

# SUSTAINABILITY REPORT

# 2017

CONSOLIDATED NON-FINANCIAL STATEMENT  
UNDER THE ITALIAN LEGISLATIVE DECREE N°254/216



Buzzi Unicem is an international multiregional, “heavy-side“ group, focused on cement, ready-mix concrete and aggregates.

The company’s dedicated management has a long-term view of the business and commitment towards a sustainable development, supported by high quality assets.

Buzzi Unicem pursues value creation through lasting, experienced know-how and operating efficiency of its plants.

**Vision**





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**Pietro Buzzi**  
Chief Executive

A handwritten signature in black ink that reads "Pietro Buzzi".



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**Michele Buzzi**  
Chief Executive

A handwritten signature in black ink that reads "Michele Buzzi".

## In this year's edition we wanted to focus on some issues that are particularly important for us and our stakeholders: Climate Change, Engagement, Safety.

As explained in last year's report, the entry into force of legislative decree 254/2016, requires that we publish as of this year a non-financial consolidated declaration. This consists in a series of information, that is complementary to the information contained in the Consolidated Financial Statement, that must allow stakeholders to have a broader and more representative view of our company's performance.

Much of this information corresponds to the content of the Sustainability Reports we have published to date. For this reason, we have decided that the new non-financial consolidated declaration will be integrated with the current report. This choice adds to the importance of this instrument, which does not require radical changes to comply with the new legislative requirements and at the same time maintains the level and quality of disclosure our stakeholders are accustomed to.

In this year's edition we wanted to focus on some issues that are particularly important for us and our stakeholders: Climate Change, Engagement, Safety. For each of these we have established clear policy guidelines and potential medium-term objectives.

With regard to Climate Change, we would like to confirm the novelty and importance of the new CO<sub>2</sub> reduction plans that were developed in each country, through which we expect to achieve by 2022 a 5% reduction compared to 2017 levels.

With regard to "Stakeholder Engagement", we have defined a new procedure for more clearly communicating the objectives and responsibilities of the dialogue initiatives with local areas and other stakeholders. The procedure is in an advanced trial phase in Italy and we hope to extend it to other countries in 2018.

On safety, we confirm our commitment to operating, in all our production sites, with the objective of avoiding any accidents and occupational illnesses.

In 2018, we expect to finalise the "Database sustainability" project through which we want to improve the data we collect and promote a progressive transition from 'reporting' to 'control' for all material issues. The approach to sustainability is therefore fully underway.

We need everyone's collaboration and contribution to overcome the challenges and reach the targets lying ahead of us.



## THE NON-FINANCIAL CONSOLIDATED DECLARATION

Integrating the economic and financial information, contained in the Financial Report, with the environmental, social and governance information, contained in the Sustainability Report, is essential for allowing stakeholders to correctly assess a company's performance.

EU directive 2014/95/EU, which was transposed in Italy with Legislative Decree 254 of 30/12/2016, confirms the importance of this integrated information. Starting from the 2017 financial year Italian public interest entities\* are required to draft a **non-financial declaration** presenting two levels of information, namely the corporate policies and quantitative impact information such as:

- a) use of energy resources and water resources,
- b) emissions of greenhouse gases and pollutants,
- c) impacts on health and safety,
- d) social aspects concerning the management of staff (including actions to guarantee gender equality) and dialogue

- procedures with social partners,
- e) measures to prevent human rights violations and discriminatory actions,
- f) instruments for contrasting corruption,

**Buzzi Unicem has decided to include its first consolidated non-financial declaration (Art. 4 of Legislative decree 254/2016) within its Sustainability Report: the company believes that this instrument, which was first published in 2001, and improved year after year, in terms of both its contents and accuracy, allows it to fully comply with the obligations deriving from the new legislative provision.**

The non-financial consolidated declaration was approved by Buzzi Unicem's Board of Directors on 28 March 2018 and was subsequently submitted to the supervisory body and external auditor.

\* This includes all companies that had, on average, during the financial year more than 500 employees and, at the closing date of the financial year, exceeded at least one of the following dimension limits: a) total shareholders equity: 20,000,000 euro; b) total net revenues from sales and services: 40,000,000 euro.





# THE GROUP AT A GLANCE

## INTERNATIONAL PRESENCE

### Europe

<b>Italy</b>	Buzzi Unicem, Unical, Cementizillo, Cementi Moccia (50%), Laterlite (33%)
<b>Germany</b>	Dyckerhoff, Deuna Zement, Dyckerhoff Beton
<b>Luxembourg</b>	Cimalux
<b>Netherlands</b>	Dyckerhoff Basal Nederland
<b>Poland</b>	Dyckerhoff Polska
<b>Czech Republic and Slovakia</b>	Cement Hranice, ZAPA beton
<b>Ukraine</b>	Dyckerhoff Ukraina
<b>Slovenia</b>	Salonit Anhovo (25%)

### Asia

<b>Russia</b>	Sukholozhskcement, Dyckerhoff Korkino Cement
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### America

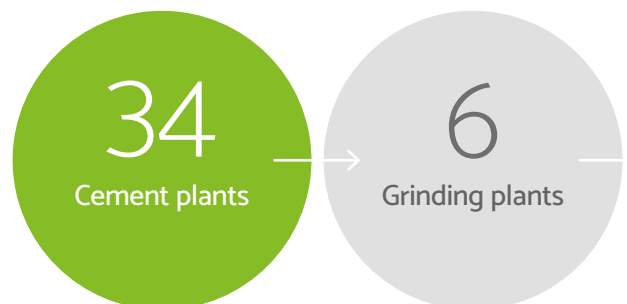
<b>USA</b>	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25%)
<b>Mexico</b>	Corporación Moctezuma (50%)

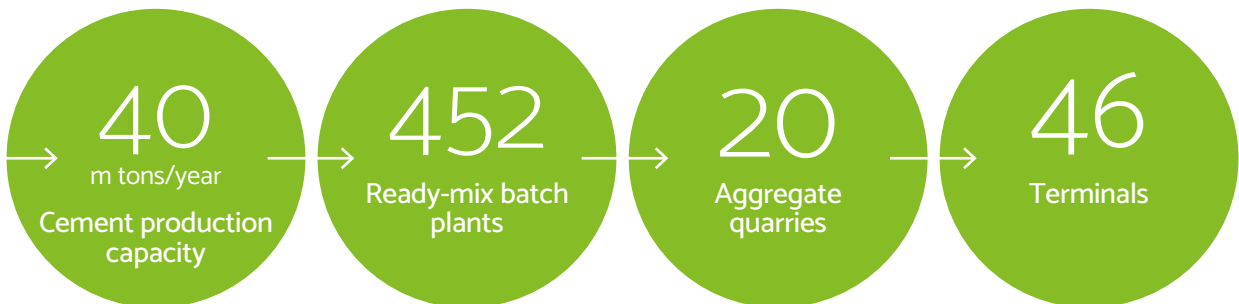
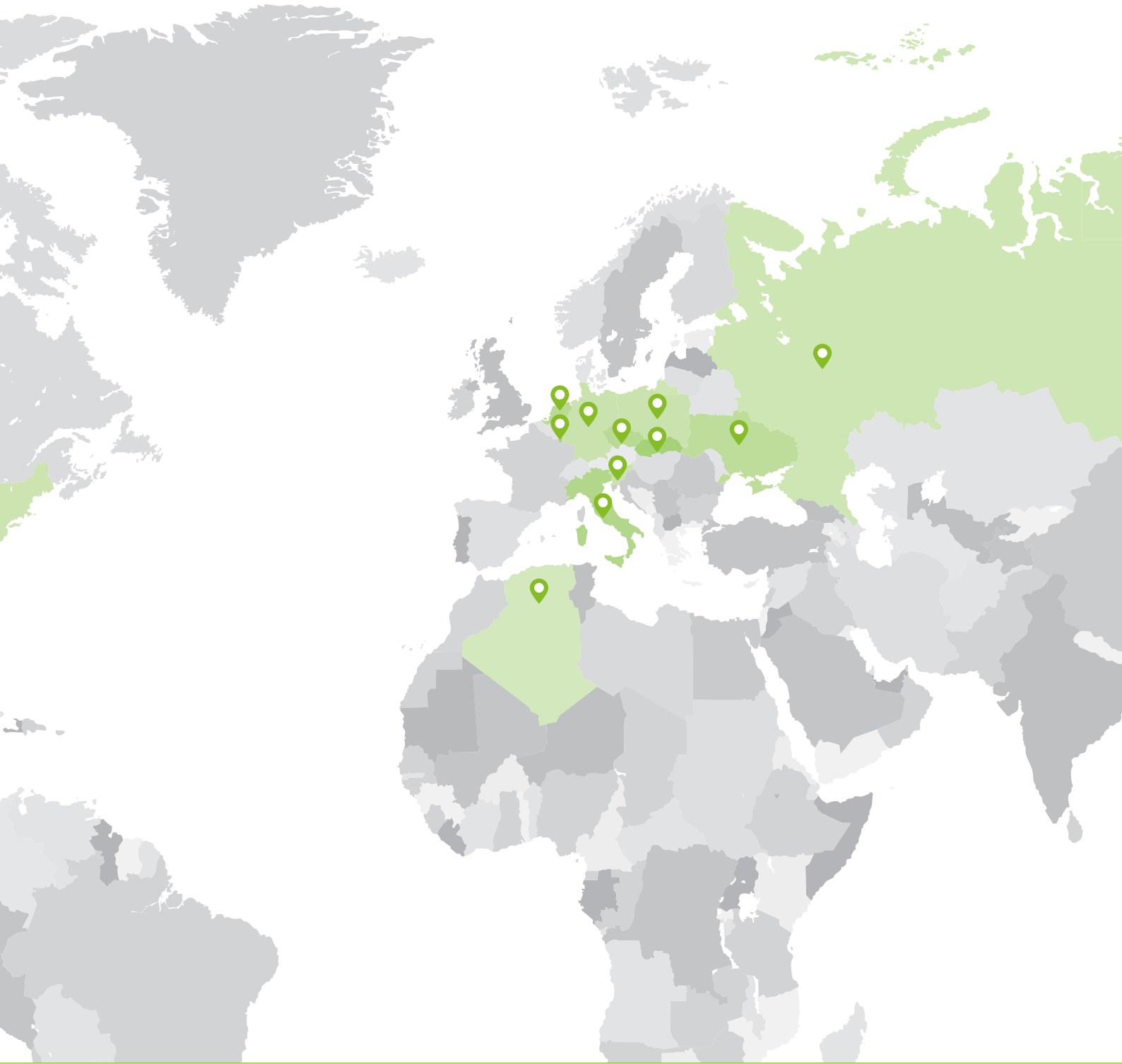
### Africa

<b>Algeria</b>	Société des Ciments de Hadjar Soud (35%) Société des Ciments de Sour El Ghozlane (35%)
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The Buzzi Unicem Group is committed to promoting sustainability in all countries in which it operates





## Operating structure

		ITA	GER	LUX	NLD	POL	CZE SVK	UKR	RUS	USA	TOTAL	MEX <sup>1</sup>
Cement plants	n.	11	7	2	-	1	1	2	2	8	34	3
of which grinding	n.	3	2	1	-	-	-	-	-	-	6	-
Cement production capacity	m tons/ year	11	7	1	-	2	1	3	4	10	40	8
Ready-mix batch plants	n.	159	108	3	14	25	68	5	-	70	452	34
Aggregate quarries	n.	6	3	-	1	-	7	-	-	3	20	4
Deposits and terminals	n.	3	3	-	-	1	-	2	1	36	46	-

ITA/Italy, GER/Germany, LUX/Luxembourg, NLD/Netherlands, POL/Poland, CZE/Czech Republic, SVK/Slovakia, UKR/Ukraine, RUS/Russia, USA/United States of America, MEX/Mexico.

<sup>1</sup> Figures at 100%.

## Key Figures

		2011	2012	2013	2014	2015	2016	2017
Cement sales	t/000	28,218	27,263	23,852	24,280	24,857	24,901	26,173
Concrete sales	m <sup>3</sup> /000	15,066	13,641	11,887	12,048	11,936	11,938	12,294
Aggregate sales	t/000	9,708	8,642	7,869	7,558	8,120	6,839	6,935
Sales revenues	€ m	2,787	2,813	2,510	2,506	2,662	2,669	2,806
Capital expenditure	€ m	157	234	222	318	304	236	218
Headcount at year end	n.	10,956	10,837	9,938	10,117	9,738	9,975	10,025

The years 2011 and 2012 include Mexico at 50%, The years from 2013 do not include Mexico,



## Sales revenue






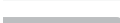

(millions of euro)

2011		2,787
2012		2,813
2013		2,510
2014		2,506
2015		2,662
2016		2,669
2017		<b>2,806</b>

The years 2011 and 2012 include Mexico at 50%.  
The years from 2013 do not include Mexico.

## Capital expenditures

(millions of euro)

2011		157
2012		234
2013		222
2014		318
2015		304
2016		236
2017		<b>218</b>

The years 2011 and 2012 include Mexico at 50%.  
The years from 2013 do not include Mexico.

## Environmental performances

		2015	2016	2017
CO <sub>2</sub> Emissions	kg / t cementitious	708	705	<b>696</b>
Specific thermal consumption	MJ / t clinker	4,190	4,224	<b>4,121</b>
Thermal substitution	%	24.4	27.0	<b>26.0</b>

## Social performances

	2015	2016	2017
<b>Headcount at year end</b>	<b>9,738</b>	<b>9,975</b>	<b>10,025</b>
of which % Men	85.1	84.3	<b>85.0</b>
of which % Women	14.9	15.7	<b>15.0</b>
LTIFR *	8.6	7.9	<b>6.9</b>
Management	-	435	<b>464</b>
White collars	3,764	3,184	<b>3,221</b>
Blue collars	5,974	6,104	<b>6,082</b>
Trainees	-	159	<b>156</b>
Marginal/helpers	-	93	<b>102</b>
Total hires	1,069	1,905	<b>1,585</b>
Percentage of hiring	11.0	19.1	<b>15.8</b>
Total terminations	1,448	1,668	<b>1,822</b>
Turnover rate %	14.9	16.7	<b>18.2</b>
Absence rate % (illness/injuries)	3.2	3.3	<b>3.2</b>
Total hours of training	35.5	32.1	<b>24.7</b>

\* LTIFR = total number of injuries causing absences from work divided by hours worked and multiplied by 1,000,000. The value includes cement, concrete and aggregates, employees + contractors.



