
**HUMAN
RESOURCES
POLICIES**

Health Safety and Security

Guiding Principles

- All people working on our sites have a right to expect safe and healthy work conditions and the duty to contribute to such conditions with responsible behavior.
- We regard H&S as core business values being integrated in the overall business performance.
- All managers are responsible for ensuring that safety systems, programs and policies are in place and effectively implemented to provide employees with a safe working environment. (HR Rule#1)
- All Business Units must comply with the Group safety rules and reporting requirements (HR Rule#1)
- Every accident or case of ill health resulting from employment is avoidable with appropriate systems of work, equipment, substances, training and supervision
- Effective H & S management includes risk assessment from the initial plant design and construction stage, commissioning, and overall planning for organization of work and maintenance
- All our operations must continuously improve their H&S performance.

Main processes and tools

➤ AT CORPORATE LEVEL

- Annual Report to the Executive Committee
- Reporting fatalities within 24 hours to the Executive Committee
- Safety performance reporting at 3 monthly intervals to the Executive Committee
- Annual H&S Divisions directors meeting, to drive exchange of best practices and to develop common standards.
- Audit Department assignments in order to insure that processes are in place
- If necessary, enquiry regarding Divisional/Business performance.
- Country and Travel Risks management guidelines define how to operate where employees and operations are potentially exposed to various security risks

➤ AT DIVISION LEVEL

Divisions have an Occupational H&S Management System to deliver continual improvement in performance. This is based on a H&S policy that reflects the Corporate Policy as regards its principles, framework, responsibilities, co-ordination and monitoring. This includes new Units joining Lafarge. Specific Resources (human, financial) are dedicated and identified to reach the targets.

Key Roles and Responsibilities

- It is up to every manager at every level to ensure the Health and Safety of those people in the workplace under their responsibility. The manager must implement the policy and systems within his zone of control and influence.
- The Lafarge Chief Executive Officer assumes this responsibility at Group level. He takes great care to ensure that within each Division and Business Unit the management has the authority, skill and resources required to exercise this responsibility.
- The Group Executive Vice President HR and Organization for Lafarge is responsible for coordinating and reviewing overall H&S Policy, recommending on such matters to the Executive Committee.
- All employees have responsibilities for the health and safety of themselves and others affected by their actions.

Key Performance Indicators

- Number of fatalities (Lafarge, contractors and third parties)
- Best practices implementation, e.g. Group Health and Safety management System
- Number of lost time accidents (Lafarge and contractors)
- Frequency rate (Lafarge employees)
- Severity rate (Lafarge employees)
- Divisions may determine additional KPI(s).

Career Management

Guiding Principles

- The Group is competing for the best people: with a long-term view, it recruits diversified and international profiles with the potential to evolve.
- Career development is the responsibility of both the individual and the Group.
- The Group and each manager should strive to put people in a situation where they can constantly improve their skills and their contribution to business performance.
- Each manager is in charge of developing the career of his team members.
- The recommendation for all major decision regarding people management, including position appointments and compensation reviews, is made by the (n+1) after consulting HR managers of the business entity, but the final decision is made by the n+2. (HR Rule # 5).
- At every level, managers must be assessed on their contribution to the local business performance and the Group's development.
- Career management must be clear (understanding of rules, access to own performance appraisal) and impartial (fair treatment and assessment).
- The principle of geographical and functional mobility applies to all executives, senior managers and key people and those who wish to rise to these levels.

Main Processes and Tools

- Job definition. For managing positions, job requirements shall be clearly linked to the Group Leadership Profile.
- Hay grading (in compliance with HR Rule #7).
- Recruitment programs.
- All positions below Hay 20 are to be published on the Group's Intranet Job Market, and filled with first priority given to internal candidates, under the control of the Group HR network. (HR Rule #13)
- Yearly appraisal interview (in compliance with HR Rule #2), using Group Leadership Profile to assess development needs and prepare Personal Development Plan.
- 360° appraisal
- Career interviews
- O&HR Reviews (HR Rule #3)

Key Roles and Responsibilities

X Means leading role for implementing the policy (decision)

(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	VISIONS	CORPORATE	COUNTRY COORDINATION
O&HR Review	X	X	X	
Cross-division transfers		(X)	X	
Cross-BU transfers within division	(X)	X		
Career management for newly integrated Bus		X		
Developments of "viviers"	(X)	X		
Management of specific recruitment programs		(X)	X	(X)

