey (%)	-	24.70%	31.75%	Group	
<b>Governance</b>						
<b>Competition compliance</b>	Countries that have implemented the Competition Compliance Program (%)	100%	100%	100%	Group	
	Fines paid for anticompetitive business practices (euros) <sup>new</sup>	-	-	0	Group	G4-S07
	Number of persons trained on antitrust (specific training) <sup>new</sup>	-	-	1,403		
<b>Corruption</b>	Number of confirmed incidents of corruption <sup>new</sup>	-	-	0	Group	G4-S05
<b>Code of business conduct</b>	Number of persons trained on the Code of Business Conduct <sup>new (6)</sup>	-	-	5,700	Group	G4-HR2 G4-S04
<b>Political contributions</b>	Number of group companies making political donations <sup>new</sup>	-	-	3	Group	G4-S06
	Political contributions in thousand euros <sup>new</sup>	-	-	79	Group	G4-S06
<b>Suppliers</b>	Purchases from suppliers who have agreed to respect communities and workers' human rights (%)	-	99%	99%	Group	
	Number of suppliers assessed by third party on ESG issues since 2012	-	311	550	Group	G4-EN32 G4-LA14, G4-HR10, G4-S09
<b>Security</b>	Entities contracting security agencies to protect personnel and property	74	74	50	Group	
	% of which employ armed security agency personnel	23%	32%	24%		
	% of armed agency personnel training on the use of arms and particularly on the respect of Human Rights <sup>new</sup>	-	-	36%	Group	G4-HR7

## BUILDING SUSTAINABLY

Issue	Key Performance Indicator	2012	2013	2014	Scope	GRI
Sales	Sales generated from sustainable products & services (billion euros)	2.2	1.8	1.8	Group Cement	
	Revenues generated from building products made with at least 30% of substituted raw materials <sup>new</sup> (%)	-	-	61%		
Customers	Countries measuring customer satisfaction <sup>new</sup> (%)	-	-	75%	Group	G4-PR5
	Customer satisfaction survey - average country score <sup>new</sup> (%)	-	-	86%	Group	G4-PR5
	Delivery on time in full invoiced correctly (OTIFIC) <sup>new</sup> (%)	-	-	85%	Group	G4-PR5

## BUILDING THE CIRCULAR ECONOMY (7)

CO <sub>2</sub> and other emissions		2012	2013	2014	Scope	GRI
Carbon emissions	Gross CO <sub>2</sub> emissions (million tons) <sup>(8)</sup>	93.76	91.12	93.29	Cement	G4-EN15
	Net CO <sub>2</sub> emissions (million tons) <sup>(8)</sup>	91.24	88.11	89.78	Cement	G4-EN15
	Specific gross CO <sub>2</sub> emissions (kg/ ton cementitious material)	600	596	594	Cement	G4-EN18
	Specific net CO <sub>2</sub> emissions (kg/ ton cementitious material)	584	576	572	Cement	G4-EN18
	GHG emissions from energy purchased and consumed (scope 2) (million tons)	8.6	8.7	8.7	Group	G4-EN16
	GHG emissions from value chain (scope 3) (million tons) <sup>(9)</sup>	-	2.4	2.6	Group	G4-EN17
Other emissions	NOx emissions (ton/ year)	180,672	165,037	153,620	Cement	G4-EN21
	Specific NOx emissions (g/ ton clinker)	1,609	1,497	1,360	Cement	G4-EN21
	SOx emissions (ton/ year)	38,983	44,055	32,041	Cement	G4-EN21
	Specific SOx emissions (g/ ton clinker)	347	400	284	Cement	G4-EN21
	Dust emissions (ton/ year)	14,876	12,926	11,774	Cement	G4-EN21
	Specific dust emissions (g/ ton clinker)	132	117	104	Cement	G4-EN21
	Mercury emissions (ton/ year)	2.2	2.7	2.5	Cement	G4-EN21
	Specific mercury emissions (mg/ t clinker)	19.8	24.3	22.6	Cement	G4-EN21
	Dioxin/Furan emissions (g TEQ/ year)	3.9	3.3	4.9 <sup>10</sup>	Cement	G4-EN21
	Specific dioxin/furan emissions (pg/ ton clinker)	35.0	30.3	43.3 <sup>10</sup>	Cement	G4-EN21
	VOC emissions (kt/ year)	3.7	3.9	3.6	Cement	G4-EN21
	Specific VOC emissions (g/ ton clinker)	32.9	35.1	31.4	Cement	G4-EN21
	Heavy metal emissions <sup>(11)</sup> ("HM1"): Cd+TI (t/year)	4.6	3.9	2.7	Cement	G4-EN21
	Specific heavy metal emissions ("HM1"): Cd+TI (mg/ t clinker)	39.7	35.2	23.9	Cement	G4-EN21
	Heavy metal emissions ("HM2"): Pb+As+Co+Ni+Sb+Cr+Cu+Mn+V (t/year)	122.7	108.0	103.1	Cement	G4-EN21
	Specific heavy metal emissions ("HM2"): Pb+As+Co+Ni+Sb+Cr+Cu+Mn+V (mg/ t clinker)	1071.0	979.0	913	Cement	G4-EN21
	Clinker produced with monitoring of "HM1" emissions (%)	52.0%	56.9%	66%	Cement	
	Clinker produced with monitoring of "HM2" emissions (%)	54.0%	58.5%	67%	Cement	
	Clinker produced with monitoring of dust, SO <sub>2</sub> and NOx emissions (%)	97.0%	99.0%	99%	Cement	
	Clinker produced with continuous monitoring of dust, SO <sub>2</sub> and NOx emissions (%)	71.0%	74.0%	76% <sup>(12)</sup>	Cement	