# Cement plant locations

As at 31 December 2017

## Europe and Africa



Caption

- Cement plants
- Grinding plants

### America and Asia



## Italy

11

plants

10.8

(million tons)  
cement production  
capacity

159

concrete  
batch plants

6

aggregate  
quarries

3

deposits  
and terminals

		2017	2016	var% 17/16
Cement production	t/000	4,027	3,443	17.0%
Concrete sales	m <sup>3</sup> /000	3,093	2,779	11.3%
Aggregate sales	t/000	855	893	-4.3%
Sales revenue	€ m	427.8	375.2	14.0%
Capital expenditures	€ m	56.8	25.4	123.8%
Headcount at year end	no.	1,632	1,377	18.5%



## Germany, Luxembourg and Netherlands

9

plants

8.6

(million tons)  
cement production  
capacity

125

concrete  
batch plants

4

aggregate  
quarries

3

deposits  
and terminals

		2017	2016	var% 17/16
Cement production	t/000	6,602	6,231	6.0%
Concrete sales	m <sup>3</sup> /000	4,455	4,512	-1.3%
Aggregate sales	t/000	2,906	2,924	-0.6%
Net sales	€ m	747.4	723.2	3.3%
Capital expenditures	€ m	49.9	51.3	-2.8%
Headcount at year end	no.	2,164	2,162	0.1%



## Poland

1

plant

1.6

(million tons)  
cement production  
capacity

25

concrete  
batch plants

1

terminal

		2017	2016	var% 17/16
Cement production	t/000	1,506	1,535	-1.9%
Concrete sales	m <sup>3</sup> /000	716	777	-7.9%
Sales revenue	€ m	97.0	95.0	2.1%
Capital expenditures	€ m	5.0	9.2	-45.6%
Headcount at year end	no.	350	368	-4.9%



## Czech Republic and Slovakia

1

plant

1.1

(million tons)  
cement production  
capacity

68

concrete  
batch plants

7

aggregate  
quarries

		2017	2016	var% 17/16
Cement production	t/000	935	859	8.8%
Concrete sales	m <sup>3</sup> /000	1,696	1,535	10.5%
Aggregate sales	t/000	1,262	1,271	-0.7%
Net sales	€ m	147.9	136.2	8.6%
Capital expenditures	€ m	8.5	8.9	-4.4%
Headcount at year end	no.	766	778	-1.5%





## Ukraine

2

plants

3.0

(million tons)  
cement production  
capacity

5

concrete  
batch plants

2

deposits  
and terminals

		2017	2016	var% 17/16
Cement production	t/000	1,768	1,765	0.2%
Concrete sales	m <sup>3</sup> /000	200	125	60.8%
Net sales	€ m	94.5	79.8	18.5%
Capital expenditures	€ m	9.4	4.1	130.9%
Headcount at year end	no.	1,384	1,558	-11.2%



## Russia

2

plants

4.3

(million tons)  
cement production  
capacity

1

terminal

		2017	2016	var% 17/16
Cement production	t/000	3,274	3,286	-0.4%
Net sales	€ m	184.3	154.4	19.4%
Capital expenditures	€ m	8.5	12.7	-33.2%
Headcount at year end	no.	1,456	1,455	0.1%



## United States of America

8

plants

10.2

(million tons)  
cement production  
capacity

70

concrete  
batch plants

3

aggregate  
quarries

36

deposits  
and terminals

		2017	2016	var% 17/16
Cement production	t/000	8,061	7,782	3.6%
Concrete sales	m <sup>3</sup> /000	2,133	2,210	-3.5%
Aggregate sales	t/000	1,912	1,751	9.2%
Net sales	\$ m	1,265.0	1,237.3	2.2%
Capital expenditures	\$ m	89.9	138.3	-35.0%
Headcount at year end	no.	2,273	2,277	-0.2%



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## POLICIES AND TARGETS

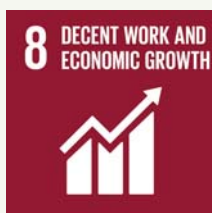
In this edition of the sustainability report, Buzzi Unicem will be presenting its Safety, Climate Change and Stakeholder Engagement Policies. For each Policy, the company has defined its medium-term strategy, aside from clear and quantified Targets, which are shared at a group level.



- Buzzi Unicem makes every effort to achieve the highest level of safety for its employees and suppliers. Our expectation is that the highest level of safety means that there are no accidents or the development of occupational illnesses.
- To achieve the above, it is essential to:
  - comply with all the regulatory requirements in force in the countries in which the group operates
  - make technical and organizational choices that conform with best practices
  - ensure that the above choices are in no way influenced by economic convenience and/or cost control motives
- Being aware that safety can only be achieved by continuously ensuring that the risks, behaviors, preventive measures and a system of controls that involves all the workers have been properly evaluated.
- Being aware that management's responsibility in this regard is essential and must be evident.
- Committing to monitor and reporting on our performance by means of internationally recognized indicators (KPIs), which are used for internal evaluations and comparisons with other companies within and outside the sector in each country.
- Recognizing that third-party safety certifications are a valid tool for implementing this policy and undertaking to obtain them.

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THE MAXIMUM LEVEL OF SAFETY FOR PEOPLE IN OUR SITES IS THAT AT WHICH WE DO NOT EXPECT INJURIES AND OCCUPATIONAL ILLNESSES



## Safety

The goal of this policy is to achieve working conditions that do not lead to the occurrence of accidents and/or the development of occupational illnesses.



In Germany the yellow and black logo “Sicherheit Zuerst” (Safety first!) has for years characterised safety initiatives and information and underlines the importance of making all employees and integral part of prevention in the workplace





- Buzzi Unicem recognizes the importance of the efforts made by the international community to limit climate changes.
- Upholding the prevailing opinion of the scientific community which attributes global warming due in part to greenhouse gas emissions, and carbon dioxide (CO<sub>2</sub>) in particular, Buzzi Unicem monitors its emissions and reports the data in absolute and specific terms in the Sustainability Report.
- In line with the objectives established by the international climate protocols, Buzzi Unicem is committed to reducing its CO<sub>2</sub> emissions. Following the Paris Agreement of December 2015, this commitment was extended to all the countries in which the Group operates.



- Buzzi Unicem recognizes the importance of building and maintaining relationships of trust based on mutual respect, active partnership, transparency and long-term collaboration with its stakeholders, particularly those who are well-established in the territories in which the group operates.
- Creating relationships of trust with the stakeholders means knowing them, understanding their needs, and encouraging their involvement during the important events in the life of the plants and company headquarters and in strategic initiatives of potential interest to them.
- With this in mind, Buzzi Unicem supports regular communication initiatives, particularly with employees, suppliers, customers, local communities and authorities, whose content and level of involvement are defined, planned and implemented in compliance with this policy.

Each Target and reference Policy is associated with one of the 17 Sustainable Development Objectives and highlights the tangible contribution of Buzzi Unicem to the global agenda. The next Sustainability Reports will report the progressive contributions of individual Buzzi Unicem countries to the group's Targets.



## Climate change

Although there are many factors which may have an influence, not all of them are predictable and within Buzzi Unicem's control, we believe we can reduce CO<sub>2</sub> emissions by 2022 by 5% compared to 2017, being the same the structure of production.



## Stakeholder Engagement

The goal is to implement the strategic approach for stakeholder engagement and conduct recurring events (such as Family & Friends) at every production site that has a high economic, environmental and social impact.

## SUSTAINABLE DEVELOPMENT GOALS (SDGS)

On 25 September 2015, the General Assembly of the United Nations adopted **Agenda 2030** with new **Global Objectives for Sustainable Development** for 2030. The Agenda is a plan of action for people, the planet and prosperity, part of the underlying assumption is that sustainable development cannot be achieved without peace and security, which are themselves at risk, without sustainable development.

The new Agenda recognises the need to create peaceful, just and inclusive societies that provide equal access to justice and are based on a respect of human rights (including the right to development, especially for women), the law, good governance at all levels and responsible, effective and transparent institutions. The 17 Sustainable Development Goals and the 169 Targets associated to these demonstrate the scope and ambitiousness of

this new universal Agenda.

They are interconnected and indivisible and balance the three dimensions of sustainable development: economic, environmental and social.

The breadth and the significance of this Agenda is unprecedented. It has been accepted by all countries and has been applied in consideration of different national situations, capacities and levels of development, as well as national policies and priorities.

The Goals and Targets are universal and apply to the whole world, developed countries and developing countries in equal measure. In the next 15 years, the SDGs will promote interventions in areas of crucial importance for humanity and the planet.

**For more information:**  
[www.unric.org/it/agenda-2030](http://www.unric.org/it/agenda-2030)



**THE OBJECTIVES AND TARGETS ARE  
UNIVERSAL AND APPLY TO THE WHOLE  
WORLD, DEVELOPED AND DEVELOPING  
COUNTRIES IN EQUAL MEASURE**





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# .02

## CORPORATE GOVERNANCE

**The Internal Control and Risk Management system is a set of rules, procedures and organizational structures to identify, measure, manage and monitor main risks. The Code of Conduct is the most important of these and establishes the principles that all employees of Buzzi Unicem must respect in facing and overcoming ethical and legal challenges.**

### The governance

- Shareholders' meetings are the deliberative collective body comprising shareholders (or their representatives). It is the corporate body responsible for appointing corporate bodies, approving the company's financial statements and amending the articles of association.
- The Board of Directors is the collective body for the management of the company and is vested with all ordinary and extraordinary management powers. It guides and controls the company and includes 3 executive members and 9 non-executive directors, 7 of whom are independent. The Honorary Chairman is not a Board member.
- The statutory auditors committee is required to ensure compliance with the law and company bylaws, and verifies that corporate activities are carried out in accordance with the principles of proper administration. They also monitor the suitability of the company's organizational structure, the internal control system and its administrative/accounting system. The current board of statutory auditors has 3 regular members and 3 alternate members.

With regard to the committees recommended by the Self-Governance Code of Conduct of listed companies approved by the Corporate Governance Code and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, the Board of Directors did not deem it necessary to set up a Nominating Committee, given that the role and standing of the independent and non-executive

directors, as well as the self-assessment procedure of the Board of Directors, allow it to perform the functions attributed to the Nomination Committee by the Corporate Governance Code, especially in light of the composition of the Board of Directors (majority of independent directors). The Board of Directors has also decided not to set up a Remuneration Committee since the role and standing of the independent and non-executive directors enable there to be an authoritative and independent assessment of the respective matters during the board's meetings. Moreover, salary proposals for executive directors and directors with special assignments are presented to the Board of Directors by independent directors, who, as outlined above, represent the majority of Board members.

The Board of Directors did set up the Control and Risk Committee. The Committee is currently composed of three members and has suitable accounting and financial know-how. It is entrusted with advisory and propositional tasks as provided by the Code of Self-Governance including, in particular, the duty of supporting, with a suitable investigation, the assessments and decisions of the board of directors with regard to the internal control and risk management system, which contributes, inter alia, to the protection of the company's assets and the reliability of the information provided to the corporate bodies and the market, as well as information pertaining to the approval of financial reports. The Committee was also given the function of providing a prior opinion to the independent Board of Directors on internal control and risk management.

It was not deemed necessary by the Board of Directors to set up a sustainability committee given the existence, at the group level, of an international committee (Sustainability Steering Committee) that is responsible for identifying sustainability projects, and the existence of a Sustainability Manager, who reports to the Control and Risks Committee at least once a year, and if requested, every time it is deemed useful or necessary in terms of sustainability issues.

## MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

Legislative Decree 231, which came into force in Italy in 2001, introduced the concept of the administrative liability of entities for offences resulting from criminal activities.

The Decree suggests that companies adopt a Model of organisation, management and control with the aim of preventing crimes from being committed and for establishing, in the interest of the company, a coherent series of guiding principles, operating procedures and control activities, based on criteria of sound company management.

Given the requirements of ensuring conditions of transparency in the running of its business and corporate activities, protect its position and image, and that of its Subsidiaries, shareholders and employees, Buzzi Unicem SpA deemed it useful for its corporate policies to adopt the Model of organisation, management and control envisaged by Legislative Decree 231/2001.

The Model is based on a structured and coherent system of procedures and control activities. A fundamental part of the Model is the Code of Ethics and the provisions contained in the two documents are complementary.

The Code of Ethics is an instrument for promoting awareness for everyone who operates for and on behalf of Buzzi Unicem for them to engage in correct and straightforward conduct in the fulfilment of their duties to prevent the risk of crimes being committed.

The Code of Ethics is brought to the attention of and applied, where compatible, even with representative, agents, external collaborators and consultants and companies who receive appointments from the Company.

The updated versions of the Model and Code of Ethics were approved most recently by the Board of Directors on 10 February 2016. The characteristics of Buzzi Unicem's organisation are as follows:

- An authorisation system structured on the basis of the value and riskiness of transactions;
- Prudence in granting signatory powers

for the representation of the company in official documents and the use of cash and equivalents;

- Separation of the different operational and administrative/accounting departments;
- Transparency of the activities of the various departments;
- Incentive system that rewards ability, dedication and loyalty to the company, as opposed to encouraging employees to commit crimes;
- Disciplinary procedure that can sanction breaches of procedures and principles, as provided by the Buzzi Unicem Code of Ethics and the bargaining agreements it applies.

Buzzi Unicem also organises specific communication and training plans, through classroom-based courses or e-learning, with the aim of bringing the Code of Ethics to the attention of all the group's employees and promoting its content. Training differs in content depending on the position of recipients, their involvement in sensitive activities as outlined in the Model and whether they have company representation functions.



**The Code of Conduct establishes the principles that all employees of Buzzi Unicem must comply with**

The Board of Directors also set up the committee for related-party transactions, responsible for issuing the opinions required by Consob Regulation no. 17221/2010 and subsequent amendments. It is composed of three independent Board members.

**Code of conduct, internal control and risk management system**

The Internal control and risk management system is a set of rules, procedures and organizational structures to identify, measure, manage and monitor the main risks. The Code of Conduct is the most important of these and establishes the principles that all employees of Buzzi Unicem must respect in facing and overcoming ethical and legal challenges.

This document has been translated into eight languages and is sent to all Buzzi Unicem employees.





**The System of Internal Control and Risk Management is not limited to accounting and financial controls as it also includes operational controls of compliance with laws, regulations and internal policies.**

The Company's internal control and risk management system is inspired by the guidelines of the COSO (Committee of Sponsoring Organizations of the Treadway Commission). It contributes to: guaranteeing the efficiency and effectiveness of corporate processes providing an adequate management of the risks that could prevent the Company from reaching its objectives; ensuring the reliability of the financial information, the internal/external reporting system through the use of processes, procedures and systems that enable it to generate a flow of reliable information both inside and outside the company; ensuring compliance with laws, regulations, bylaws and internal procedures; safeguarding and protecting corporate assets from inappropriate or fraudulent use or loss

Therefore, this definition of internal control and risk management system has a broader scope: it is not limited to accounting controls and the process of financial and economic reporting but also covers other important aspects of the business, like the protection of resources, operational efficiency and effectiveness and

compliance with laws, regulations and policies of the organization.

Within the scope of risk control monitoring, risks are identified through an inventory that is updated every six months, and cover a short and long-term timeframe. Through a dedicated IT application, the company has implemented a systematic monitoring system for short-term risks, which are quantified financially in terms of their impact and likelihood of occurrence.

The assessment, detection and containment of these risks is the responsibility of each management departments. For medium and long-term risks the qualitative assessment and management strategies are periodically conducted and defined by the top management and the Board of Directors. The risks Buzzi Unicem is exposed to are linked to the nature of the group's business and are grouped into categories. These typically include:

- distribution risks related to market trends
- exchange rate risks
- capital investment risks (cash and equivalents)
- liquidity risks
- insurance risks
- legal risks
- political risks
- fiscal risks
- IT risks
- HR and company organisational risks
- risks on purchases
- production risks
- logistical risks
- ecological, environmental and security risks
- technical and production investment risks.

Buzzi Unicem's managers and supervisors are supported in the above-mentioned activities by the Internal Audit Department which, on one hand has the role of independent supervisor of the risk management system, while on the other hand must ensure that the system evolves. The Internal Audit Department reports to the Board of Directors and liaises continuously with the director in charge of the internal control and risk





management system, without prejudice to the mutual independence of the respective functions.