Key Performance Indicators

- Results of satisfaction surveys (% of satisfaction)
- Quality of the yearly appraisal process
- % of managers leaving leaving the Group

Key Positions

Guiding Principles

- The Group wants to ensure that key positions at Corporate and division level (Hay ≥ 20: Business Unit top management, operational managers, head of departments) are held by people with international experience, strong leadership and a high performance track record.
- Internationalization of our executive teams is critical to our global leadership and multi-local management. Each Business Unit Executive Committee team must have at least one member coming from another country. (HR Rule # 10).
- The Divisions and the Corporate follow the High Potentials career development to ensure adequate succession of the Group Senior Executive teams. (HR Rule # 4).
- In order to facilitate the exchange of people within the Group, and to maintain fairness between all employees, each managerial position is to be evaluated under the same method. Lafarge uses the Hay method and each position must have a Hay grade assigned, which is to be communicated to the position holder (HR Rule # 7).

Main Processes and Tools

- Career management processes and tools (as described in Career Management Policy, in compliance with HR Rules # 2, 5 and 7)
- Succession management

Key Roles and Responsibilities

- X** Means leading role for implementing the policy (decision)
(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	DIVISIONS	CORPORATE	COUNTRY COORDINATION
• Career Management Hay ≥ 23		(X)	X	
• Career Management Hay 20-22 Other than HR/Finance posts	(X)	X (1)		
• Career Management Hay 20-22 For HR posts		X (1)	(X)	
• For Finance posts		X (1)	(X)	

(1) Some divisions can consider that Hay 18 and 19 positions are key positions for them.

Key Performance Indicators

- Number of people for succession to Top Executive positions (Hay ≥ 23)
- % Of external hiring for key positions

High Potential Development

Guiding Principles

- Hiring and developing High Potentials prepares us for the future.
- We regularly ensure, at least once a year in the O&HR Review (HR Rule # 3), that our Organization and Human Resources are capable to meet the strategic goals of each business entity, and that we are appropriately developing people.
- Each Division must identify, follow and ensure the development of their High Potential population through the O&HR Review process (HR Rule # 4).
- "Fast trackers": people with highest capabilities, proven by track record should reach key management positions regardless of their age.
- Executive Development: take risks with High Potentials, allow them to increase their experience and know-how and allow for rapid development
- Decisions regarding people cannot be made only in the context of the immediate local environment; "people do not belong to their boss". The recommendations for all major decisions regarding people management, including position appointments and compensation reviews, are made by the n+1, but the final decision is made by the n+2. (HR Rule # 5).

Main Processes and Tools

- Definition of HP and associated categories
- Yearly appraisal interview (in compliance with HR Rule # 2)
- Personal Development Plan (PDP)-based on the Leadership Profile
- People reviews by Group Career Committee.
- O&HR Review (HR Rule # 3)

Key Roles and Responsibilities

- X** Means leading role for implementing the policy (decision)
(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	DIVISIONS	CORPORATE	COUNTRY COORDINATION
• Target setting (number / competency field)		(X)	X	
• O&HR Review	(X)	X	(X)	
• Definition of PDP	(X)	X	(X)	
• Management of PDP	X	(X)		

Key Performance Indicators

- Number of Junior HP
- % of Junior High Potentials leaving the Group
- % of High Potential persons with a Personal Development Plan

Internationalization

Guiding Principles

- Internationalization of our executive teams is critical to our global leadership and multi-local management.
- Internationalization of Human Resources facilitates business development on two counts: globalization of businesses (best practices, market development, etc), which requires global mindsets, and successful integration of newly acquired businesses. But as with any investment, internationalization should be managed according to its cost and anticipated return.
- The standard profiles of the people whom the Group seeks to send abroad are:
 - Those with high potential, with a personal development plan set at the yearly appraisal interview and based on their needs in developing Leadership Profile competencies
 - Senior people (experts or managers). The Group also wants to give international exposure to young new recruits.
- The success of internationalization depends on good management of integration in the host country. Sufficient time should be given to the future expatriates, before and after their transfer date, to acquire minimum knowledge of the language, the culture and the history of the host country.
- The country of origin (i.e. Business Unit, Country Coordination or Region of the expatriate before his/her departure) is responsible for holding regular career interviews with the expatriate and managing his/her return.
- International experience is an integral part of High Potential careers.
- Each Business Unit executive Committee team must have at least one member coming from another country (HR Rule #10).
- The package design for any expatriate must follow Group guidelines, in order to achieve consistency and fairness within the Group (HR Rule # 11).