## Energy consumption and resource management

Energy efficiency	Total energy consumption (PJ)	471.2	466.4	476.7	Group	G4-EN3
	• Cement <sup>new</sup>	-	-	463.4	Cement	G4-EN3
	• Aggregate <sup>new</sup>	-	-	8.5	Aggregate	G4-EN3
	• Ready-mix <sup>new</sup>	-	-	1.6	Ready-mix	G4-EN3
	• Asphalt <sup>new</sup>	-	-	3.3	Asphalt	G4-EN3
	Direct energy consumption by primary energy source (million Teo)	9.98	9.86	10.09	Group	G4-EN3

Issue In	dicators	2012	2013	2014	Scope	GRI
	Total power consumption (GWh) <sup>NEW</sup>	15,058.5	15,040.9	15,340.2	Group	G4-EN3
	• Cement <sup>NEW</sup>	-	-	14,644.3	Cement	G4-EN3
	• Aggregate <sup>NEW</sup>	-	-	481.7	Aggregate	G4-EN3
	• Ready-mix <sup>NEW</sup>	-	-	134.1	Ready-mix	G4-EN3
	• Asphalt <sup>NEW</sup>	-	-	80.0	Asphalt	G4-EN3
	Total fuel consumption (PJ) <sup>NEW</sup>	-	-	421.5	Group	G4-EN3
	• Cement <sup>NEW</sup>	-	-	410.6	Cement	G4-EN3
	• Aggregate <sup>NEW</sup>	-	-	6.8	Aggregate	G4-EN3
	• Ready-mix <sup>NEW</sup>	-	-	1.1	Ready-mix	G4-EN3
	• Asphalt <sup>NEW</sup>	-	-	3.0	Asphalt	G4-EN3
	Electricity purchased (GWh)	14,952.7	14,103.5	14,127.5	Group	G4-EN3
	Sold electricity (GWh) <sup>NEW</sup>	-	-	94.8	Group	G4-EN3
	Energy consumed outside of the organization (transportation, in PJ) <sup>NEW</sup>	-	-	23.4	Group	G4-EN4
	Specific heat consumption of clinker production (MJ/ton clinker)	3,633	3,615	3,613	Cement	G4-EN5 G4-EN6
	Clinker Intensity (%)	71.91%	72.09%	71.97%	Cement	
<b>Alternative fuels</b>	Alternative fuels (% of fuel consumption)	13.0%	15.5%	17.4%	Cement	G4-EN3
	Biomass fuel rate (% of fuel consumption)	5.2%	6.3%	6.8%	Cement	G4-EN3
<b>Materials</b>	Quantity of quarried material (million tons)	398.03	426.51	413.67	Group	G4-EN1
	Alternative raw materials rate (%)	7.3%	7.6%	7.6%	Group	G4-EN2
	Consumption of material (million tons)	425.48	454.11	442.37	Group	G4-EN1
<b>Waste</b>	Dust disposed on-site (kton)	542	479	494	Cement	
	Non hazardous waste recovered (kton)	342.1	355.4	211.0	Group	
	Non hazardous waste disposed (kton)	362.7	399.6	281.7	Group	
	Hazardous waste recovered (kton)	6.0	10.9	8.2	Group	
	Hazardous waste disposed (kton)	2.0	2.5	2.6	Group	
	Number of significant spills <sup>(13) NEW</sup>	-	-	1	Group	
<b>Natural resources</b>						
<b>Biodiversity</b>	Quarries with a rehabilitation plan in place (%)	84.6%	85.1%	87.6%	Group	
	Hectares of rehabilitated area <sup>NEW</sup>	-	-	636		G4-EN13, MM1
	Quarries screened for international biodiversity sensitivity using IBAT data (%)	100%	100%	100%	Group	
	Quarries with red listed species (from IUCN protected species list) (%)	17.8%	17%	17.6%	Group	G4-EN14
	Quarries which operate within or adjacent to an internationally protected area <sup>(14)</sup> (%)	18.5%	21.7%	22.1%	Group	G4-EN11
	Quarries which operate within or adjacent to an internationally protected area with a Biodiversity Management Plan (BMP) (%)	99.2%	100%	99.3%	Group	MM2
