



Principles of action







Our vision

To be the undisputed world leader
in building materials



Our commitments

To our customers, our employees,
our communities, our shareholders



“The Lafarge Way”

Making our people successful,
Focusing on performance improvement,
With a “multi-local” organization
To build our performance culture

Our vision

To be the undisputed world leader
in building materials

➤ **Being the best**

Our mission is to provide the construction industry with products, systems and solutions that are the most reliable, innovative and cost-effective.

With a leadership position in each of our business lines, we are now the world leader in building materials. This gives us the strength and the opportunity to shape and develop the future of the construction industry.

Our goal is to strengthen this leadership position by being the best, through our commitment to be:

- The preferred supplier for our customers.
- The preferred company for our employees.
- The preferred partner for our communities.
- The preferred investment for our shareholders.

➤ **Growing fast with the best value creation**

Cement, Aggregates and Concrete, Roofing and Gypsum will give us ample growth potential for the next several years.

Each of these business lines will contribute by growing faster than the competition and average market trends.

Our objective is to grow at a double-digit annual rate over time. We will achieve this by:

- Accelerating our internal growth through the development of innovative products, systems and solutions, and through an increasing share of the fast-growing markets in our portfolio.
- Doing acquisitions that result from the continuing consolidation within our businesses.
- Developing in the long-term other building materials businesses, where we can achieve worldwide leadership.

The measure of success will be our ability to be better than our competitors at creating value. This is a condition for our continued independence.

➤ **Achieving global leadership in local businesses through excellence in “multi-local” management**

Excellence in multi-local management means combining local initiatives with our global strengths by:

- Mobilizing the full talents and energies of our people to realize our global ambition in each local market.
- Taking the initiative locally with a global mindset, encouraging and enabling people throughout the Group to share experience, to focus on adapting best practices to local conditions and to innovate further.
- Leveraging these capabilities to excel at:
 - Providing differentiated solutions to meet customers’ needs in each local market.
 - Delivering continuous performance improvement.
 - Building international teams and networks working towards common goals.

“We want to share our vision with all of our people to make it happen”



Our commitments

To our customers, our employees,
our communities, our shareholders

➤ **Generating value for our customers**

Our success depends on the success of our customers. We are committed to helping them create more value in their businesses than our competitors can.

Being the preferred supplier for our customers means:

- Best understanding the needs and businesses of our different types of customers.
- Developing and delivering the most relevant and valuable products, systems and solutions by leveraging our global experience.
- Making quality the commitment of every employee.
- Leading our industries in product and service innovation.
- Being a customer-driven organization and involving every employee in this ambition.
- Being measured by our customers' satisfaction and loyalty.

We want the Lafarge brand to stand for these commitments to excellence in our customers' minds throughout the world.

➤ **Giving our people every opportunity to contribute and develop their talents**

Lafarge employees embody the company's culture and know-how. Their expertise, motivation and ability to develop and to demonstrate flexibility, creativity and entrepreneurial spirit are key to the overall success of the company.

Being the preferred employer for our people means:

- Offering a uniquely participative and supportive environment where people act out of convictions and where daily interaction is founded on trust, respect, dialog and teamwork.
- Giving our people exciting and challenging responsibilities and the support they need to be successful.
- Developing talents and potential through constant opportunities of training programs and on-the-job coaching.
- Fostering an environment where information is widely available and openly shared.
- Being a truly international company where diversity is a valued asset.
- Giving the utmost priority to safety – an integral part of excellence.

➤ **Contributing to building a better world for our communities**

We will succeed in creating sustainable value by contributing to economic, social and environmental progress.

Wherever present, we operate with the utmost respect for the common interest of present and future generations.

Being the preferred partner for our communities means:

- Acting as responsible members of our communities: contributing to the development of the people, their health, rights and well being by generating economic growth and supporting social, educational and cultural advancement.
- Being committed to and engaged in the protection of the environment, in the mitigation of climate change and in the conservation of non-renewable resources.
- Contributing to economic progress through healthy and vigorous competition and committing to share value creation with our customers and end-users.