The Board of Directors approves the group's Audit Plan on an annual basis, having consulted the board of statutory auditors and the director in charge of the internal control and risk management system. To complete the annual control process, in the meeting for the approval of the Financial Statement, after receiving the approval of the control and risk committee, the Board of Directors assesses the adequacy and effectiveness of the internal control and risk management system. The Internal Audit Department verifies the reliability of financial information, compliance with the Company's internal procedures, obligations relating to occupational health and safety, environmental legislation, the management

of staff and relations with government authorities. This process confirms the Company's comprehensive approach to risk management.

The Internal Audit Department prepares the quarterly report, which includes a summary of required amendments to procedures and the result of the activities, and highlights any weaknesses that may be identified, providing recommendations for improvements.

The report is sent to the Chairman of the Board of Directors, the Director responsible for the internal control and risk management system, the Board of Statutory Auditors, the Control and Risk Committee and the Manager responsible for the drafting of corporate accounting documents, and will be assessed by these bodies during specific quarterly meetings.

### Sustainability Policies

In order to continue to improve the management of its environmental and social impacts, Buzzi Unicem has improved an additional corporate governance instrument: the new Sustainability Policies.

The policies, which are derived from and based on the group's Materiality Matrix focus on the main material issues for Buzzi Unicem and its stakeholders: Safety, Climate Change and Stakeholder Engagement. The Policies, which are signed by the group's Managing Directors, will be translated and circulated in all countries in which the group operates during the course of 2018. In the coming years they will help the company to promote shared approaches that will promote local diversity and customs when these are aligned to the Values and Policies of Buzzi Unicem.

The Policies were conceived and developed as instruments for communicating the vision of Buzzi Unicem two people working with the group in different countries as well as providing clear guidelines to the management on medium-term directives and strategies. All the Policies have a declaration signed by the company directors and three specific sections dedicated to: the identification of risks, the definition of the medium-term strategic approach and the identification of targets.

The Policies complying to the requirements of legislative decree 254/2016 on non-financial information. Each Policy is examined in depth in the respective paragraph.

### Transparency in the conduct of business

Buzzi Unicem believes that, along with full compliance of laws, ethics represent a fundamental aspect in conducting business, as they add value to the company and the geographical areas in which it operates. All strategic and operational activities are based on ethical principles and legal regulations and are in line with the best existing practices. In recent years, there has been a specific focus on corruption and conflict of

interest issues. The Audit Plan covers all the countries in which the Company operates and takes into account the level of risk in the various geographical areas when planning audit activities.

The 2017 Audit Plan involved operational audits in production sites (cement and concrete plants) as well as compliance audits in the Head Offices. The Plan covered the entire perimeter of countries in which the group operates with different assessments based upon the degree of risk for the country and the sector risk and was 93% completed.

In Italy, in 2017, in the context of the verifications pursuant to legislative decree 231/2001, audits were conducted on compliance with procedures adopted for the prevention of the crimes of corruption (including with government authorities and between private parties), money laundering and market abuse.

As well as operational audits, there may be unplanned audits instigated either at the request of the management or following whistleblowing reports. For years, the Company has had an internal reporting system in place to receive whistleblower reports to report irregularities or breaches to applicable laws using a procedure that has also been made known to its foreign subsidiaries. All reports that are received from employees are evaluated and examined by the local Internal Audit team under the supervision of the parent company's Internal Audit Department.

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**In accordance with the Materiality Matrix, the Policies focus on: Safety, Climate Change and Stakeholder Engagement.**

During the course of 2017, 6 audits were conducted based on whistleblowing: in 3 cases the report turned out to be unreliable; while the remaining cases resulted in immediate corrective action.

### Communication of policies relating to ethics and transparency

In 2017 Buzzi Unicem's Board of Directors made the latest update to the "Manual on market abuse and privileged information", a document which contains the group procedures and practices regarding the external disclosure of documents and privileged information relating to the company.

This document was also sent to the group's foreign companies.

In accordance with the provisions of Buzzi Unicem's Model of Organisation, Management and Control, in 2017 an e-learning training course was held on the issues covered by legislative decree 231/2001 involving managers, officials, assistant managers and white-collar staff of the main headquarters of Buzzi Unicem and Unical. The course involved a total of 277 employees. Participants were required to sit a test at the end of the course to ensure that they had learned the respective subject matters. For members of the top management of Buzzi Unicem and Unical, the course took place in a classroom setting and involved 6 participants. In Italy, in orders that are sent for acceptance to all suppliers, there is a clause through which suppliers

declare that they have read the Company's Code of Ethics – which is available on its website – and undertake to respect its principles and provisions. Breach of the Code of Ethics represents a serious breach of contractual obligations and can result in the termination of the contract itself.

### Anti-corruption

During the course of 2017, Germany, Russia and the United States organised training activities on anti-corruption issues that involved a total of 100 employees. In 2018 Buzzi Unicem will be extending its commitment in this regard to the other countries.

### Antitrust

Competition laws are a fundamental component of the global environment in which Buzzi Unicem operates; for this reason, in 2011, the parent company issued the "Directives concerning conduct for employees of the Buzzi Unicem group for compliance with laws protecting competition" (Antitrust Code). This document was sent to the foreign companies of the group who proceeded to inform employees, particularly those in sales department, with regard to its content. In Italy and in the various companies in which the group operates training courses were held on anti-trust issues which, during the course of 2017, involved 29 employees in Holland, 5 in Luxembourg, 61 in the Czech Republic, 31 in Ukraine, 25 in Russia and 77 in the United States.







### Sanctions

In Italy, in 2017, Buzzi Unicem finished paying an anti-trust fine levied against Unical in 2004 for an alleged anti-competitive agreement. The amount paid in 2017 was 65,974.20 euro. An appeal to the relevant authority is still pending with regard to this sanction.

Between 2015 and 2017 the municipality of Guidonia issued assessment notices to Buzzi Unicem relating to real estate ownership tax and sanctions between 2008 and 2016. The amount paid in 2017 was 1,249,001.23 euro. Buzzi Unicem has appealed to the respective authorities against these sanctions and the process is still pending.

During the course of 2017, the Italian Antitrust Authority (the Authority) issued its decision relating to the proceeding instituted in November 2015 against Buzzi Unicem and other companies operating in the cement market, regarding the existence of an alleged anti-competitive agreement.

The Authority is of the opinion that Buzzi Unicem was involved in an agreement relating to the alleged

coordination of producers in simultaneously increasing prices as well as an exchange of information, that took place within the AITEC trade association trade association and, in general, the adoption of conduct that aimed to maintain the stability of market shares.

This conduct was considered a very severe breach of competition, which Buzzi Unicem was alleged to have taken part in between 1 June 2011 and 1 January 2016, and as a result, the authority imposed a fine 59,793,072 euro on Buzzi Unicem.

Buzzi Unicem believes that the accusations of the Authority are unfounded on both a factual and law level and is firmly convinced that it acted in full compliance with the competition law, which represents a top priority for the group.

For this reason Buzzi Unicem has presented an appeal to the competent authority against this sanction.

With regard to this fine, for which a payment extension has been granted, a sum of 3,991,353.36 euro was paid during the course of 2017.

Further details are provided in Additional Note 48 of the Consolidated Financial Statement.

**In 2017, Buzzi Unicem continued to regularly involve shareholders, investors and capital providers**

### Dialogue with Stakeholders

In 2017 Buzzi Unicem continued to regularly involve shareholders, investors and capital providers through various communication channels, in Italy and abroad, both at institutional level through the Annual General Shareholders Meeting, press statements, presentations in institutional investor roadshows and conferences, and through meetings and conference calls for discussing performance and development strategies.

The main events that Buzzi Unicem participated in were as follows:

- The main events that Buzzi Unicem participated in were as follows:
- Institutional Investors Meeting organised by Odco in January in Lyon
- Engineering & Construction Conference organized by Equita in Milan in April
- Italian Investment Conference organized by Unicredit and Kepler Cheuvreux in Milan in May
- Institutional Investors Roadshow organized by UBS in June in London
- Italian CEO's Conference organized by Mediobanca in

Milan in June

- Italian Infrastructure Day 2017 organized by Borsa Italiana (Italian Stock Exchange) in Milan in September
- Institutional Investors Roadshow organized by Kepler Cheuvreux in Paris in September
- Italian conference organised by JP Morgan in September in Milan
- Building and Infrastructure Conference organised by BAML in October in London
- Italian Equity Conference organised by Borsa Italiana in November in New York
- Institutional Investors Roadshow organised by Equita in December in Frankfurt

The website [www.buzziunicem.it](http://www.buzziunicem.it) contains all relevant information on the company: the history of the group, its presence in different geographical areas, the quality of products offered to customers, with a description of the work carried out by research laboratories and certifications that have been obtained. There is also significant information on sustainability and Corporate Governance. The following information is also available: a press statements page, access to annual and interim financial statements, a description of the share structure, share price, a list of analysts monitoring the company's stock as well as information on resolutions of ordinary and extraordinary shareholder meetings.

Through its Investor Relations department, with input where necessary from the Sustainability Department, Buzzi Unicem provides the financial community with information, operating trends and performance, and also reports back to the company's management on the opinions and assessments of the financial community, thereby nurturing a relationship of active understanding and ongoing collaboration.

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**Information on direct economic value generated and distributed demonstrates how a Company creates value for its stakeholders.**

### Direct economic value generated and distributed

Information on the direct economic value that is generated and allocated is useful for demonstrating how a company creates value for its stakeholders. In accordance with this principle, Buzzi Unicem provides in the table below details of value generated annually. The data is presented in millions of Euro, applies to 2017, and complies with the requirements of the GRI G4 Guidelines (indicator EC1).

	2015	2016	2017
<b>Direct economic value generated</b>			
Revenues	2,710.3	2,730.5	<b>2,851.4</b>
<b>Economic value distributed</b>			
Operating costs <sup>(1)</sup>	1,712.8	1,650.7	<b>1,733.1</b>
Employee salaries and benefits	454.5	456.2	<b>469.3</b>
Payments to capital providers <sup>(2)</sup>	77.1	74.3	<b>73.2</b>
Payments to Governments	125.9	165.3	<b>153.8</b>
Community investments	42.1	42.9	<b>50.2</b>
<b>Economic value retained <sup>(3)</sup></b>	<b>297.9</b>	<b>341.1</b>	<b>371.9</b>

<sup>(1)</sup> Supply of materials, services including transport, materials, fuels and energy requirements, maintenance of facilities and substructures.

<sup>(2)</sup> Including net financial costs and dividends paid.

<sup>(3)</sup> Direct economic value generated minus amount distributed.





# .03

## MATERIALITY MATRIX

**In the context of an integrated management, Buzzi Unicem sees the Materiality Matrix as a useful and effective instrument for consolidating its dialogue in local areas, supporting the internal and external communication of issues that are important for the company and local communities and combining long-term profitability, social equity and protection of the environment.**

The Materiality Matrix, which is defined as a map of Buzzi Unicem economic, environmental and social impacts, is constructed in accordance with the Global Reporting Initiative (GRI) guidelines, version G4. The Materiality Matrix consists of a Cartesian coordinate system in which material issues are positioned on the basis of their “importance” to Buzzi Unicem (X axis) and their stakeholders (Y axis). The closer a point is to the top right-hand corner, the higher the importance of this point for both Buzzi Unicem and its stakeholders. According to best practice, the Matrix uses the “arc” approach so the final part of each axis is also important.

Materiality Matrix was also helpful to redefine some group’s policies (in particular the ones for Safety, Climate Change and Stakeholder Engagement) and the collection of data for the Sustainability Report / Non-Financial statement.



**The Materiality Matrix highlights the economic, environmental and social aspects that are relevant for Buzzi Unicem and its stakeholders**

HIGH >>>

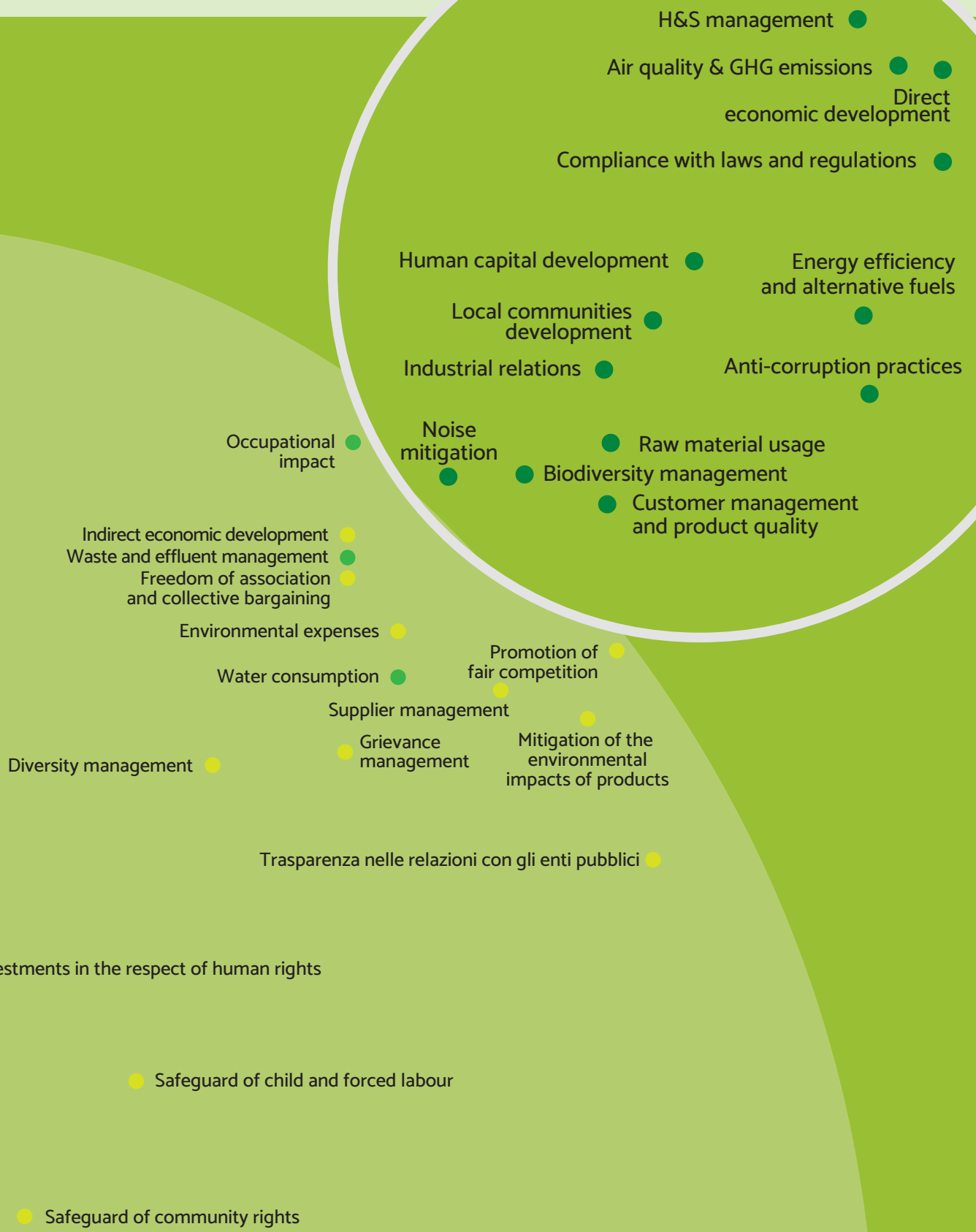
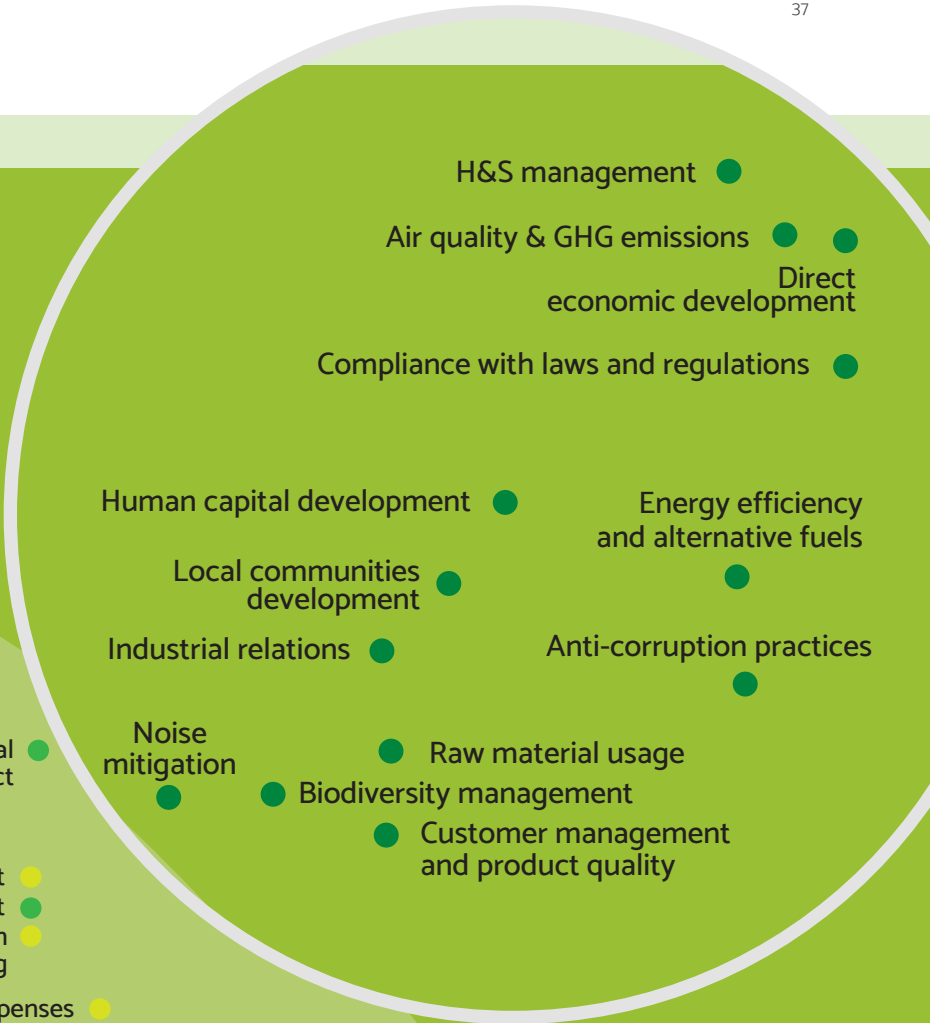
Importance for Stakeholders