	Quarries which operate within or adjacent to a locally protected area <sup>(15)</sup> (%)	-	19.6%	19.1%	Group	
	Quarries which operate within or adjacent to a locally protected area with a BMP (%)	-	36.6%	48.4%	Group	
	Total quarries with a biodiversity program (%)	-	40%	44.3%	Group	
<b>Environmental expenses</b>	Environment capital expenditure (million euros)	64.1	64.5	79.1	Group	
	Environment operating expense (million euros)	138.5	108.5	87.1	Group	G4-EN31
<b>Water<sup>(4)</sup></b>	Production in regions with water scarcity and extreme scarcity (%)	20.3%	20%	19.5%	Group	
	Water withdrawal from ground water (million cubic meters)	39.6	46.9	33.2	Group	G4-EN8
	Water withdrawal from open water (million cubic meters) <sup>(16)</sup>	61.5	65.9	65.4	Group	G4-EN8
	Water withdrawal from municipal supply (million cubic meters)	11.6	12.9	11.1	Group	G4-EN8
	Rainwater harvested (million cubic meters)	15.9	7.4	5.5	Group	G4-EN8
	Water withdrawal for in-house power plant (million cubic meters) <sup>(16) NEW</sup>	-	-	228.7	Cement	G4-EN8
	Water discharge to surface water (million cubic meters) <sup>NEW</sup>	-	-	20.4	Group	G4-EN22

Issue In	dicators	2012	2013	2014	Scope	GRI
	Water discharge to ecological purposes (million cubic meters) <sup>NEW</sup>	-	-	1.5	Group	G4-EN22
	Water discharge for outside treatment (million cubic meters) <sup>NEW</sup>	-	-	0.5	Group	G4-EN22
	Water discharge to other destination (million cubic meters) <sup>NEW</sup>	-	-	0.9	Group	G4-EN22
	Quantity of water consumed (million cubic meters)	78.8	99.7	92.3	Group	
	Quantity of fresh water consumed (million cubic meters) <sup>NEW</sup>			84.7	Group	
	Sites equipped with a water recycling system (%)	68.9%	70.7%	72.4%	Group	G4-EN10
<b>Verification</b>	Sites (in terms of revenues) audited as part of our Environmental Management System (%)	89.3%	94.4%	91.4%	Group	
	Sites (in terms of revenues) certified ISO 14001 <sup>NEW</sup> (%)	-	-	46.5%	Group	
	Sites (in terms of revenues) with an EMS equivalent to ISO 14001 <sup>NEW</sup> (%)	-	-	67.7%	Group	
	Associated fines and penalties (thousands euros) <sup>NEW</sup>	-	-	718	Group	G4-EN29
	Closure plannings covering health, safety, social, environmental, legal, governance and human resource aspects <sup>NEW</sup> (%)	-	-	100%	Group	G4-DMA: closure planning

(1) Lost Time Injuries include fatalities.

(2) Stakeholder mapping means that their local stakeholders and their needs are known. Annual engagement plans detail planned stakeholder engagement. Corporate Social Responsibility (CSR) actions represent financial or non-financial contributions towards community programs or partnerships. The 2014 data is taken from a survey covering 870 sites with a response rate 97.5% of respondents.