Our responsibility is as much about complying with local and international laws and standards as it is about aligning our actions with our values. Respect for the common interest, openness and dialog, integrity and commitment are the main ethical principles of our Group and of our people.

➤ **Delivering the value creation that our shareholders expect**

Our Group's ability to conduct its strategies depends on the continuing trust and loyalty of our shareholders.

Being the preferred investment for our shareholders means:

- Delivering value creation through growth and continuous performance improvement.
- Maintaining our financial strength.
- Being a model for corporate governance.
- Respecting the interests of our minority partners.
- Providing financial markets with regular and reliable information regarding our strategies, performance and results.

“We want the Lafarge brand to stand for these commitments to excellence”



“The Lafarge Way”

Making our **people successful**

Courage, integrity, commitment, consideration for others and an overriding concern for the Group's interest are the foundations of our management philosophy. Every employee is expected to demonstrate commitment to these values. This is our way of building trust at all levels of our organization.

➤ **Expecting people to give their best**

All of our employees are expected to perform at their full potential. We believe that entrusting people with responsibilities, and not merely tasks, is the best way to leverage their skills, initiatives and motivation.

- We expect each individual working on our sites to contribute to a safe and healthy work environment through responsible behaviors.
- We value efforts and good will, but we are convinced that accountability is ultimately about delivering results. While our goal is to help everyone succeed, we expect all of our people to be open about their difficulties and willing to ask for help when they need it.
- We want to involve all of our people in our ambition and strategies so they can better contribute their talents, initiatives and energies, and support the accelerating need for change that our businesses require.
- We want all of our employees to be key players in the formulation of their own personal objectives.
- We expect our people to share their experiences and to seek those of others. Best practices derive from our ability to recognize and share our local successes, regardless of their scale.
- We expect all of our people to practice "the Lafarge Way" in their daily actions.

➤ **Leading by example**

The higher the responsibility, the greater the commitment to our values must be.

- Leadership is the ability to mobilize people and to inspire them toward a common ambition and better results. It requires patience, dedication and flexibility to drive change throughout our organization.
- Managers are expected to clearly and jointly define the right objectives, delegate authority, provide frequent constructive feedback and evaluate results fairly and consistently. They ensure that achievements are recognized and celebrated. They help their people deal with potential performance issues early on and ultimately address repeated failure.
- A key responsibility for managers is to develop their people. They expose employees to challenging assignments, help them to learn from their achievements and mistakes and support them in outperforming themselves.

➤ **Achieving greater results through teamwork**

Outstanding achievements are realized as part of a team effort.

- Teamwork provides the opportunity to complement our individual skills and strengths and to compensate for our weaknesses and shortcomings.
- Dealing with conflict is an integral and productive part of teamwork. Teamwork is not about reaching consensus on every issue. It is about each individual contributing, accepting and seeking differences of opinion as a source of progress. It is also about ensuring that decisions are clear and implemented with the support of those who have been involved.
- Effective teamwork creates an environment of trust and confidence. This is built daily through professionalism, personal commitment, shared goals and respect for common rules.

Focusing on **performance improvement**

➤ **Resulting from the actions of all**

Performance is the accumulated result of the actions of all teams and individual employees at every level of our organization.

- We want continuous performance improvement to be a day-to-day priority for each person of our Group.
- Our performance approach concerns all dimensions of our business: safety, strategy, sales and marketing, industrial, financial, human resources, sustainable development.
- Performance is always measured:
 - Operational performance is measured through a variety of Key Performance Indicators (KPIs) and their financial impact.
 - Global performance results from the combination of operational performance and the economic impact of the environment. It is measured through Economic Value Added (EVA).
- We want all of our people to be able to measure and understand the impact and consequences of their actions.

➤ **Making performance a daily commitment**

Striving to continuously improve our offer to our customers and to be ahead of our competitors, seizing every opportunity offered by changing environments and encouraging everyone to always do things better are the everyday priorities for a performance-driven organization.