Main Processes and Tools

- Administrative procedures for international transfers; expatriation standards.
- Distinction between expatriation and short-term assignments.
- Career interview and written report, pre-decision assessment
- Follow up by mentor (home country reintegration sponsor)
- O&HR Review by Division and Corporate (in compliance with HR Rule # 3), setting targets for expatriates in succession plans and young internationals programs.

Key Roles and Responsibilities

- X** Means leading role for implementing the policy (decision)
(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	DIVISIONS	CORPORATE	COUNTRY COORDINATION
Target setting (number, type)	(X)	X	(X)	
O&HR Review	X	(X)		
Expatriation decision	(X)	X		
Expatriate follow-up and reintegration	X	(X)		
Cross-Division transfers		(X)	X	
Cross-BU transfers within Division	(X)	X		
Administration of international mobility	X (1)	X (2)	X (2)	(X)
Young Internationalization Program	X (3)	(X)		

- (1) Main responsibilities for the "home Unit"
- (2) Shared Services with the divisions in designing contracts and setting principles
- (3) Shared responsibility between host country and home country.

Key Performance Indicators

- Number of members of Executive Committee team coming from another country
- Number of people being expatriated in the Group, by country of origin and by Division
- Percentage of people holding posts graded 20 and above, having been expatriated 2 years or more
- Number of young internationals entering the Group under the young internationals program

Language

Guiding Principles

- Language is an essential element of a country's culture: the normal working language is the local language. The international language most widely used is English: all Group managers holding or with the potential of holding positions graded Hay 14 and above must be able to effectively communicate in English (British or American). In all countries, including English-speaking ones, recruitment priority is given to people who speak foreign languages. People joining the Group have two years to comply with this rule. French language and culture are major components of the history and reality of Lafarge. Therefore, it is recommended that senior executives (hay grade 23 and above) be able to follow a discussion in French. Group official documents are being published in French and English. (HR Rule # 9).

Main Processes and Tools

- Selection criterion at recruitment
- Training program
- Language Competency four-level grid
- Language testing:
- TOEIC (Test Of English International Communication) or TOEFL (Test Of English as a Foreign Language)
- TEF (“Test d’Evaluation du Français”)

Key Roles and Responsibilities

X Means leading role for implementing the policy (decision)

(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	DIVISIONS	CORPORATE	COUNTRY COORDINATION
• Implementation	X	(X)		X

Key Performance Indicators

- Number of managers able to work in English (first quartile in TOEIC or TOEFL results)

Coordination & Monitoring

- O&HR Review

Compensation and Benefits

Guiding Principles

- The Group wants to attract, motivate and retain talented people by providing competitive total remuneration (base pay, variable pay, benefits)
- The Group's compensation policy is to target total cash compensation (base salary and bonus) between the median and the upper quartile of relevant companies.
- Individual and team performances are rewarded through merit increase and bonus based on criteria linked with value creation, management and business objectives. Performance reward must be consistent throughout the Group and must comply with all Group policies concerning bonus schemes and compensation for Senior Executives (HR Rule #6)
- All bonus schemes for Business Units Executive Committee members and above are to follow Group rules (50% on personal objectives and 50% on financial criteria) and use EVA as the financial measure of performance (HR Rule #6).
- The Group wants to ensure that all employees share the company's success through Stock Ownership and / or Profit Sharing programs.
- All employees should be provided with benefits coverage in line with local market practice, conveying a sense of security.
- Any significant pension plan change is to be pre-approved by Division or Corporate HR. Depending on the level of financial impact, agreement from the Corporate Finance Department may also be required (HR Rule # 14).
- The package design for any expatriate must follow Group guidelines, in order to achieve consistency and fairness within the Group (HR Rule # 11).
- The decisions regarding people cannot be made only in the context of the immediate local environment. The recommendation for all major decision regarding people management, including compensation reviews, is made by the n+1, but the final decision is made by the n+2. (HR Rule #5).