(3) A&C: Aggregate & Concrete.

(4) Proportion of senior management personnel with a local employment contract.

(5) The turnover rate represents the number of people who left the Group in 2014 divided by total headcount at end 2014. It includes departures as a consequence of divestments, such as Russia, which explains the high turnover rate in the Central and Eastern Europe region. In North America, the high turnover rate is explained by temporary labor due to seasonal activity.

(6) The Code of Business Conduct covers the following topics, among others: compliance with laws and regulations, prevention of conflicts of interest, corruption, attention to people and the environment.

(7) Energy conversion factors, emissions factors and global warming potential (GWP) rates are consistent with: The Greenhouse Gas Protocol (GHG) Initiative- A corporate accounting and reporting standard (Revised Edition, 2004) of the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

(8) As per the CSI protocol.

(9) Includes business travel for managers.

(10) Increase in dioxin emissions in 2014 is due to three plants in North America, all of which are within regulatory compliance but showed significant increases compared to historical results.

The emissions from one plant are due to engineering test where the process conditions were significantly different from normal conditions; investigations are on-going related to the other two plants.

(11) Except for mercury, heavy metals emissions are not included into the scope of verification.

(12) 92% of Clinker produced with continuous monitoring of dust in 2014.

(13) Spills incurring cost over 100,000 euros.

(14) Quarries within 0.5 km of IUCN I - VI, Ramsar, IBA, Natura 2000, World Heritage Sites (high biodiversity).

(15) Quarries within 0.5 km of local biodiversity sensitive area, quarries with protected species or quarries with naturally occurring caves. (locally sensitive)

(16) Following the CSI recommendations, we now report separately water withdrawal for in-house power plants. As a result, past water withdrawal from open water figures have been restated for comparability purpose.

# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX – G4



Our sustainability reporting is aligned with the GRI G4 Guidelines ; Lafarge has chosen the Comprehensive 'In accordance' option<sup>1</sup>.

A content index matching the GRI Standard Disclosures with information included in our reporting is presented below. Material aspects are covered and the reporting process is supervised by the Senior Vice President Sustainable Development. Detailed information on the reporting methodology is provided page 42.

The following aspects have been assessed as non-material given the nature of Lafarge activities:

- Procurement practices: due to the local nature of Lafarge activities, procurement is a substantially local activity which takes place in accordance with specific global requirements highlighted within this report.
- Waste and effluents: the quantities of offsite waste and effluents are not significant compared to emissions to air; quantities are shown within this report.
- Customer Health and Safety: our building materials are sold business-to-business and are generally used as input materials for other businesses. We publish materials safety data sheets for all our significant products.
- Product and service labeling: labeling issues are not significant for the Group as most products are sold in bulk.
- Marketing communications: Lafarge's products are not consumer goods and do not involve intensive marketing.
- Customer privacy: our products are generally sold business-to-business and therefore personal privacy issues are not relevant.
- Product compliance: our products are subject to strict specifications in almost all jurisdictions in which they are sold and products are not shipped if they do not meet the required standards.

Lafarge also publishes a Registration Document and Annual Report aligned with the GRI G4 Guidelines.

Questions about this report can be directed to the following email address: [sustainability@lafarge.com](mailto:sustainability@lafarge.com)<sup>4</sup>

1. G4-32/2. G4-48/3. G4-18/4. G4-31

## GENERAL STANDARD DISCLOSURE

General standard disclosures	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
<b>STRATEGY AND ANALYSIS</b>			
G4-1	p.3		–
G4-2	p.5		√ (p.43)
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	p.55		–
G4-4	p.4		–
G4-5	p.55		–
G4-6	p.4		√ (p.43)
G4-7	p.55		–
G4-8	p.4		–
G4-9	p.4		√ (p.43)
G4-10	p.45		√ (p.43)
G4-11	p.46		√ (p.43)
G4-12	p.9		–
G4-13	Annual report 2014, Financial note 3		√ (p.43)
G4-14	p.21		–
G4-15	<a href="http://lafar.ge/sdrweblinks">lafar.ge/sdrweblinks</a>		–
G4-16	<a href="http://lafar.ge/sdrweblinks">lafar.ge/sdrweblinks</a>		–
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	Annual report 2014, Financial note 35		√ (p.43)
G4-18	p.50		–
G4-19	p.7		–
G4-20	p.42		–