LOW

LOW

HIGH >>>

Importance for Buzzi Unicem



# .04

## STAKEHOLDER ENGAGEMENT

Stakeholder Engagement is the process through which Buzzi Unicem engages with those who are interested about the company's performance and with communities where social and environmental impact of our production activity is more relevant. The objective of this engagement is to develop an understanding of what is important for the company and its stakeholders (Materiality Matrix) and subsequently to define strategies and projects to provide reliable information and answers.



### EMPLOYEES

Given its attention to "internal stakeholders", Buzzi Unicem continuously invest in training and prevention initiatives with a particular focus on safety. Furthermore, every year, Buzzi Unicem hosts the European Work Council's meeting with the aim of improving relations between companies and worker representatives.



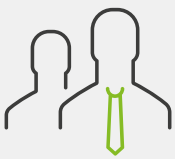
### CUSTOMERS

In Buzzi Unicem, the company and its customers work together in synergy to develop innovative technical solutions to respond to the demands and challenges of a constantly evolving market.



## SUPPLIERS

Buzzi Unicem has a continuous relationship with its suppliers and, thanks to a highly effective supply chain, it creates mutual value and advantages by focusing on excellence. Suppliers are chosen on the basis of their technical and economic competitiveness, as well as their reliability and solidity. All suppliers and contractors must comply with Buzzi Unicem's Code of Conduct, which emphasizes the need for appropriate and transparent conduct while carrying out the requested activities.



## SHAREHOLDERS

Constant shareholder relations are encouraged by means of targeted communication, such as meetings, presentations, press releases and roadshows. More details are available in the Economic Performance section.



## COMMUNITIES

Buzzi Unicem is fully committed to research for technical solutions that can reduce its environmental and social impact. The company encourages a dialogue with institutions, opinion groups and civil society and supports community life in the areas where its production sites are. Buzzi Unicem is also a member of CEMBUREAU, the Brussels-based organization which represents the cement industry in Europe. The association acts for the cement industry and brings to the attention of the European Union issues relating to the use of raw materials, alternative fuels and environmental protection, emissions, biodiversity and occupational health and safety.



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OPEN DAY

DEPENDENT

In order to be effective, the Stakeholder Engagement must be proactive, frequent and transparent. It is only by structuring a dialogue in this manner that we can ensure a constructive dialogue and exchange of information, with the aim of aligning the company's strategies to the expectations of the local communities. Stakeholder Engagement is the approach through which we want to disclose the quality of our operational methods, improve our credibility and earn the trust of individuals - inside or outside the company - who might have expressed preoccupations or fears.

During the course of 2017, we launched three major projects.

- We defined the Stakeholder Engagement Policy for the group, which contains the company's commitment to involve, by 2022, its main stakeholders in 100% of production sites with a high economic, environmental and social impact.
- A cost centre dedicated to the accounting of Stakeholder Engagement expenses.
- A new operational procedure for proposing, approving and reporting on Stakeholder Engagement (SE) projects. The procedure is based on a new classification of projects over different levels, depending on the involvement by Buzzi Unicem on these projects in terms of competencies, skills and time.



**The stakeholder engagement process represents a significant additional step by the company towards sustainable development.**

**61% of cement plants has a Stakeholder Engagement activity in place**

The stakeholder engagement process represents a significant additional step made by the company towards sustainable development, by creating value over time, inside and outside Buzzi Unicem. Finally, in line with the best international practices, the Buzzi Unicem Sustainability Report contains most important performances by country, in order to facilitate stakeholders and offer a simpler breakdown of the contribution of each single country to the group's sustainability performance.

There are numerous projects at national level. If we consider the ones that are already aligned with the new Policy and Procedure, 61% of Buzzi Unicem's cement plants (Italy, Germany, United States, Czech Republic and Luxembourg) has a Stakeholder Engagement activity in place. Forthcoming Sustainability Reports will provide additional details at national level.



.05

## ENVIRONMENTAL PERFORMANCE

Buzzi Unicem reduces its impact. In 2017: stable use of recovered raw materials, increase in the percentage of biomass in fuels, increase in the share of electrical energy from renewable sources, improvement of thermal efficiency.

Emissions of CO<sub>2</sub> fell from 705 to 696 kg per t of cementitious (-1.3%). With the new CO<sub>2</sub> Reduction Plans, approved at the end of 2017, we expect to reach a value of 662 kg CO<sub>2</sub>/t of cementitious by 2022.

A responsible and tangible response to a complex and global challenge.









### Consumption of materials

The natural raw materials used in the production of cement are limestone, marl, clay, schist, sand, iron and aluminium minerals, gypsum, pozzolans.

Buzzi Unicem is firmly committed to optimising and reducing consumption of these resources, also in accordance with the principles of the circular economy.

Certain natural raw materials can be replaced, in specific conditions, with waste material from other industrial processes which, in certain cases, would be disposed of.

For example, mill scales from steel making process and some residues resulting from sulphuric acid production can replace iron ores; synthetic gypsum from the desulphurization of combustion gas in power plants can replace natural gypsum; blastfurnace slag and fly ash, because of their hydraulic properties, can replace the clinker itself and pozzolans. The use of blast furnace slag and fly ash with hydraulic characteristics, also enables the production of cements with less clinker thus offering a significant contribution to the reduction of direct emissions of CO<sub>2</sub>.

In 2017, the percentage of natural raw materials replaced was 10.1% , the same as in 2016.

The natural materials used to produce concrete are essentially aggregates (sand, gravel, crushed rock). In this case as well it is possible to obtain a partial replacement with recycled aggregates deriving from the recovery and subsequent treatment of demolition materials or concrete not processed in sites and/or residues from concrete mixers that are removed before making a new load.

**The raw materials used in the production of cement are limestone, marl, clay, schist, sand, iron and aluminium minerals, gypsum, pozzolana. Also in line with the principles of the circular economy, Buzzi Unicem is committed to optimising and reducing consumption of these resources.**

In 2017, approximately 418,000 tonnes of recovered aggregates and fly ash were used.

In all natural locations where its quarries are active, Buzzi Unicem implements mitigation actions with the aim of making possible the recovery of existing biodiversity and the involvement of stakeholders through transparency activities, listening to and assessing the requirements of the local areas and communities.

### Consumption of water

Water consumption in the cement production process is mainly due to the preparation of the slurry in wet-process kilns, the treatment of exhaust gas from the kilns, the quenching of the cement during grinding, cooling of engines and dust abatement. Consumption increases in production plants with wet-process kilns (Ukraine and Russia).

Buzzi Unicem's contribution to the safeguarding of water resources consists in promptly monitoring



consumption and implementing systems for the collection, treatment and recirculation of rainwater and/or washing water in all of its industrial plants.

Specific consumption in 2017 remained stable at 308 litres/tonne of cementitious. Of this, 19% comprises recovered rainwater (same value as 2016).

Water consumption required for the production of ready mix concrete fell from 175 to 171 litres/cubic metre. Even in this case part came from recovered water (rainwater and/or washing water). In 2017 this figure was 13.5%.

82% of the concrete mixing plants have recovery plants for rainwater and/or washing water where water is collected and treated in specific tanks so that it can be reused in 'fresh' mixes in the proportions established in laboratory tests, which depend on the quantity of solids dispersed and the required performance levels of the concrete itself.

**Thanks to substantial investments and recent acquisitions, specific heat consumption has dropped to 4,121 MJ/t clinker (-2,4% compared with 2016)**

#### **Consumption of thermal energy**

Production of cement, and especially of clinker, is energy intensive. Producing clinker with good properties requires a temperature of around 1,450°C in cement kilns. Energy consumption therefore is influenced by kiln technology and continuity of production itself.

In 2017 the specific consumption was 4,121 MJ/t clinker, down from 4,224 MJ/t clinker in 2016. A contributing factor to this improvement is the inclusion within the reporting scope of the Fanna and Monselice cement plants, which were acquired

during the course of the year, both of which have excellent thermal efficiency indices, as well as the full operating capacity of the Maryneal cement plant in the US.

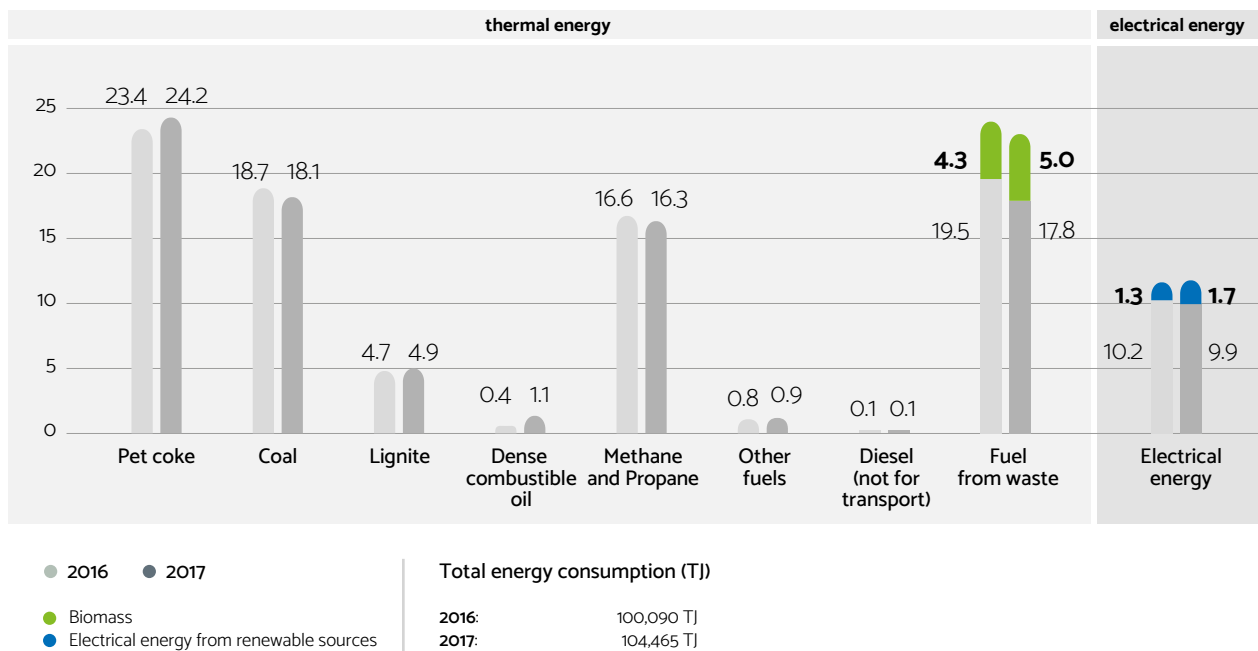
With regard to fuels, in 2017 Buzzi Unicem continued to favour alternative fuels over traditional fossil fuels. In particular, these are fuels deriving from waste material, many of which have a significant content of biomass which, it should be noted, is considered neutral for CO<sub>2</sub> emissions purposes.

The use of alternative fuels is recognised by the European Union as a BAT (Best Available Technique) for the cement industry, and is one of the pillars

of the circular economy. This generates two main advantages: it reduces CO<sub>2</sub> emissions, based on the content of biomass, and avoids disposal of waste. For 2017 we can confirm the excellent heat replacement levels reached in Germany and Poland with indices exceeding 60%, Czech Republic and Luxembourg, more than 40%, USA, more than 20% and Italy with 15%.

The average figure at group level is 26%, slightly worse than 2016 (27%) due to the expanded scope of consolidation with two new cement plants; there was however a significant improvement in the content of biomass, which increased from 18% to 23%, during the course of the year.

### Percentage breakdown of energy consumption by source









**Consumption of electrical energy**

Reducing electrical energy consumption is a priority for Buzzi Unicem, as for thermal energy.

In cement manufacturing, electricity accounts for around 10% of the total energy requirement. Specific consumption in 2017 fell to 124 kWh/t cementitious (126 kWh/t cementitious in 2016), slightly better than previous years.

The improvement is due to numerous activities in all production sites. Energy Certification (ISO 50001) in Germany, Energy Star System in USA and specific

energy audits in Italy are just some examples of the efforts made by Buzzi Unicem around the world.

For the first time, Buzzi Unicem publishes figures on its contribution to the use of electrical energy from renewable sources. Every country is compared with the national average (sources: Eurostat for data from GER, ITA, POL, CZE, LUX, Ministry of Energy and the Coal Industry for data from UKR, Federal service of state statistics for data from RUS-Ural federal district and U.S. Energy Information Administration for data from USA).