Main Processes and Tools

- Hay job classification and pay ranges: each managerial position must have a Hay grade assigned, which is to be communicated to the position holder. Using the same evaluation method facilitates the exchange of people within the Group and helps to maintain fairness between all employees (HR Rule #7) Compensation and benefits market survey (external competitiveness)
- Objectives-setting and performance evaluation (based on yearly appraisal interview – HR Rule # 2)
- Compensation Review (HR Rule # 5)
- Bonus plans (in compliance with HR Rule # 6)
- Profit-sharing plans, Gain-sharing plans
- Benefits coverage: medical, long-term disability, life insurance, accidental death and injury, pension, in compliance with HR Rules #11 (Expatriation) and #14 (Pension plan management)
- Stock ownership programs and Stock options programs
- Internal benchmark of salary reviews and bonus distribution between Business Units and Divisions, within the annual O&HR Review (HR Rule # 3)

Key Roles and Responsibilities

- X** Means leading role for implementing the policy (decision)
(X) Means contributing role (compulsory consultation)

ACTIVITIES	Business Units	DIVISIONS	CORPORATE	COUNTRY COORDINATION
Hay classification/ pay ranges	< Hay 20	Hay 20-22 (1)	Hay 23	
Market surveys	X		(X) (2)	X
Bonus plan design	(X)		X	(X)
Benefit design	X		(3)	
Salary increase approval	< Hay 20	Hay 20-22 (1)	Hay 23	
Stock ownership programs			X	
Stock options programs			X	

(1) Division key positions (may include Hay positions 18 and 19)

(2) Corporate responsibility for Hay \geq 23

(3) Corporate HR in support for Hay \geq 23

Key Performance Indicators

- Total competitiveness:
 - Determined by benchmark positions through selected peer Group.
 - Two separate salary survey comparison analysis (as a minimum)
- Employee satisfaction
 - Turnover rate due to C&B issues
 - Internal employee survey

Coordination & Monitoring

- Reporting between Business Units / Divisions / Corporate Center
- Group internal audits

People Development

Guiding Principles

Lafarge aims at making every employee to contribute to their full potential in their job.

People development within Lafarge is a key driver for performance and change, supporting the achievement of key business challenges and strategies.

For this reason, developing people and teams is a fundamental responsibility for all managers at Lafarge.

For any area of people development - professional skills and leadership competencies development, behavioral improvements, knowledge and know-how upgrade - Lafarge promotes a variety of development practices at any level of the organization:

- On the job learning: offering individuals new and challenging job opportunities (international experience, management of teams with complementary skills...).
- Action learning: enabling people to work effectively and to be successful in their missions by giving them special assignments or projects.
- Class or e-learning (training): offered through the Group training courses or recommended external training, or developed at entity level (BU/ Division/ Country) when specific to business requirements
- Coaching: enabling continuous improvement of behaviors after individual or team assessment, by using internal or external resources.
- Knowledge sharing: transferring best practices and build knowledge and know-how through teamwork, transversal projects and networks.

Main Processes and Tools

- Performance management process (objectives setting, performance review, performance development) and tools including annual appraisal form/ guidelines, Leadership Profile guidelines, 360° and other assessment tools
- Performance review and objectives setting mandatory for all managers *
- Individual Development Plan mandatory for all managers * Group forms & standards mandatory down to BU Ex Com members Individual development process and tools including teaching experiences, on the job learning, action learning, coaching, training: Personal Development Plan format, Meet the Group sponsoring, project assignments, internal coaching guidelines, etc..
- Collective development initiatives as team performance/effectiveness workshops, knowledge management, training programs: Lafarge University and/ or specific training by Div/ BU/ function; Databases by Division/ functions; Intranet Portals, Lafarge Leadership library etc..
Group induction training program **; Alignment of strategic requirements & collective training actions in the O& HR review ***
- *HR rule # 2; ** HR rule # 12; *** HR rule # 3

Key Roles and Responsibilities

Each individual is responsible for his/ her own development, as well as for developing his/ her teams. The HR function representatives are responsible for the implementation of the policy throughout the organization for all the employees.

The Corporate HR department and Divisions HR departments supports the implementation of the processes by developing common tools, organizing the sharing of best practices, and challenging it during the O&HR reviews.

The Lafarge University will encourage global unity by promoting organization values amongst a culturally diverse population and by establishing opportunities for networking, knowledge sharing and effective knowledge management throughout the organization.

Key Performance Indicators

- % of people with Personal Development Plan versus target and % of actions carried out versus planned.