General standard disclosures	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
G4-21	p.23, p.24, p.39		–
G4-22	p.42		–
G4-23	p.42		–
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	p.31		–
G4-25	p.21, p.31		–
G4-26	p.31		√ (p.43)
G4-27	lafar.ge/sdrweblinks		–
<b>REPORT PROFILE</b>			
G4-28	Calendar year		–
G4-29	May 2014		–
G4-30	Annual		–
G4-31	p.50		–
G4-32	p.50		–
G4-33	p.42		–
<b>GOVERNANCE</b>			
G4-34	p.38		√ (p.43)
G4-35	Annual report 2014 p.134		–
G4-36	Annual report 2014 p.108		–
G4-37	lafar.ge/sdrweblinks		–
G4-38	Annual report 2014 p.72		√ (p.43)
G4-39	Annual report 2014 p.69		–
G4-40	Annual report 2014 p.93		√ (p.43)
G4-41	Annual report 2014 p.95		–
G4-42	Annual report 2014 p.104, p.108		–
G4-43	Annual report 2014 p.97		–
G4-44	Annual report 2014 p.69, p.99		–
G4-45	Annual report 2014 p.104, p.134		–
G4-46	Annual report 2014 p.101		–
G4-47	Annual report 2014 p.104		√ (p.43)
G4-48	Annual report 2014 p.164		–
G4-49	Annual report 2014 p.184		–
G4-50	Annual report 2014 p.183		–
G4-51	Annual report 2014, p.109		√ (p.43)
G4-52	Annual report 2014 p.110		–
G4-53	Annual report 2014 p.103, p.118		√ (p.43)
G4-54		Currently unavailable (a): we do not collect the local compensation and benefits data centrally. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider updating our annual social questionnaire sent to countries to collect this information	–
G4-55		Currently unavailable (a): This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider updating our annual social questionnaire sent to countries to collect this information.	–
<b>ETHICS AND INTEGRITY</b>			
G4-56	p.38, p.39		–
G4-57	Annual report 2014 p.184, lafar.ge/sdrweblinks		–
G4-58	Annual report 2014 p. 184		–

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
<b>ECONOMIC</b>			
<b>Economic performance</b>			
G4-DMA	Annual report 2014 p.15		–
G4-EC1	p.4		√ (p.43)
G4-EC2	p.8		√ (p.43)
G4-EC3	Annual report 2014 p.120, p.150, p.179		–
G4-EC4		Currently unavailable (a,b and c): we do not collect this information centrally. This indicator will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider surveying countries' headquarters to collect this information.	–
<b>Market presence</b>			
G4-DMA	Annual report 2014 p.13		√ (p.43)
G4-EC5		Currently unavailable (a,b and c). This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider updating our annual social questionnaire sent to countries to collect this information.	–
G4-EC6	p.45		–
<b>Indirect economic impacts</b>			
G4-DMA	p.31		√ (p.43)
G4-EC7	Annual report 2014 p.16, lafar.ge/sdrweblinks		–
G4-EC8	p.31, p.35		√ (p.43)
<b>ENVIRONMENTAL</b>			
<b>Materials</b>			
G4-DMA	p.18, Annual report 2014 p.19		√ (p.43)
G4-EN1	Annual report 2014 p.158		√ (p.43)
G4-EN2	p.15, p.18, p.23, p.48		√ (p.43)
<b>Energy</b>			
G4-DMA	p.24, p.10		√ (p.43)
G4-EN3	p.47, p.48		√ (p.43)
G4-EN4	p.48		–
G4-EN5	p.42, p.48		√ (p.43)
G4-EN6	p.48		√ (p.43)
G4-EN7	p.15		√ (p.43)
<b>Water</b>			
G4-DMA	p.23		√ (p.43)
G4-EN8	p.42, p.48		√ (p.43)
G4-EN9		Not applicable: we are not a significant water user. We report on our program for all sites in water scarce areas.	–
G4-EN10	p.23, p.49		√ (p.43)
<b>Biodiversity</b>			
G4-DMA	p.21		√ (p.43)
G4-EN11	p.15, p.21, p.48		√ (p.43)
G4-EN12	p.21		–
G4-EN13	p.21, p.48		√ (p.43)
G4-EN14	p.48		√ (p.43)
MM1	p.21, p.48		–
MM2	p.21, p.48		√ (p.43)
<b>Emissions</b>			
G4-DMA	p.24, p.11		√ (p.43)
G4-EN15	p.24, p.47		√ (p.43)
G4-EN16	p.24, p.47		√ (p.43)
G4-EN17	p.24, p.47		√ (p.43)
G4-EN18	p.47		√ (p.43)
G4-EN19	p.24		–
G4-EN20		Not applicable. These substances are not produced, imported or exported by Lafarge.	–
G4-EN21	p.47		√ (p.43)