**For the first time, Buzzi Unicem publishes percentage figures for electricity consumption from renewable sources**

	National average (2016)	BU average (2017)
GER	32%	32%
ITA	34%	23%
POL	13%	10%
CZE	14%	7%
UKR	1%	0%
RUS	0%	0%
LUX	7%	38%
USA	14%	8%





**Greenhouse gases emissions**

In the cement production process, most of the CO<sub>2</sub> is generated during the production of clinker, the basic constituent of cement. Its synthesis takes place within kilns where a mix of dosed and mixed minerals is burned at a temperature of up to 1450°C. One of the main components of the mix is limestone, which is ‘de-carbonised’ and releases CO<sub>2</sub> at temperatures exceeding 950°C. Further CO<sub>2</sub> comes from the combustion of gas, coal or other fuels needed to reach the above-mentioned temperatures. The sum of these two components represents ‘direct’ CO<sub>2</sub> (Scope 1).

A second source of CO<sub>2</sub> emissions, which is less significant (as it is between 5 and 7%) is linked to the production of the electrical energy used in the cement production process. This emission is known as ‘indirect’ CO<sub>2</sub> (Scope 2) because it does not derive from the production of cement but rather from plants which produce the electrical energy.

The remaining emissions are attributable to transport (Scope 3), on which Buzzi Unicem will provide details in forthcoming Sustainability Reports.

The following table shows the level of CO<sub>2</sub> emitted in 2017 at group level:

	<b>Tons emitted (2017)</b>
Direct CO <sub>2</sub> (scope 1)	18,935,652
Indirect CO <sub>2</sub> (scope 2)	1,494,019

In line with the objectives that have been established over the years by international climate protocols, Buzzi Unicem is committed to reducing its CO<sub>2</sub> emissions. After the Paris Agreement of December 2015, the commitment was extended to all countries in which the group operates and was formalised in the Climate Change Policy. Although there are many factors in

play, not all of which are easy to predict and under the control of Buzzi Unicem, by 2022 we plan to achieve a reduction of CO<sub>2</sub> emissions, based on current production assets, of 5% compared to 2017 levels. In order to reach the objective in the specified time frame, Buzzi Unicem is implementing its new CO<sub>2</sub> Reduction Plans. The Plans contain the initiatives of every country for optimising the thermal and electrical efficiency of plants, the use of alternative fuels (with a significant thermal level and content of biomass), non-natural raw materials and optimisations as regards the clinker/cement ratio.



**In line with the goals set out by international protocols on climate change, Buzzi Unicem is committed to reducing its CO<sub>2</sub> emissions. Following the December 2015 Paris agreement, this commitment was extended to all the countries in which the group operates and formalised in the Climate Change Policy.**

In 2017 the clinker/cement ratio was 80.2% (it was 80.9% in 2016) highlighting a slight improvement and different dynamics across the countries in which the group is active. The increases in Italy, United States, Czech Republic, Russia and Ukraine were offset by the significant improvements in Germany and Luxembourg.

In 2017, the use of alternative fuels, as described previously, was 26% (27% in 2016) with a biomass content that increased to 23% (18% in 2016).

Thanks to its strategy and the results achieved, Buzzi Unicem avoided approximately 280,000 tonnes of CO<sub>2</sub> emissions. As a result, the group emission factor fell to 696 kg of CO<sub>2</sub>/t cementitious (from 705 kg of CO<sub>2</sub>/t cementitious in 2016). For the first year, Buzzi Unicem reports on cementitious, in accordance with the practice for the sector.

Starting from 2018, with the aim of harmonising the methodology for the calculation of CO<sub>2</sub> in European countries (based upon the Emissions Trading Scheme) and non-European countries, Buzzi Unicem decided to extend its CO<sub>2</sub> accounting procedure to its non-ETS countries. This is a clear demonstration of Buzzi Unicem's commitment to a model of sustainable development, through exporting best practices to all countries in which it operates, and going far beyond national legislative requirements. The first country will be the United States, which accounts for 34% of the group's CO<sub>2</sub> emissions. The next countries will be Russia and Ukraine, which account for 20% of the group's emissions.



### Other air emissions

Buzzi Unicem uses Continuous Emissions Monitoring systems (CEMs) to measure emissions of the main pollutants such as dust, nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>2</sub>), and mercury (Hg). The use of CEMs enables a precise monitoring of emissions by line managers who can at any moment view emission levels and intervene in the process. Moreover this represents a guarantee for supervisory bodies and other stakeholders interested in having reliable and traceable data.

Particularly, referred to 2017 clinker production, the coverage of continuous monitoring of dust increased to 52% (48% in 2016), NO<sub>x</sub> monitoring increased to 73% (59% in 2016), SO<sub>2</sub> monitoring increased to 62% (53% in 2016) and Hg monitoring was 45% thanks to the increased coverage in the US (29% in 2016).

In 2017, the average value for dust was 137 g/t clinker (it was 104 in 2016). The average figure was impacted negatively by temporary problems in the production phase in Ukraine. In order to overcome these issues, the necessary investments have been quantified. The best results were achieved in Italy and Germany where values were less than 10 g/t clinker, in line with the best practice for the sector.

With regard to nitrogen oxides (NO<sub>x</sub>), deriving from combustion in the clinker kiln system, the use of SNCR abatement systems using urea or ammonia solutions and new-generation Low-NO<sub>x</sub> burners, enables compliance with strict emission limits. In 2017, the average value for Buzzi Unicem fell to 1,438 g/t clinker (1,582 g/t clinker in 2016). Germany, Luxembourg, Poland and Check Republic performed an emissions factor of 1,000 g/t clinker.



Sulphur dioxide (SO<sub>2</sub>) emissions are directly related to the sulphur content in raw materials and fossil fuels. The average emission factor for the group fell to 204 g/t clinker (it was 274 g/t clinker in 2016). In Italy, Germany, Luxembourg and Czech Republic modern technologies allow for emission levels of less than 50 g/t clinker, in line with the best practice for the sector.

Lastly, the average mercury (Hg) emissions factor is aligned to 2016 levels: 26 mg/t clinker (27 mg/t clinker in 2016).

### Waste management

The cement production cycle generates two types of waste:

- Cement Kiln Dust (CKD) generated during production activities that contain an excess of sulphur and chlorine and which could alter the product characteristics. The CKD is normally reintroduced into the production cycle in appropriate amounts. This is not the case for United States and Poland where local legislation considers CKD as waste, thus bringing the indicator to about 3.6 kg/t down from the level of 2016 (3.8 kg/t).
- Waste deriving from ordinary and extraordinary maintenance, laboratories and any demolitions activities. Given their origin, it is possible for there

to be a significant year-on-year variation that is not connected to the productive process. Buzzi Unicem's daily commitment is focused on increasing selection and differentiation of these waste.

The percentage of waste recovered in 2017 was 47% (up from 38% in 2016), which was significantly affected by the disposal of the CKD (in nations where this can be done, the percentage exceeds 80%).

### Noise

The environment and safety management systems implemented by Buzzi Unicem require periodic monitoring of external noise emissions from its plants. This activity enables the identification of any criticalities and relative investments, with particular regard to cement plants situated near or within communities and cities.

In 2017, the monitoring of acoustic emissions was carried out in 43% (it was 26% in 2016) of the group's production sites (100% of sites in Italy, Luxembourg, Czech Republic, Poland and Russia). This monitoring led to investments of approximately € 400,000 to install noise mitigation systems such as silencers and sound-absorbing panels.



**In Italy, Buzzi Unicem places at the use of its clients a free online tool for calculating and communicating the life-cycle of their products.**





The use of such systems, together with the use of appropriate Personal Protective Equipment (PPE) reduce the noise exposure of people, internally and externally on sites.

### **Products Life Cycle (LCA/EPD)**

Measuring the environmental impact of products is the basis of most Green Public Procurement Policies that are already in place around the world.

In particular, diffusion of procedures for quantifying the main environmental impacts related to each stage of the life-cycle (from cradle to cradle) has raised general interest in Life Cycle Assessments (LCAs). Customers, architects and engineers like these initiatives and expect this data.

Buzzi Unicem has been committed to evaluating the LCA of its products since 2003, starting with its

Vernasca site (Italy). Over the last few years, this practice has been extended to all cement types produced in Italy, also thanks to the Environmental Product Declaration (EPD). The EPD is a modern tool with a simple interface which supports the communication of main environmental impacts of products. To facilitate its take-up, the company has successfully implemented a web tool which in Italy has also been opened and made accessible to all customers and architects interested in sharing the company's transparency process on the impact of materials and products. Buzzi Unicem is now capable of producing specific LCAs of all of its concrete for each construction site.

Further information can be found in the "Environmental Performance: Summary" section.

## Environmental Performance: Summary table

2015	2016	2017		
80.9	80.9	80.2	Clinker/cement ratio	%
<b>Energy</b>				
24.4	27.0	26.0	Thermal substitution	%
4,190	4,224	4,121	Specific burning line consumption	GJ / t clk
129	126	124	Specific electricity consumption <sup>(3)</sup>	kWh / t cementitious
<b>Raw materials</b>				
10.1	10.1	10.1	Raw materials other than natural	%
<b>Atmospheric emissions</b>				
111	104	137	Dust	g / t clk
1,476	1,582	1,438	NO <sub>x</sub> <sup>(1)</sup>	g / t clk
223	274 <sup>(4)</sup>	204	SO <sub>2</sub> <sup>(1)</sup>	g / t clk
29	27	26	Hg	mg / t clk
708	705	696	CO <sub>2</sub> direct <sup>(2) (3)</sup>	kg / t cementitious
<b>Waste management</b>				
6,024	3,801	3,655	Waste produced <sup>(3)</sup>	g / t cementitious
21	38	47	Recycled	%
<b>Water consumption</b>				
411	303	308	Water consumption <sup>(3)</sup>	l / t cementitious
18	19	19	of which from rainfall	%
<b>Certifications</b>				
18	18	20	Environmental certifications UNI EN ISO 14001 or equiv	number
15	16	16	Safety certifications OHSAS 18001 or equiv.	number
8	8	16	EPD (Environmental Products Declaration)	number

<sup>(1)</sup> From 2015, where available, we used the emission data reported to the local authorities.

<sup>(2)</sup> The methodology for the calculation of CO<sub>2</sub> emissions has been revised compared to the previous years of reporting. The new methodology involves the use of standard factors listed in the WBCSD and IPCC Protocols for the calculation of emissions from non-ETS participants to EU countries. For EU countries (Italy, Germany, Luxembourg, Poland and the Czech Republic) the reported emissions are tested as a part of the annual process for monitoring and reporting of CO<sub>2</sub> emissions according to the EU ETS and extended to non-UE –ETS countries. As of 2017, the data relate to cementitious and to facilitate comparisons even 2016 data is shown for cementitious.

<sup>(3)</sup> As of 2017 data for electrical consumption, direct CO<sub>2</sub> emissions, waste produced and water consumption are shown for cementitious. To facilitate comparisons even 2016 data is shown for cementitious.

<sup>(4)</sup> This figure has been revised compared to the one that was published in the 2016 Sustainability Report.

ITA	GER	USA	LUX	POL	CEK	RUS	UKR
77.6	66.6	92.0	63.9	70.5	77.3	88.0	81.1
14.7	64.5	21.3	41.0	64.7	47.6	0.8	0.6
3,529	4,043	3,988	3,640	4,005	3,765	4,800	5,856
106	113	141	101	109	128	135	134
7.6	15.5	6.3	29.3	14.8	13.0	5.3	11.2
6	5	35	31	12	10	317	1,252
970	729	1,546	596	500	672	2,929	2,648
28	31	477	28	571	36	13	30
12	31	27	9	119	7	0	61
655	598	798	514	590	619	709	878
1,540	1,122	8,529	1,373	2,651	269	2,645	1,227
87	76	28	90	100	80	96	88
245	163	266	60	171	133	464	1,228
7	23	55	0	0	100	0	0
9	7	0	1	1	1	1	0
6	7	0	0	1	1	1	0
8	7	0	1	0	0	0	0

# .06

## SOCIAL PERFORMANCE

Buzzi Unicem makes every effort to achieve the highest level of safety for its employees and suppliers and contractors. Our expectation is that the highest level of safety means that there are no accidents or the development of occupational illnesses.





**In this year's Sustainability Report, Buzzi Unicem has published its Safety Policy, which is valid in all Countries in which the group operates.**

### Health and Safety

In this year's Sustainability Report, Buzzi Unicem has published its Safety Policy which is valid in all countries in which it operates. The Policy states that safe working conditions can only be achieved through a proper assessment of risks, careful planning of preventive measures and a system of controls involving all workers in every country. In this regard, the management's responsibility is fundamental and must be evident.

Aside from prevention, it has become increasingly important to evaluate occupational injuries: the identification of the causes of injuries and the definition of corrective actions are necessary conditions for preventing their repetition. This systematic approach ensures the continual improvement of Buzzi Unicem's injury statistics as well as the promotion of a health and safety culture in the workplaces.

In line with the contents of previous Sustainability Reports, the main accident rates reported on are: the Lost Time Injury Frequency Rate (LTIFR), which measures the frequency of injuries resulting in absence

from work; the Total Injury Frequency Rate (TIFR) that also considers injuries that did not result in absence from work; the Severity Rate (SR) which, along with the average duration, provides details of the seriousness of recorded injuries.

The rates refer to all our business activities: cement, concrete and aggregates. As of 2015, these rates include contractors as well as employees.

In 2017, Buzzi Unicem recorded zero fatal accidents across all its countries.

	Total	Cement		Concrete			
		Buzzi Unicem	Contractors	Total	Buzzi Unicem	Contractors	Total
Fatalities	0	0	0	0	0	0	0
Injuries with absences from work	170	50	21	71	70	29	99
Lost days	5,617	2,332	404	2,736	2,321	560	2,881
LTIFR	6.9	3.9	5.3	4.2	12.7	13.2	12.9
TIFR	15.3	13.2	10.4	12.6	19.9	25.0	21.3
SR	0.23	0.18	0.10	0.16	0.42	0.25	0.37
Average duration	33	47	19	39	33	19	29

LTIFR = total number of injuries causing absences from work divided by hours worked and multiplied by 1,000,000.

TIFR = total number of injuries causing and not causing absences from work divided by hours worked and multiplied by 1,000,000.

SR = number of days lost divided by hours worked and multiplied by 1,000.



**In 2017 there were 170 injuries resulting in absences from work, down from 199 injuries in 2016. The frequency rate (LTFR) fell to 6.9 from 7.9 in 2016.**

The frequency rate (TIFR) fell to 6.9 (it was 7.9 in 2016) with a reduction in the number of injuries: 170 compared to 199 in 2016. The injury rates for concrete remain higher than those for cement although evident progress was made in Germany and the United States during the course of 2017.

Even the TIFR fell to 15.3 (17.9 in 2016) with 206 injuries which did not result in absences from work (251 in 2016).

The severity rate (SR) for 2017 was 0.23 (0.28 in 2016). The average duration of injuries fell from 36 to 33 days.

Buzzi Unicem's commitment to training in the area of occupational health and safety is ongoing. In the various geographical areas, projects are in place to prevent typical situations of risk in industrial environments and implement frequent initiatives involving the workforce.

