

Opinion of our stakeholders on the 2005 sustainability report

The panel's mission is to serve as "critical friends" who challenge Lafarge's approach to corporate responsibility, suggest improvements and form each year an opinion on Lafarge's accountability. However they do not verify the data or deliver any kind of assurance on performance.

Overall, we consider that Lafarge's sustainability report has improved over the years. We especially appreciated the comprehensive information provided on lobbying, Clean Development Mechanisms, sustainable construction, HIV, corruption and the tsunami. Most of us find the report reader-friendly and well structured, although positioning most indicators exclusively in a dedicated part rather than in the main text may complicate the understanding. However, one member encouraged more tangible examples and a less abstract language, while another called for more concise text and data in the management section. More generally, we noticed instances of vague wording and unsupported claims. To improve on this despite space constraints, we suggest referencing online annexes, as well as more precision wherever possible.

We welcome the inclusion of new indicators, e.g. on purchasing, top managers' appraisals, etc.; however for social and economic data, such as on restructuring, we would appreciate a breakdown by business or by country. We also appreciate Lafarge's candor regarding a drop in performance in certain areas, e.g. safety and air emissions, or a gap versus peers, e.g. ISO 14001 certification; that said, we were disappointed to find few explanations of the causes and little discussion of potential remedial action.

We would also welcome further discussion of how acquisitions have affected risk exposure and variations in performance in these areas. For example, Lafarge mentions its acquisitions in China but the related social and environmental challenges are

not discussed. We would like to know more about the measures taken to fulfill group commitments to international norms and standards. Finally, we feel concerned with the continued lack of reporting on emissions of Persistent Organic Pollutants. Regarding performance, we appreciate the progress on labor issues and operational environmental impacts, but we consider that the group still has to step up in two areas: water strategy and impact on local communities. Here, we would like to see data covering major impacts on employees and their dependents, suppliers, etc., from settlement to site closure and rehabilitation, especially in Southern countries. Beyond indicators, the report would benefit from short case studies with references to more detailed local reports available online.

Finally, some short-term corporate targets need to be completed by more long-term goals, especially on global carbon emissions, given the expansion in booming economies such as China.

In the future, it will be important to strengthen the link between product performance, which is impressive, and improvement of building performance - thanks to lifecycle approaches, collaboration with other industries, raising customer awareness and accountability on product end-of-life.

Regarding assurance, we welcome the audit of selected KPIs and look forward to receiving the results of the social audits mentioned (page 35). For coming years, we support this kind of third-party audit, as well as the involvement of concerned stakeholders. Benchmarking against peers

is another very positive element and needs to be further developed through the comparison with best practices from other industries. We would also be happy to see Lafarge actively lead the development of a cement-sector specific supplement to the GRI guidelines, in collaboration with stakeholders. Finally, we suggest that future reports address the emerging materiality of issues such as carbon and sustainable construction through clearer discussion of how they are integrated into decision making and how financial and sustainability performance are linked.

Members of the panel

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• Marion Hellmann (Building and Wood Workers International) • Jean Paul Jeanrenaud (WWF) • Philippe Lévêque (CARE) • Karina Litvack (F&C Asset Management) • Cornis van der Lugt (UNEP) • Livia Tirone (Architect) • Alastair McIntosh (Centre for Human Ecology) • Simon Zadek (AccountAbility) • Chaired by Elisabeth Laville (Utopies)

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Production: HMS Publications • Photo credits: D.R. Médiathèque Lafarge, Longrine, Images et Concepts/ Laurence Prat, Thomas Mayer, Rapho/ Gérard Uferas, ©Jacques Ferrier architecte, Rapho/Niang Zeng, D.R. Lafarge Zement GmbH, R. Lowery / Ernest Rawlins, ©Dessin AAT BOGAERT, Rodrigo Gomez, Michel Monteaux, Agustinus Sidarta Photography • Illustrations: Picotto.



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