DMA and Indicators	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
<b>Products and services</b>			
G4-DMA	Annual report 2014 p.134		–
G4-EN27	p.24		√ (p.43)
G4-EN28		Currently unavailable (a and b). Building a circular economy is one of the pillars of Lafarge's Sustainability Ambitions 2020 and we track the amount of our products that contain recycled materials (G4-EN2). The majority of our products are shipped in bulk, i.e. without packaging. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider updating the Group environmental reporting to include this information.	–
<b>Compliance</b>			
G4-DMA	p.38		–
G4-EN29	p.49		–
<b>Transport</b>			
G4-DMA	Annual report 2014 p.36		√ (p.43)
G4-EN30	p.24		√ (p.43)
<b>Overall</b>			
G4-DMA	Annual report 2014 p.23, p.134		√ (p.43)
G4-EN31	p.48		√ (p.43)
<b>Supplier environmental assessment</b>			
G4-DMA	p.39		√ (p.43)
G4-EN32	p.46		√ (p.43)
G4-EN33		Currently unavailable (a, b, c, d and e): a true impact assessment is not available from suppliers. We assess suppliers on their overall environmental policy. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will liaise with our external specialist for supplier assessment to define the adequate KPI.	–
<b>Environmental grievance mechanisms</b>			
G4-DMA	lafar.ge/sdrweblinks		–
G4-EN34	lafar.ge/sdrweblinks		–
<b>SOCIAL</b>			
<b>LABOR PRACTICES AND DECENT WORK</b>			
<b>Employment</b>			
G4-DMA	Annual report 2014 p.24		√ (p.43)
G4-LA1	p.45		√ (p.43)
G4-LA2	Annual report 2014 p.150		–
G4-LA3		Currently unavailable (a, b, c, d and e). Collecting this information would require major updates on our information system. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will investigate reporting options with HR based on the future HR information system, focusing on part a).	–
<b>Labor/management relations</b>			
G4-DMA	p.33		–
G4-LA4	Annual report 2014 p.152		–
MM4	p.46		√ (p.43)
<b>Occupational health and safety</b>			
G4-DMA	p.29		√ (p.43)
G4-LA5	Annual report 2014 p.155		√ (p.43)
G4-LA6	p.44		√ (p.43)
G4-LA7	p.29		–
G4-LA8	Annual report 2014 p.150		√ (p.43)
<b>Training and education</b>			
G4-DMA	p.33		√ (p.43)
G4-LA9	p.45		√ (p.43)
G4-LA10	Annual report 2014 p.150		–
G4-LA11	p.45		√ (p.43)
<b>Diversity and equal opportunity</b>			
G4-DMA	p.33		√ (p.43)
G4-LA12	p.45		√ (p.43)
<b>Equal remuneration for women and men</b>			
G4-DMA	p.33		√ (p.43)
G4-LA13		Currently unavailable (a and b). This indicator is currently being integrated into our new HR information system and should be available after 2016.	–