#### **Human rights and supply chain**

As explained above, the group's new Safety Policy also applies to contractors.

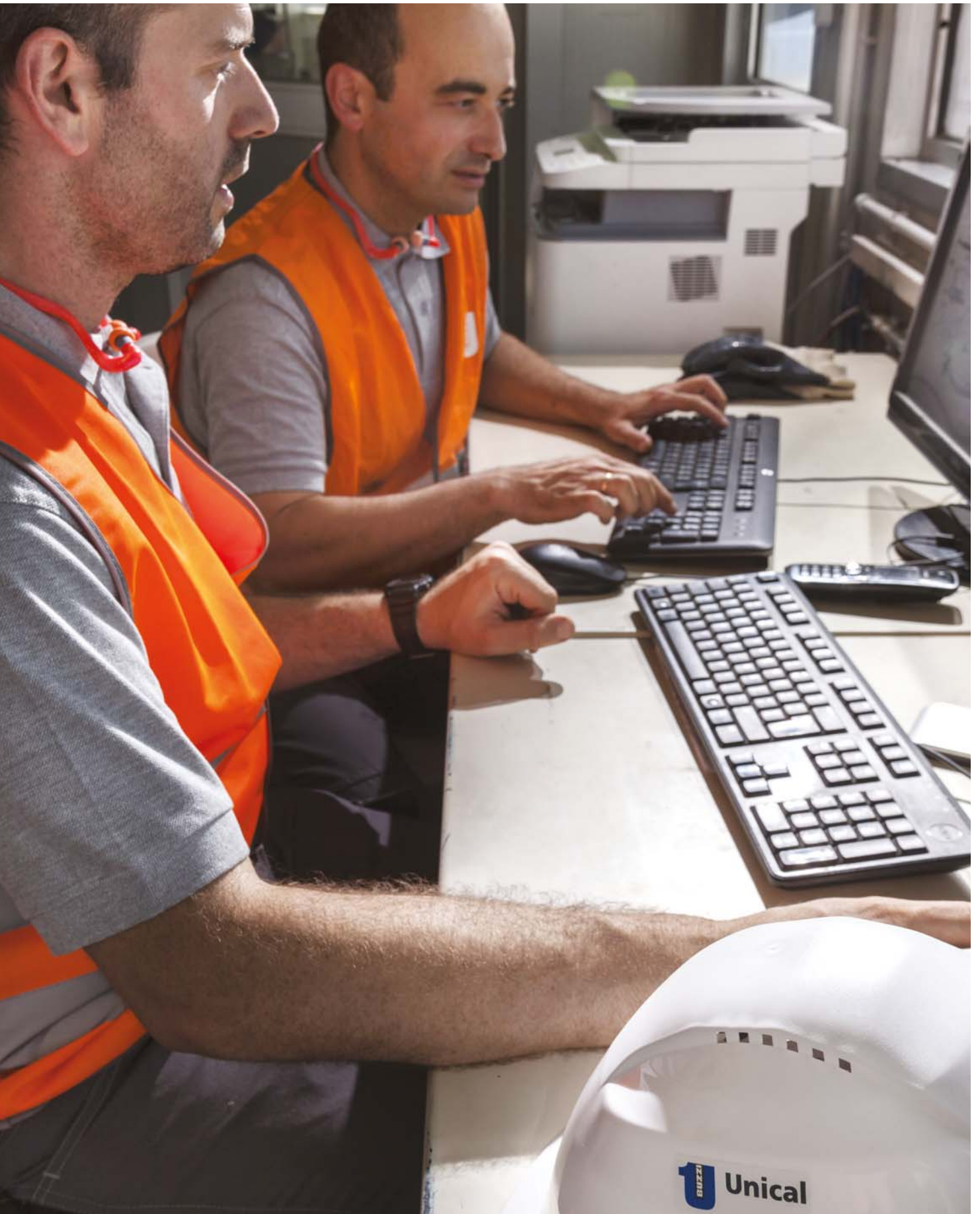
In 2017 we began a project to review all practices linked to the management of suppliers. The objective is that of guaranteeing the alignment of contractual procedures in all countries - despite different legislations and habits - to sustainability principles and our Code of Conduct.

We expect to complete this process by the end of 2019.

#### **Working conditions and employment data**

The number of employees in the Buzzi Unicem Group at the end of 2017 was 10,025 (9,975 in 2016). The countries with the highest number of employees are: United States of America (2,273), Germany (1,853), Italy (1,632), Russia (1,456) and Ukraine (1,384).

Globally, there are three main areas in which the Company produces: western Europe, eastern Europe and America (each area has about one third of the workforce). Employment contracts are mainly open-



ended (94%) and full-time (96% of total contracts). The turnover rate, which is calculated as the total number of terminations compared to the workforce at the end of the year, increased to 18.2% (16.7% in 2016).

### Workplace Diversity

The Group is present in a number of different countries and continents. There are no specific policies at group level but diversity is considered a value when it is in line with the Values and Policies of Buzzi Unicem.

### Incentive programs

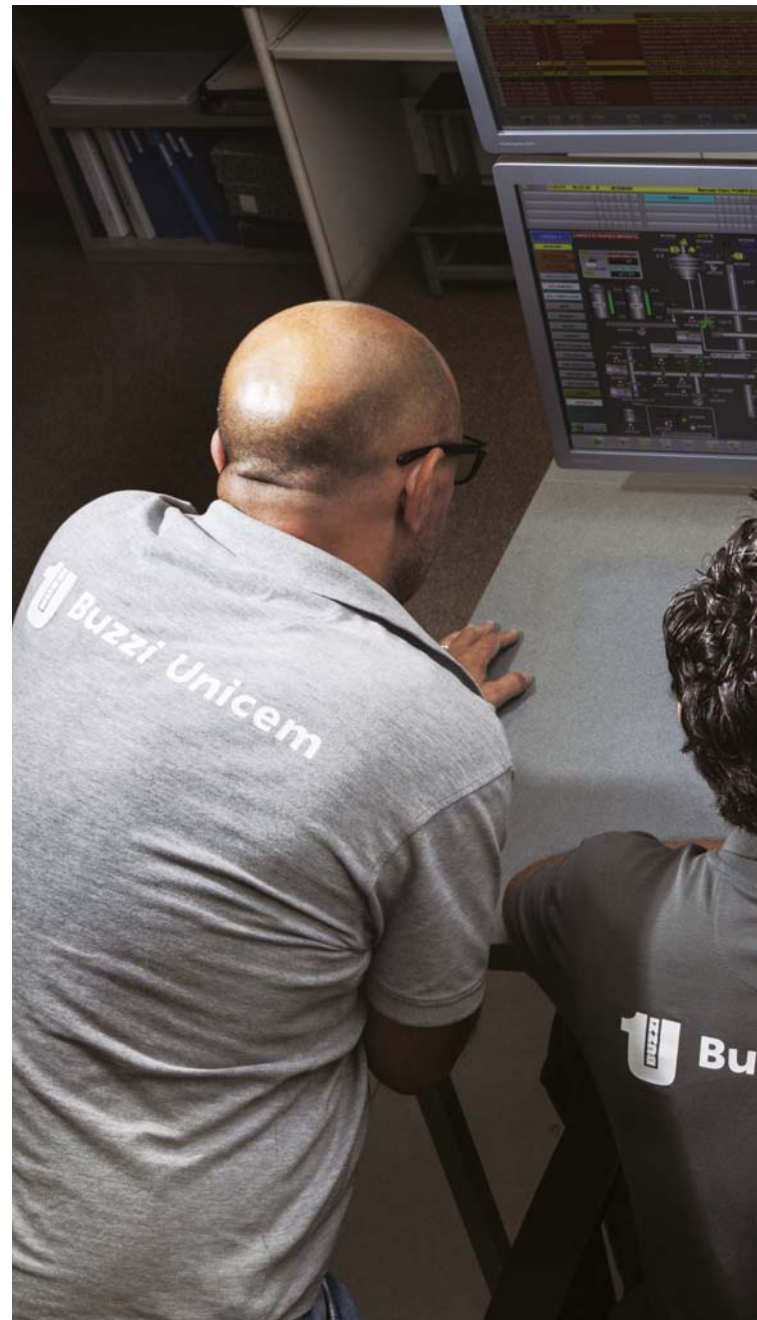
Salary policies and incentives systems are delegated to the various countries. We do not normally offer shares to employees, but we do provide incentives and bonuses based on company and individual performance. Incentive schemes differ depending on working duties and managerial level.

### Collective bargaining

In Europe, collective bargaining is extended to and guaranteed at all levels.

In 2017, the European Works Council (EWC), which is the advisory and information body for all workers in the European Union, continued its work.

The EWC meets in a plenary session once a year, with the Buzzi Unicem headquarters in Casale Monferrato



selected as the venue. The Committee met twice during the course of the year in a non-plenary form, in Wiesbaden and Rome.

In Italy, there have always been good relations between the company and the Unions Representative, based on transparency and a spirit of collaboration; in Germany and the Czech Republic, according to the respective local regulations, a third of the Supervisory Board consists of employees. More generally, employees in all





countries are represented in accordance with local legal regulations, and although these can vary from region to region even within the same country, representation always takes place in accordance with the Company's Code of Conduct, an instrument that is even stronger in a family company with a 110-year history.

### **Training and human capital development**

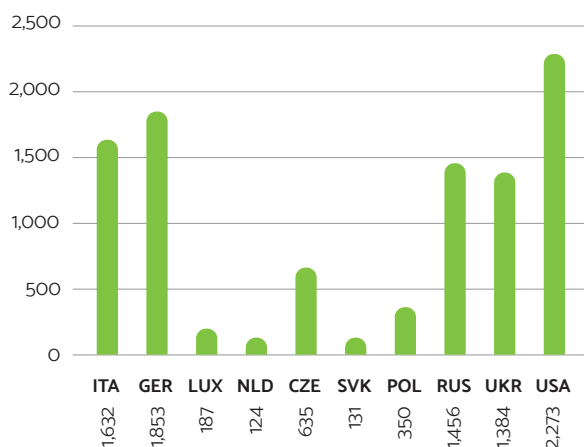
In 2017, training activities were selected on the basis of requirements that emerged at national level.

The main categories of activities are confirmed: health and safety, environment, management systems, cement and concrete technology, project management, IT instruments and foreign languages.

In 2017 at the group level, 24.7 hours of training per employee were provided (32.1 in 2016), for a total of 30,683 days (39,686 in 2016). Training investment plans remained unchanged even in countries where the Company's performance has been unsatisfactory.

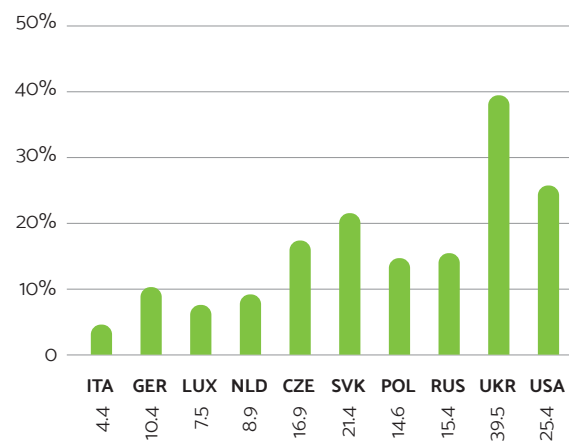
# Social Performance: Charts and Tables

### Breakdown (2017)



**TOTAL GROUP 10,025**

### Turnover rate (2017)



**TOTAL GROUP 18.2%**

### Total workers per gender and type of contract (2015-2017)

	2015	2016	2017
<b>Total staff</b>	<b>9,738</b>	<b>9,975</b>	<b>10,025</b>
Men %	85.1	84.3	<b>85.0</b>
Women %	14.9	15.7	<b>15.0</b>
Open-end contracts	9,501	9,261	<b>9,466</b>
Fixed-term contracts	237	707	<b>559</b>
Full-time	9,359	9,067	<b>9,590*</b>
Part-time	142	195	<b>435*</b>

In 2017 there was a change in the internal classification of full time and part time staff.

### Turnover rate (2015-2017)

	2015	2016	2017
<b>Turnover rate %</b>	<b>14.9</b>	<b>16.7</b>	<b>18.2</b>
Total workforce	9,738	9,975	<b>10,025</b>
Total new hires	1,069	1,905	<b>1,585</b>
Total terminations	1,448	1,668	<b>1,822</b>
Men %	85.6	87.4	<b>84.6</b>
Women %	14.4	12.6	<b>15.4</b>

Turnover calculated as the ratio between outgoing employees in the year and the total workforce at the end of the year.



**Breakdown by gender (2017)**

	ITA	GER	LUX	NLD	CZE	SVK	POL	RUS	UKR	USA	TOT
<b>Management</b>	112	62	10	4	10	2	5	15	15	229	<b>464</b>
Men %	92.0	88.7	100.0	50.0	80.0	50.0	100.0	66.7	66.7	88.2	<b>87.5</b>
Women %	8.0	11.3	0.0	50.0	20.0	50.0	0.0	33.3	33.3	11.8	<b>12.5</b>
<b>White collars</b>	902	649	72	40	158	30	155	415	332	468	<b>3,221</b>
Men %	85.0	68.6	84.7	72.5	55.7	66.7	60.0	65.8	57.8	73.5	<b>71.7</b>
Women %	15.0	31.4	15.3	27.5	44.3	33.3	40.0	34.2	42.2	26.5	<b>28.3</b>
<b>Blue collars</b>	609	918	102	75	452	97	190	1,026	1,037	1,576	<b>6,082</b>
Men %	99.0	97.9	98.0	96.0	96.2	93.8	94.7	83.0	79.0	99.0	<b>92.3</b>
Women %	1.0	2.1	2.0	4.0	3.8	6.2	5.3	17.0	21.0	1.0	<b>7.7</b>
<b>Trainees</b>	9	144	3	0	0	0	0	0	0	0	<b>156</b>
Men %	77.8	86.1	33.3	-	-	-	-	-	-	-	<b>84.6</b>
Women %	22.2	13.9	66.7	-	-	-	-	-	-	-	<b>15.4</b>
<b>Marginal / Helpers</b>	0	80	0	5	15	2	0	0	0	0	<b>102</b>
Men %	-	55.0	-	100.0	80.0	50.0	-	-	-	-	<b>60.8</b>
Women %	-	45.0	-	0.0	20.0	50.0	-	-	-	-	<b>39.2</b>
<b>Total</b>	<b>1,632</b>	<b>1,853</b>	<b>187</b>	<b>124</b>	<b>635</b>	<b>131</b>	<b>350</b>	<b>1,456</b>	<b>1,384</b>	<b>2,273</b>	<b>10,025</b>

**Collective bargaining (2015 - 2017)**

	2015	2016	2017
<b>Total employees</b>	<b>9,738</b>	<b>9,975</b>	<b>10,025</b>
Employees covered by collective bargaining agreements	7,417	7,661	<b>7,737</b>
Coverage (%)	76.2	76.8	<b>77.2</b>

**Minimum notice period (2017)**

Italy	4 weeks
Germany	4 weeks
Luxembourg	no notice
Netherlands	4 weeks
Czech Republic	8 weeks
Slovakia	8 weeks
Poland	12 weeks
Russia	9 weeks
Ukraine	8 weeks
USA	5 days*

\* The period varies, depending on the type of collective agreement applied, and is up to a maximum of 8 weeks.