Organization Development

Guiding Principles

Organization development is an effort to develop organization efficiency and its employee's abilities at the same time.

We believe that the performance is the combined result of people (individual skills, behavioral and management style) and organization (structures and processes and technology).

For this reason, we encourage an organization that:

- Is multi-local, driven by trust and initiative, challenged through the overall Group management cycle and specifically the O&HR review process
- Supports business strategy and performance improvement while respecting individuals and enabling them to work to their ultimate abilities
- Delivers economic performance while respecting Group values
- Promotes the sharing of best practices and experiences through networking, cross-functional, and international ways of working.

Within Lafarge, developing such an organization means:

- Finding ways to adapt to the changing context while maintaining and enhancing the Group's integrity and internal integration
- Establishing structures, processes and a climate that allow to effectively manage important and pressing issues (i.e. projects, crisis, etc.) while giving adequate attention to strategic issues (i.e. long term development and renewal, planning and envisioning, engaging new opportunities...)
- Continuously increasing the ability to engage issues such as:
 - Vision including the defining of identity, purpose, values, organizational culture (the Principles of Action) and related programs and activities
 - Increase competence and commitment
 - Creating an alignment, an adequate fit among the various aspects of the organization's life
- Increasing the ability to adapt to new conditions, solve problems and learn from experience (capacity for self renewal)

Main Processes and Tools

- Group / Divisional / Business Unit strategic objectives and business priorities. (Group priorities are decided by *Direction Générale* and steered by *Direction Générale* and Executive Committee)
- Training programs to support Organization Development
- Organization Development & Training Network
- Leadership Profile and competency models
- O&HR reviews (Rule # 3)
- Post Merger Integration guidelines.

Key Roles and Responsibilities

Each manager is responsible for the alignment of his/ her organization to the strategic goals of his/ her business.

The HR function representatives, at any level of the organization, are responsible for the alignment of people competencies to business requirements.

OD experts support both managers and HR generalists.

The Corporate HR department and Divisions HR department guarantee the operation of the processes through the O&HR reviews, develop common tools supporting the Group priorities, and organize the sharing of best practices.

Key Performance Indicators

- Internationalization & diversity ratios
- Implementation ratio of Leadership Profile for targeted populations
- Quality of the O&HR review process
- % people who attended Group training programs
- Division may have KPI linked to implementation of specific change programs

Employment

Guiding Principles

- Making our employees the heart of our company and being concerned by the impact of our decisions on the local communities, we regard employment issue as an element of our social responsibility. We exclude forced labor and promote non-discrimination at work. We commit ourselves to respect three principles:
 - Efficiency: exposed to international competition, ensuring our level of competitiveness is our first obligation to develop sustainable jobs
 - Anticipation: develop origin and gender diversity, develop the skills of individuals and teams, maintain employability, anticipate problems internally and towards local communities
 - Solidarity / interdependence: nobody should be left to cope with an employment problem alone in the event of redundancy. Reduce the potential negative impact on local communities.

Main Processes and Tools

- Intranet HR Portal to share tools, practical cases and develop the network.
- Transfers between Business Units within a country (job vacancy advertising/ applications form follow –up, in compliance with HR Rule # 13)
- Group, Divisions, Country internal and external jobs, application posting.
- Integration programs for disabled, jobless people and other targeted populations.
- Local economic development missions.

Key Roles and Responsibilities

- The Corporate Human Resources and Organization Department (Social Policies department) is responsible for coordinating and reviewing overall Employment Policy. It is in charge of internal and external benchmarking and development of tools.
- Divisions and Business Units managers are responsible for implementing of the employment policy in their area of control or influence. Employment issues are reported through the process of Organization and Human Resources Reviews at Division and Corporate level (“O.H.R. Reviews”), in compliance with HR Rule #3.
- Guidelines and methodologies are developed at Corporate, Division or Country level.

Key Performance Indicators

- Breakdown of workforce, by region/country/status
- Diversity ratio, including gender diversity, others when culturally appropriate.
- Internal mobility: internal recruitment/ published job vacancies
- Net employment creation and average turnover segmented by region/country
- Programs for disabled, jobless and other targeted populations
- Employees intra-Group, transfers, and out placement in case of reorganization
- Jobs created when local economic development initiatives are in place. Number of jobs created in the communities/jobs destruction in case of reorganization
- Divisions may determine additional KPI(s).