DMA and Indicators	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
<b>Supplier assessment for labor practices</b>			
G4-DMA	p.39		√ (p.43)
G4-LA14	p.46		√ (p.43)
G4-LA15		Currently unavailable (a, b, c, d and e): a true impact assessment is not available from suppliers. We assess suppliers on their overall labor policies. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will liaise with our external specialist for supplier assessment to define the adequate KPI.	–
<b>Labor practices grievance mechanisms</b>			
G4-DMA	p.42		–
G4-LA16		Currently unavailable (a, b and c): we only collect partial data on working hours. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider updating our annual social questionnaire sent to countries to collect this information.	–
<b>HUMAN RIGHTS</b>			
<b>Investment</b>			
G4-DMA	p.33		–
G4-HR1	p.39		–
G4-HR2	p.46		–
<b>Non-discrimination</b>			
G4-DMA	p.33, p.38		√ (p.43)
G4-HR3	p.46		√ (p.43)
<b>Freedom of association and collective bargaining</b>			
G4-DMA	p.33, p.38, p.42		√ (p.43)
G4-HR4	Annual report 2014 p.152		√ (p.43)
<b>Child labor</b>			
G4-DMA	p.33, p.38, p.42		√ (p.43)
G4-HR5	p.46		√ (p.43)
<b>Forced or compulsory labor</b>			
G4-DMA	p.33, p.38, p.42		√ (p.43)
G4-HR6	p.46		√ (p.43)
<b>Security practices</b>			
G4-DMA	Annual report 2014 p.26		√ (p.43)
G4-HR7	p.46		√ (p.43)
<b>Indigenous rights</b>			
G4-DMA	Annual report 2014 p.135		–
G4-HR8		Not applicable in 2014: we had no human rights grievances in 2014 - see G4-HR12.	–
MM5		Currently unavailable. Agreements are in place in certain countries. This indicator will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consider surveying countries to collect this information.	–
<b>Assessment</b>			
G4-DMA	p.42		√ (p.43)
G4-HR9	p.42		√ (p.43)
<b>Supplier human rights assessment</b>			
G4-DMA	p.39		√ (p.43)
G4-HR10	p.46		√ (p.43)
G4-HR11		Currently unavailable (a, b, c, d and e): a true impact assessment is not available from suppliers. We assess suppliers on their overall human Rights policies. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will liaise with our external specialist for supplier assessment to define the adequate KPI.	–
<b>Human rights grievance mechanisms</b>			
G4-DMA	p.42		√ (p.43)
G4-HR12	p.46		√ (p.43)
<b>SOCIETY</b>			
<b>Local communities</b>			
G4-DMA	p.31		√ (p.43)
G4-S01	p.44		–
G4-S02	lafar.ge/sdrweblinks		–
MM6	lafar.ge/sdrweblinks		–
MM7	lafar.ge/sdrweblinks		–

DMA and Indicators	Page Number (or Link)	Reason(s) and explanation(s) for omission(s)	External Assurance
<b>Anti-corruption</b>			
G4-DMA	p.38		√ (p.43)
G4-S03	Annual report 2014 p.188		–
G4-S04	p.46		–
G4-S05	p.46		–
<b>Public policy</b>			
G4-DMA	lafar.ge/sdrweblinks		–
G4-S06	p.46		–
<b>Anti-competitive behavior</b>			
G4-DMA	p.38		√ (p.43)
G4-S07	p.46		√ (p.43)
<b>Compliance</b>			
G4-DMA	p.38		√ (p.43)
G4-S08		Currently unavailable (a, b and c): we need to make our reporting processes more rigorous so that this indicator can be reported. This indicator will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015).	–
<b>Supplier assessment for impacts on society</b>			
G4-DMA	p.39		√ (p.43)
G4-S09	p.46		√ (p.43)
G4-S010		Currently unavailable (a, b, c, d and e): a true impact assessment is not available from suppliers. We assess suppliers on their overall policies regarding society matters. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will liaise with our external specialist for supplier assessment to define the adequate KPI.	–
<b>Grievance mechanisms for impacts on society</b>			
G4-DMA	lafar.ge/sdrweblinks		–
G4-S011	lafar.ge/sdrweblinks		–
<b>Material stewardship</b>			
G4-DMA	p.18		–
<b>OTHER SECTOR SPECIFIC INDICATORS : MINING AND METALS SECTOR</b>			
MM3		Not applicable. No significant risks are associated to our quarrying byproducts, most of which are reused for quarry rehabilitation.	–
MM8		Not applicable. ASM not in use at Lafarge.	–
MM9		Currently unavailable. This indicator will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will liaise with countries and focus as a first step on collecting data on the number of sites where resettlements took place.	–
<b>Closure planning</b>			
G4-DMA	p.49		–
MM10		Currently unavailable at the corporate level: most of our assets are long-lived assets where we use the property indefinitely. We report on rehabilitation plans for quarries within this report. This information will be considered after post merger integration with Holcim (merger project expected to be completed in July 2015). We will consult with countries about collecting this information.	–

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1. GRI STANDARD DISCLOSURES: G4-3, G4-5, G4-7

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