**Absentee rate by geographic area: illness, injuries, strikes (2017)**

	Absentee rate in %	of which male absentee in %	of which female absentee in %	Occupational diseases	Deaths
Italy	3.6	3.7	3.0	1	
Germany	5.1	5.4	3.9		
Luxembourg	3.8	3.8	4.1		
Netherlands	6.1	5.8	8.3		
Czech Republic	3.7	4.0	2.0		
Slovakia	4.1	4.7	0.9		
Poland	3.3	3.1	4.1		
Russia	2.2	2.2	2.2	1	
Ukraine	2.9	3.0	2.7		
USA	1.9	1.9	1.6		

**Group absentee rate (2015-2017)**

	2015	2016	2017
<b>Absentee rate %</b>	<b>3.2</b>	<b>3.3</b>	<b>3.2</b>
of which male %	3.1	3.3	<b>3.3</b>
of which female %	3.5	3.0	<b>2.8</b>
Occupational diseases	6	1	<b>2</b>
Deaths *	0	1	<b>0</b>

\* Employees only.

Absentee rates are calculated as the total days of absence (for illness, injuries and strikes) compared to total work days.



**Hours of training per capita (2017)**

	<b>Hours of training per capita</b>
Italy	13.5
Germany	21.8
Luxembourg	25.9
Netherlands	6.2
Czech Republic	16.7
Slovakia	17.0
Poland	39.2
Russia	38.2
Ukraine	27.2
USA	26.3

**Total hours of training (2017)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Hours of training	345,952	<b>317,488</b>	<b>245,461</b>

**Average hours of training per capita (2017)**

		<b>of which male</b>	<b>of which female</b>
Management	<b>23.1</b>	21.1	37.3
White collars	<b>25.2</b>	26.3	22.1
Blue collars	<b>24.8</b>	25.6	14.1

**Average hours of training per employee (2015-2017)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Hours of training per capita	35.5	32.1	<b>24.7</b>
Management	-	40.5	<b>23.1</b>
White collars	22.8	22.8	<b>25.2</b>
Blue collars	43.6	37.0	<b>24.8</b>

**Graduates (2017)**

	<b>% on total workforce</b>	<b>% on total men</b>	<b>% on total women</b>
Italy	11.0	9.5	25.5
Germany	5.7	4.8	10.5
Luxembourg	9.6	9.3	13.3
Netherlands	9.7	9.3	12.5
Czech Republic	6.9	5.0	18.5
Slovakia	16.0	14.2	27.8
Poland	37.4	31.3	61.1
Russia	28.8	24.4	44.5
Ukraine	41.1	34.1	58.8
USA	15.6	14.0	35.9

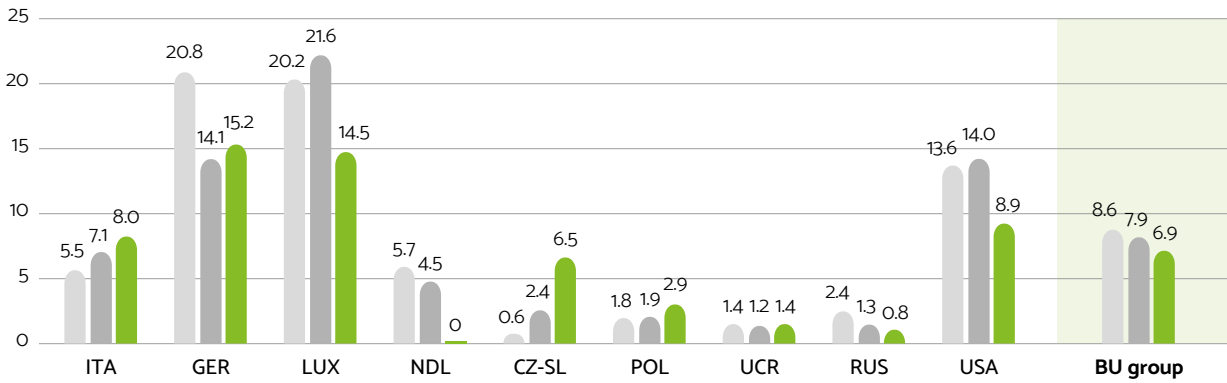
**Ratio between the highest paid manager and the median for employees in the same country (2017)**

Italy	9.4
Germany	16.6
Luxembourg	4.9
Netherlands	3.1
Czech Republic	12.0
Slovakia	3.5
Poland	12.6
Russia	31.2
Ukraine	30.7
USA	10.7

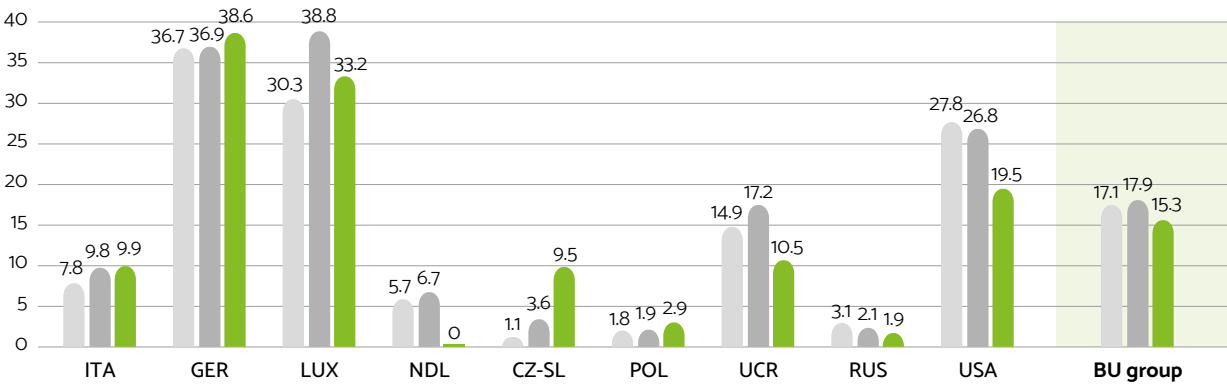




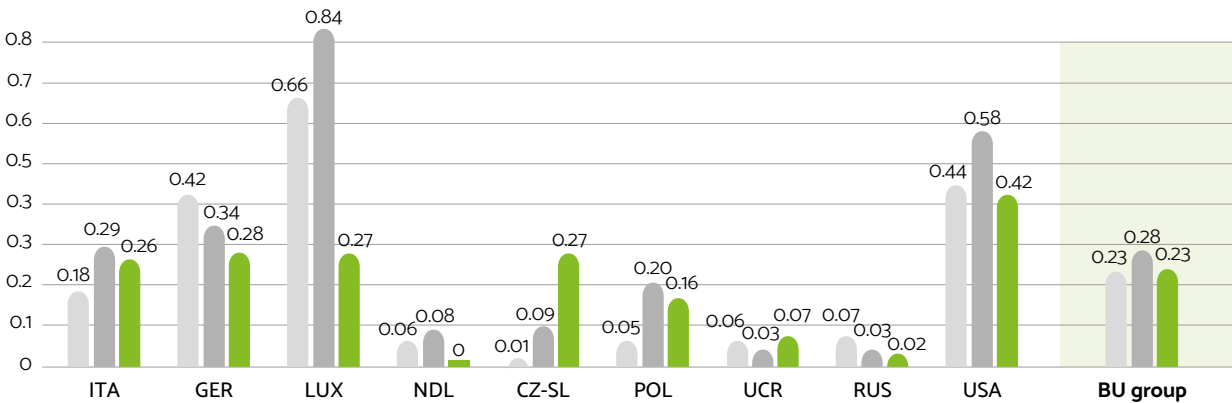
**LTIFR (frequency index of injuries with absences from work)**



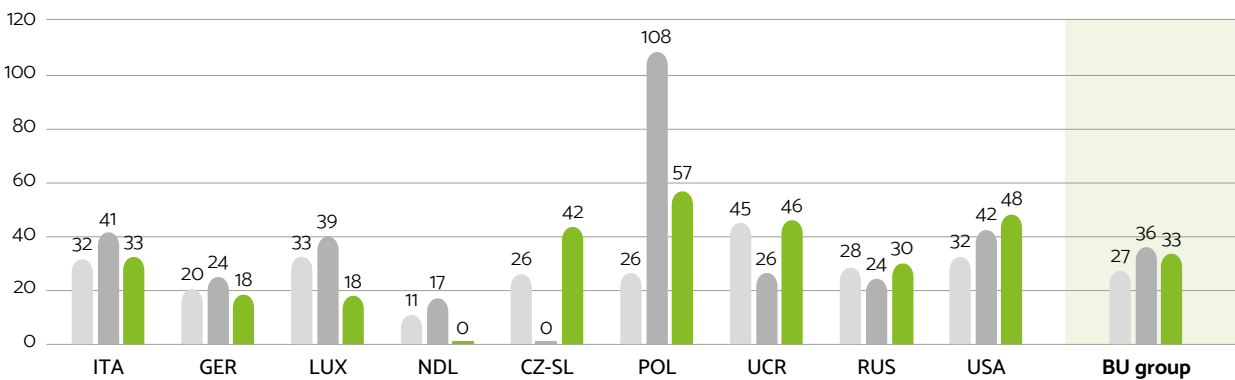
**TFIR (frequency index of injuries with and without absences from work)**



**SR (Severity Rate)**



**TA (average duration in days)**



Scope of diagrams: employees and suppliers, cement, concrete and aggregates.

● 2015 ● 2016 ● 2017



# .08

## METHODOLOGY NOTE

**Buzzi Unicem includes the consolidated Non-Financial Statement under Legislative Decree 254 of 30 December 2016 in its Sustainability Report.**

The entry into force of Italian Legislative Decree 254/2016 requires that public interest entities publish, starting from the 2017 financial year, a consolidated non-financial statement (NFS). This can be published inside the annual report or as an independent document. The Buzzi Unicem group has chosen the latter, emphasising its own process towards social responsibility which has led to the publication, up to now on a voluntary basis, in the last 17 years, of its sustainability reports

The non-financial statement contains information and indicators on sensitive social and environmental issues, that are established by the Italian law. To a great extent, the above-mentioned information, indicators and their definitions, correspond to that which Buzzi Unicem has been publishing for years in its own Sustainability Reports. For this reason, the company has decided to include the non-financial statement in its Sustainability Report. The end result is a document that contains more data and information, in relation to what the legislation requires, and fully guarantees the “necessary level for ensuring an understanding of the group’s activities, its performance, results and the impacts it produces”.

In accordance with the Italian law, the Sustainability Report was drafted in accordance with international reporting standards. For this purpose, the group adopts the guidelines of the Global Reporting Initiative (GRI,

version G4) with a “In Accordance Core” reporting level, describing the corporate sustainability model, how this is integrated within the business through Policies and Targets and its environmental, social and governance performances. In accordance with GRI G4, the list of indicators that was selected is shown in the annex, within the “Correlation table to legislative decree 254/16”.

Indicators relating to specific consumption and emission factors for dust, NOx, SO2 and Hg are shown per t tonne of clinker produced. The indicators relating to the consumption of electrical energy, CO2 emissions, waste produced, and water consumption are shown, starting from this year, per tonne of cementitious (and not yet referred to cement equivalent). In this way, for these indicators, Buzzi Unicem has aligned its reporting procedures to those used by the majority of companies in the sector.

In the social performances section, injuries and the respective indicators, are also extended to suppliers and relevant contractors, according to the approach adopted as of 2015. This covers at least 80% of the total hours worked by suppliers and contractors.

Unlike the English version, the Italian version of this document contains specific details about the Italian situation.

This edition of the sustainability report, which also includes the non-financial statement, was approved by the Board of Directors on 28 March 2018 along with the Consolidated Financial Statement.

### Reporting process

The reporting was made using a structured data collection process based on “Reporting Packages” (RP), a set of files containing, within specific sections that are distinguished on the basis of the respective subject matter, all of the necessary information as well as the formulae for calculating the indicators. The RP also included an operational manual with definitions and examples to support the reporting process.

### Reporting scope

The economic, social and environmental data and information contained in the Sustainability Report relate to all companies within the reporting scope of the consolidated financial statements as at 31/12/2017 using the line-by-line method.\*

As of last year, one year ahead of the entry into force of Italian legislative decree 254/2016, the reporting scope of the Sustainability Report was aligned with that of the Consolidated Financial Statement.

The information and performances relating to the Cementizillo group, the acquisition of which by Buzzi Unicem to place in mid-2017 were reported as of 1 January 2017, only for the part relating to the production and commercialisation of cement and binders.

The information and performances relating to the Cementizillo group, which is involved in the production of concrete and aggregates, were not reported, in light of the decision, taken at the end of 2017, to not include these businesses within Buzzi Unicem’s operational





scope. An exception to this is the data for Human Resources. The contribution from Cementizillo is 3.4% in terms of the group's total production of concrete; it accounts for approximately 0.7% of the group's total workforce.

For the calculation of greenhouse gas emissions of cement plants in Italy, Germany, Luxembourg, Poland and Czech Republic that are under the Emissions Trading System (EU ETS), the Company adopts the criteria required by (EU) Regulation n. 601/2012 of the

European commission, which establishes guidelines for the monitoring and disclosure of greenhouse gas emissions in accordance with directive 2003/87/EC of the European Parliament and Council.

Additionally:

- all data refers to the period 01-01-2017 to 31-12-2017;
- the quantitative environmental and social data were consolidated in full;
- economic data came from the Consolidated Financial Statement.

\* Compañía Cubana de Cemento Portland, S.A., Transportes Mariel, S.A. and Proyectos Industrias de Jaruco, S.A. Companies are not included in this non-financial declaration because they are not under the Buzzi Unicem's operational scope.

# GRI Content

## GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	REFERENCE
<b>Strategy and Analysis</b>	
<b>G4.1</b> Letter to Stakeholders	Letter to Stakeholders
<b>Organizational Profile</b>	
<b>G4.3</b> Name of the organization	Vision
<b>G4.4</b> Services provided	Group profile - The group at a glance
<b>G4.5</b> Location of company headquarters	Group profile - The group at a glance - International presence
<b>G4.6</b> Countries where the organization operates	Group profile - The group at a glance - Cement plant locations
<b>G4.7</b> Ownership structure	Governance - Corporate governance system
<b>G4.8</b> Markets served	Group profile - The group at a glance - Cement plant locations
<b>G4.9</b> Scale of the organization	Group profile - The group at a glance
<b>G4.10</b> Employees by type of contract, gender, geographic area, category	Performance Indicators - Social Performance: Charts and Tables
<b>G4.11</b> Employees covered by collective agreements	Performance Indicators - Social Performance: Charts and Tables
<b>G4.12</b> Supply chain of the organization	The majority of the goods and services purchased by the Group concerned the purchase of fuels, electrical energy, raw materials, spare parts, logistics and services. We are fully aware that an effective sustainability approach requires the engagement also of our suppliers. We strive to manage our relationship with them not only on the basis of technical and economic considerations, but also on the basis of sharing fundamental ethical values, in particular those mentioned in our Code of Conduct. In 2017 we have continued the work begun in 2015, engaging a relevant percentage of suppliers in the monitoring of the issue of occupational safety.
<b>G4.13</b> Changes during the year in the organization or in the supply chain	Appendixes - Methodology Note
<b>G4.14</b> Precautionary principle (Risk Management)	Governance - Corporate governance system
<b>G4.15</b> Charters, principles or other external initiatives that the organization signs	Governance - Corporate governance system
<b>G4.16</b> List of trade associations to which the organization adheres	The trade associations to which the Group participates to include: European Cement Federation - Cembureau, Associazione Italiana Tecnico Economica del Cemento - AITEC, European Concrete Platform, VDZ, Portland Cement Association, CANACEM (National Cement Chamber).