We want to promote an environment where individuals and teams:

- Seek to constructively challenge and be challenged.
- Use their creativity and find ways to do more with less.
- Address existing problems and issues in a systematic way before moving on to new initiatives.
- Increase continuously the reliability of our processes in order to improve quality.
- Use best practices without first trying to reinvent what others have already done successfully.
- Focus their energy on implementation and drive for results.
- Support, and are supported by the whole organization, always achieving greater performance.

➤ **Sharing systems and tools**

Performance requires robust and reliable systems and tools. The Group and Divisions have defined a common performance framework for all of our businesses.

- The Divisions have identified the key value drivers in each business line. These are the areas where each Business Unit is expected to continuously improve and reach excellence everywhere in the world.
- The Management Cycle reflects the involvement and commitment to a common ambition of all of our people in each Business Unit, each Division and at Corporate. The Management Cycle is structured around the strategic review, the performance plan, the organization and human resources review and the budget.
- All of our operations use systems and tools in their daily management: common languages, KPIs, benchmarking, best practices, knowledge and information management systems and HR tools, including appropriate training and reward systems.

With a “multi-local” organization

> Building on our local and global strengths

Each of our businesses is primarily a local business: our products cannot economically be transported over significant distances, construction markets have strong local characteristics, proximity is important to our customers, relationships with local communities are key, and much of our know-how originates from local experience.

For the Group, the challenge is to leverage our global strengths without undermining our local entrepreneurial spirit. Being a “multi-local” organization involves:

- Encouraging local initiative through effective delegation supported by reliable global processes and tools.
- Ensuring that the dialog between staff and line is not simply about control, but about getting the most out of every business opportunity.
- Creating an organization where our global experience and know-how are easily accessible to everyone and permanently enriched, shared and implemented.
- Leveraging the creativity of local teams to innovate further.
- Involving Business Unit management teams in addressing the permanent conflicts that arise from operating globally in local businesses.

> Making our Business Units successful by leveraging the resources of a decentralized organization

Managing the tension between “local” and “global” is one of the key challenges of our Group and defines the way we are organized.

● Our Group relies on the initiative of our Business Units.

The Group’s activities are carried out by the Business Units, which are the center of our organization. To respond effectively and rapidly to local challenges and serve our customers more efficiently, they are empowered to make most decisions that impact them.

Their autonomy is not, however, that of a single independent business. Increasingly their actions have an impact beyond their immediate environment, which requires involving other parts of the Group more systematically in their decisions. They use our global experience to build their local successes but also actively contribute to Group and Division policies, tools and know-how.

● Divisions are responsible for improving performance and ensuring the long-term success of their activities.

One of the main duties of the Division is to foster performance improvement, principally through the sharing of experience, internal and external benchmarking and resource optimization. They have a key role in challenging the Business Units to achieve greater performance ambitions.

● Corporate is responsible for our long-term strategies and for the global identity of the Group.

The role of Corporate is to maximize the benefits derived from being a group: vision and strategic coherence, financial strength, global image, organization and human resources. Corporate ensures the continuity of our common values, identity and performance culture.

● International networks accelerate our ability to share our global experience.

Functional and peer networks organize and enhance our ability to share information and experience. They are the links that both formally and informally connect the diversity of all of our operations worldwide.

> Sharing clear processes and a limited number of respected and known rules

In a group of our size, effective decision making requires clear and well-defined processes that allow everyone to understand how a decision is made and who is ultimately responsible. The main process involving all levels of our organization is our Management Cycle. It organizes the dialog between staff and line, provides a framework for effective delegation and enables the resolution of conflicting priorities. It ensures that consistency exists between Business Unit commitments, Group and Division objectives and the expectations of our shareholders.

A limited number of rules is a prerequisite to efficiency and fairness. These rules should be known by everyone in our organization and implemented consistently throughout the Group, the Divisions and the Business Units.

To build our performance culture



management
performance
global
commitments
VISION
culture