## GENERAL STANDARD DISCLOSURES

(continues)

GENERAL STANDARD DISCLOSURES	REFERENCE
<b>Identified material aspects and boundaries</b>	
<b>G4.17</b>	Companies included in the consolidated financial statements and those not considered in the Sustainability Report Appendixes - Methodology Note
<b>G4.18</b>	Process for defining report content and scope Appendixes - Methodology Note
<b>G4.19</b>	Material aspects identified in the process of defining content Governance - Materiality matrix
<b>G4.20</b>	For each material aspect indicate the related scope within the organization Appendixes - Methodology Note
<b>G4.21</b>	For each material aspect indicate the related scope outside the organization The material aspect whose reporting scope was extended outside the organization is the health and safety of supplier companies, due to its relevance for the sector and the Group.
<b>G4.22</b>	Any "restatement" with respect to the previous report Appendixes - Methodology Note
<b>G4.23</b>	Any restatements compared to the material issues in the previous Sustainability Report Any restatements compared to the previous Report are shown within the individual chapters of the document.
<b>Stakeholder engagement</b>	
<b>G4.24</b>	Group Stakeholders Governance - Stakeholder engagement
<b>G4.25</b>	Identification process Governance - Stakeholder engagement
<b>G4.26</b>	Stakeholder engagement activities Governance - Stakeholder engagement
<b>G4.27</b>	Issues arising from stakeholder engagement and respective actions Governance - Materiality matrix
<b>Report profile</b>	
<b>G4.28</b>	Reporting period Appendixes - Methodology Note
<b>G4.29</b>	Date of last report published The Sustainability Report (NFD) was published in spring 2018.
<b>G4.30</b>	Reporting frequency (yearly, half-yearly, etc.) The Sustainability Report (NFD) is published annually.
<b>G4.31</b>	Contacts for information regarding the report info@buzziunicem.it
<b>G4.32</b>	GRI Content Index Appendixes - GRI Content
<b>G4.33</b>	Assurance document Appendixes - Auditors' report
<b>Governance</b>	
<b>G4.34</b>	Governance structure of the organization Governance - Corporate governance system
<b>G4.54</b>	Annual compensation Performance Indicators - Social Performance: Charts and Tables
<b>Ethics and integrity</b>	
<b>G4.56</b>	Mission, values, codes of conduct and principles Governance - Corporate governance system

## SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
<b>Aspect: Economic performance</b>		
<b>G4.DMA</b> Disclosure on management approach	Governance - Corporate governance system	
<b>G4.EC1</b> Direct economic value generated and distributed	Governance - Corporate governance system	
<b>Aspect: Materials</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance indicators - Environmental Performance - Consumption of materials	
<b>G4.EN1</b> Raw materials used by weight or volume	Performance indicators - Environmental Performance - Consumption of materials Performance Indicators - Environmental Performance - Summary table  A total of 42,042,552 t of raw materials were used, which included: A total of 42,042,552 t of raw materials were used of which: 37,780,694 t natural raw materials and 4,261,858 t non-natural raw materials.	
<b>G4.EN2</b> Percentage of materials used that derive from recycled materials	Performance indicators - Environmental Performance - Consumption of materials	
<b>Aspect: Energy</b>		
<b>G4.DMA</b> Disclosure on management approach	Policies and Targets Performance Indicators - Environmental Performance	
<b>G4.EN3</b> Energy consumption within the organization	Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy Performance Indicators - Environmental Performance - Summary table	
<b>G4.EN5</b> Indicators of energy intensity	Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy Performance Indicators - Environmental Performance - Summary table	
<b>G4.EN6</b> Reduction of energy consumption	Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy	
<b>Aspect: Water</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Environmental Performance - Water consumption	
<b>G4.EN8</b> Total water withdrawal by source	Performance Indicators - Environmental Performance - Water consumption Performance Indicators - Environmental Performance - Summary table  The Group has consumed a total of 8,393,619 cubic metres of water.	<i>The data reported in this document relate to water consumption.</i>
<b>G4.EN10</b> Percentage and total volume of water recycled and reused	Performance Indicators - Environmental Performance - Summary table  The group used a total of 1,597,243 cubic metres of rainwater.	



## SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
<b>Aspect: Biodiversity</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Environmental Performance - Consumption of materials	<i>Information not currently available. Given the importance of this issue the Group is committed to reporting on it starting from the 2018 financial year.</i>
<b>G4.EN11</b> Land owned, leased or managed in protected areas	Performance Indicators - Environmental Performance - Consumption of materials	
<b>Aspect: Emissions</b>		
<b>G4.DMA</b> Disclosure on management approach	Policies and Targets Performance Indicators - Environmental Performance - Greenhouse gases Performance Indicators - Environmental Performance - Other atmospheric emissions	
<b>G4.EN15</b> Direct GHG emissions (Scope 1)	Performance Indicators - Environmental Performance - Greenhouse gases	
<b>G4.EN16</b> Indirect GHG emissions (SCOPE 2)	Performance Indicators - Environmental Performance - Greenhouse gases	
<b>G4.EN18</b> GHG emission intensity	Performance Indicators - Environmental Performance - Summary table	
<b>G4.EN19</b> Initiatives to reduce GHG emissions	Performance Indicators - Environmental Performance - Greenhouse gases	
<b>G4.EN21</b> Other atmospheric emissions	Performance Indicators - Environmental Performance - Other atmospheric emissions  The company has emitted a total of 3,038 t of dust, 31,857 t of NO <sub>x</sub> , 4,528 t of SO <sub>2</sub> and 556 kg of Hg.	
<b>Aspect: Effluents and waste</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Environmental Performance - Waste management	
<b>G4.EN23</b> Total weight of waste by type and disposal method	Performance Indicators - Environmental Performance - Waste management  The company has produced a total of 99,473 t of waste in 2017 of which 552,689 has been disposed of and 46,784 has been reused.	<i>The amount of waste produced is shown for respective disposal methods (dangerous and non-dangerous waste considered jointly).</i>
<b>Aspect: Compliance</b>		
<b>G4.DMA</b> Disclosure on management approach	Governance - Corporate governance system - Penalties	
<b>G4.EN29</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Governance - Corporate governance system - Penalties	

## SOCIAL

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
<b>Aspect: Employment</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Social Performance	
	Performance Indicators - Social Performance: Charts and Tables	<i>The number and percentage of recruited staff is shown at the Group level and is aggregated for all age groups. The absolute and percentage turnover is aggregated for all age groups.</i>
<b>G4.LA1</b> Number of employees, hires and turnover rate	In 2017 the recruitment rate was 15.8%.	
<b>Aspect: Labour/management relations</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Social Performance - Collective bargaining	
<b>G4.LA4</b> Minimum notice period regarding operational changes	Performance Indicators - Social Performance: Charts and Tables	
<b>Aspect: Occupational health and safety</b>		
<b>G4.DMA</b> Disclosure on management approach	Policies and Targets Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables	
<b>G4.LA6</b> Occupational injuries and illnesses	Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables	
<b>Aspect: Training and education</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Social Performance Performance Indicators - Social Performance - Training and development of human capital	
<b>G4.LA9</b> Average annual hours of training per employee	Performance Indicators - Social Performance: Charts and Tables Performance Indicators - Social Performance - Training and development of human capital	
<b>G4.LA11</b> Evaluation of performance and development	Performance Indicators - Social Performance - Staff incentive programs	<i>The performance management process is described; the percentage of employees covered by incentive programs is not provided.</i>

## SOCIAL

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
<b>Aspect: Local communities</b>		
<b>G4.DMA</b> Disclosure on management approach	Policies and Targets Governance - Stakeholder engagement	
<b>G4.SO1</b> Activities with involvement by local communities	Policies and Targets Governance - Stakeholder engagement	
<b>Aspect: Anti corruption</b>		
<b>G4.DMA</b> Disclosure on management approach	Governance - Corporate governance system Governance - Corporate governance system - The model of organisation, management and control	
<b>G4.SO4</b> Communication and training on anti-corruption policies and procedures	Governance - Corporate governance system - Anti-corruption Governance - Corporate governance system - Communication of policies relating to ethics and transparency  The Ethical Code and Code of Conduct of the Buzzi Unicem Group is communicated to all staff and is also available on its website. Approximately 4% of the Group's employees have been trained on issues relating to ethics, transparency, and contrasting corruption.	
<b>G4.SO5</b> Corruption cases reported and confirmed and related actions taken	In 2017 no corruption cases were identified within the activities of the Buzzi Unicem Group.	
<b>Aspect: Compliance</b>		
<b>G4.DMA</b> Disclosure on management approach	Governance - Corporate governance system - Penalties	
<b>G4.SO8</b> Fines and non-monetary sanctions for noncompliance with laws and regulations	Governance - Corporate governance system - Penalties	
<b>Aspect: Product and service labeling</b>		
<b>G4.DMA</b> Disclosure on management approach	Performance Indicators - Environmental Performance - Product Life Cycle	
<b>G4.PR3</b> Information required by procedures and percentage of significant products and services subject to such	All types of cement produced in the EU area need to have the EC mark. The EC mark indicates that the cement is in compliance with an harmonized European standard (EN 197-1 law). It allows to meet the essential requirements established by the 89/106/ CEE directive in regard to the works in which it is used.	
<b>Aspect: Compliance</b>		
<b>G4.DMA</b> Disclosure on management approach	Governance - Corporate governance system - Penalties	
<b>G4.PR9</b> Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Governance - Corporate governance system - Penalties	

# Correlation table to the Legislative Decree 254/2016

ISSUE OF LEGISLATIVE DECREE 254/2016	MATERIAL TOPICS	POLICIES APPLIED AND RISKS IDENTIFIED
		Specify where they are in the document or provide an explanation if they are not covered
Environmental	Air quality & GHG emissions	Chapter Governance, chapter Risk management Chapter Environment, chapter GHG emissions and other emissions into the atmosphere
	Energy efficiency and alternative fuels	Chapter Governance Risk management Chapter Environment, chapter Greenhouse gases emissions
	Raw material usage	Chapter Governance, chapter Risk management, chapter Environment, chapter Consumption of materials
	Water consumption	Chapter Environment, chapter Water consumption
	Biodiversity management	Chapter Governance, chapter Risk management, chapter Environment, chapter Consumption of materials
	Noise mitigation	Chapter Governance, chapter Risk management, chapter Environment, chapter Noise
Social	Direct economic development	Chapter Governance, chapter Direct economic value generated and shared
	Compliance with laws and regulations	Chapter Governance, Box II Model of Organisation, Management and Control. Code of Ethics
	Local communities development	Chapter Stakeholder Engagement
Relating to staff	Customer management and product quality	Chapter Environment, chapter Product Life Cycle
	Human capital development	Chapter Social, chapter Training and professional development
Respect of human rights	Industrial relations	Chapter Social Collective bargaining
	H&S management	Chapter Social, chapter Health and safety and Human rights and supply chain
Anti-corruption	Anti-corruption practices	Chapter Governance, chapter Anti-corruption



TOPIC SPECIFIC STANDARD/DISCLOSURE	NOTE
Specify the related disclosure E.g. G4-LA1, G4-EN3	
G4 - EN15 Direct emissions of GHG G4 - EN18 GHG intensity G4 - EN19 Initiatives for reducing emissions G4 - EN21 Other atmospheric emissions	
G4 - EN3 Direct consumption of energy G4 - EN5 Energy intensity indicators G4 - EN6 Energy saving	
G4 - EN1 Raw materials used by weight or volume G4 - EN2 Percentage of materials used deriving from recovered materials	
Water consumption per tonne of screed Water consumption per cubic metre of concrete G4 EN8 Water withdrawals by source	The data reported in this document relate to water consumption as opposed to water withdrawal
Quarries with mitigation actions with the aim of making possible the recovery of existing biodiversity and the involvement of stakeholders G5 - EN11 Sites situated in protected areas and areas with a high level of biodiversity	Information not currently available. Given the importance of this issue the group is committed to reporting on it starting from the 2018 financial year
Production sites with monitoring of noise emissions Investments for sound remediation interventions	
G4 - EC1 Direct economic value generated and distributed	
G4 - SO8 Financial and non-financial penalties for breach of laws or regulations G4 - PR9 Financial and non-financial penalties for non-compliance with the supply of products and services G4 - EN29 Financial and non-financial penalties for breach of environmental laws or regulations	
G4 - SO1 Activities requiring the involvement of local communities	
G4 - PR3 Information required by the procedures and services subject to such information requirements Clinker/cement ratio	
G4 - LA1 Number of employees, recruitments, turnover G4 - LA9 Training hours	
G4 - LA4 Minimum notice period for organisational amendments	
G4 - LA6 Injuries on the workplace and occupational illnesses	The non-materiality of human rights relates only to clear violations of national and international labour regulations (e.g. payment of national insurance contributions, holidays and overtime, working hours, child labour) and not to human rights as a whole, with "Health and Safety" representing a cornerstone.
Code of Ethics G4 - SO4 communication and training on anti-corruption practices G4 - SO5 Cases of corruption and actions taken	



**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED  
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016  
AND ARTICLE 5 OF CONSOB REGULATION NO. 20267**

**BUZZI UNICEM SPA**

**YEAR ENDED 31 DECEMBER 2017**



## ***Independent auditor's report on the consolidated non-financial statement***

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267*

To the Board of Directors of Buzzi Unicem SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the "Sustainability Report 2017 - Consolidated Non-Financial Statement under the Italian Legislative Decree n° 254/2016" of Buzzi Unicem SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 28 March 2018 (hereafter the "NFS").

### ***Responsibility of the Directors and of the Board of Statutory Auditors for the NFS***

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Sustainability Reporting Guidelines" version GRI G4, defined in 2013 by the GRI - *Global Reporting Initiative* (hereafter "GRI G4 Guidelines") identified by them as the reporting standard.

Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International

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#### ***PricewaterhouseCoopers SpA***

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Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI G4 Guidelines. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in Buzzi Unicem Group's consolidated financial statements;
4. understanding of the following matters:
  - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree;with reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In particular, we held meetings and interviews with the management of Buzzi Unicem SpA and with the personnel of PAT Dyckerhoff Cement Ukraine, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the





collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a Group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Buzzi Unicem SpA at the office in Casale Monferrato (Italy) and PAT Dyckerhoff Cement Ukraine, at the sites of Volyn and YUG and at the offices in Kiev (Ukraine), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusions**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Buzzi Unicem Group as of 31 December 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI G4 Guidelines.

### **Other aspects**

With respect to the year ended 31 December 2016, the Group prepared a Sustainability report whose information, regarding 2015 and 2016, has been included, for comparative purposes, in the NFD. The Sustainability report was subjected to voluntary limited assurance procedures in accordance with ISAE 3000 by PricewaterhouseCoopers Advisory SpA that expressed an unqualified conclusion.

Turin, 9 April 2018

PricewaterhouseCoopers SpA

*Signed by*

Mattia Molari  
(Partner)

Paolo Bersani  
(Authorized signatory)

*This report has been translated from the Italian original solely for the convenience of international readers.*

This Sustainability Report appears in Italian (original version) and English (non-binding version)

**Editorial coordination**

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