

SUSTAINABILITY REPORT

2020

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 industrial operations.

Vision



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Pietro Buzzi
Chief Executive

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



Michele Buzzi
Chief Executive

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

The 2020 edition of the Sustainability Report includes for the first time the 2050 climate-neutral objective, a challenge that will be faced with determination

The year 2020 will be remembered all over the world as the year of the Covid-19 pandemic. Our thoughts go to the many victims and the social upheaval generated by this unprecedented emergency. Moreover, the restrictions that were implemented to contain the pandemic have had serious economic effects and a significant impact on many production sectors.

To offer support to people in need in the countries that host our facilities, we have decided to donate more than 3 million euro to offer practical support, in collaboration with various non-profit organisations.

Despite the effects of the pandemic on our business, the financial results improved from the excellent levels that were achieved in 2019. We expect the vaccination programmes and economic stimulus packages announced by governments to help strengthen demand for our sector and contribute to its growth.

In this edition of the Sustainability Report we present the fact that 2020 was the third year we implemented our five-year plan for the reduction of our direct CO₂ emissions. Absolute emissions fell by 229,541 t from 2019 mainly as a result of a lower production of clinker. The specific value of the emission was 694 kg of gross direct CO₂ (scope 1) per ton of cementitious product. We therefore need to redouble our efforts if we want to reach the objective we have set ourselves of dropping to 662 kg CO₂/t cementitious product by the end of 2022.

Indirect CO₂ emissions (scope 2), resulting from the use of electrical energy, also decreased compared to 2019 (-82,464 t).

The higher cost associated with the certification of origin continues to significantly limit the use of certified energy from renewable sources in all countries.

The current year will be crucial for defining new targets for the reduction of our CO₂ emissions in the medium term, while the 2050 climate-neutral objective, that has been announced by the European association of cement producers, Cembureau, it may also be confirmed by the end of the year by the global association (GCCA) which we are members of. It will be a complex and exciting challenge that we do not intend to shy away from.

We are also getting ready for the Taxonomy reporting, the new European regulation which defines the criteria for identifying sustainable economic activities. For our sector this is based on CO₂ emissions per t of cement.

We continue to pursue with determination occupational health and safety objectives to protect our people.

The number of injuries confirms the positive trend from recent years and is lower than last year. Despite our constant commitment and attention, in 2020 we recorded two fatal injuries involving our contractors' employees.

In this report we are publishing, for the first time, information on our tax regime on a country by country basis.

We are pleased to note that interest for non-financial information is increasing rapidly and we are committed to constantly improving the quality and level of detail of this information.

We hope you enjoy reading this report.



Unil

BRUNNEN

Methodology Note

The entry into force of legislative decree 254/2016 requires that, starting from the 2017 financial year, public interest entities publish a consolidated non-financial declaration (NFD). For the fourth year, Buzzi Unicem has integrated the NFD within its Sustainability Report (art. 4 legislative decree 254/2016). The company increasingly believes that this instrument, which was published for the first time in 2001 and continues to evolve in terms of its content and accuracy, enables us to more fully comply with our legislative requirements, by integrating these into our corporate culture. The list of information required by the decree is contained within the “Correlation table to legislative decree 254/16”.

In accordance with the provisions of the Decree, the Sustainability Report was drafted in accordance with the Standards of the Global Reporting Initiative (GRI) with an “In Accordance-Core” reporting level and describes the business model, the identified risks, the Policies, the Targets and the environmental, social and governance performances. The list of indicators is contained within the “Table of contents of GRI Standards”. This year Buzzi Unicem has introduced information on taxes in the Sustainability Report, as we continue the progressive process of alignment to developments introduced in the GRI Standards. Moreover, following the guidelines from the European Securities and Market Authority (ESMA) on the priorities for drafting reports from listed companies, we have also published certain information relating to the Covid-19 pandemic and remote working.

This edition of the Sustainability Report, which also includes the NFD, was approved by the Board of Directors on 25 March 2021 along with the Consolidated Financial Statement.

Reporting process

The reporting was conducted thanks to a structured process as follows:

- Collection of data through Tagetik, the database of non-financial data at the entire Group;

- Collection of additional data through “Reporting Packages” (RPs) for issues not implemented in Tagetik (stakeholder engagement and governance). The RPs come with a brief guideline with definitions and examples;
- Signature by every country manager of a Representation Letter in which they confirm the accuracy of the data and the companies involved in the reporting scope.

Reporting scope

The economic, environmental and social data and information contained in the Sustainability Report relate to all companies within the reporting scope of the Consolidated Financial Statements as at 31/12/2020 using the line-by-line method*. The reporting scope of the Sustainability Report is aligned with that of the Consolidated Financial Statement.

The data of human resources and injuries are aggregated as follows: the data of Béton du Ried S.A.S. are aggregated with Luxembourg, the data of Dyckerhoff Gravières et Sablières Seltz S.A.S. are aggregated with Germany and those for ZAPA beton HUNGÁRIA Kft. are aggregated with Slovakia in line with the Consolidated Financial Statement.

For the second year, Buzzi Unicem is also publishing, separately, data relating to two major stakes (in companies not consolidated using the line-by-line method): Cimento Nacional (BCPAR) in Brazil and Corporación Moctezuma in Mexico.

Reporting details

Environmental indicators relating to consumption of thermal energy and emissions of dusts, nitrogen oxides (NOx), sulphur dioxide (SO₂) and mercury (Hg) are shown per ton of clinker produced.

Indicators relating to consumption of electrical energy, emissions of carbon dioxide (CO₂), waste produced and water consumption relate to ton of

* The companies Compañía Cubana de Cemento Portland, S.A., Transports Mariel, S.A., Proyectos Industrias de Jaruco, S.A. are not included in this non-financial report since they are not operational and the Group does not have operational control over them; the companies Buzzi Unicem Algérie S.à r.l., Serenergy Srl, Buzzi Unicem International S.à r.l., RC Lonestar Inc., are not included in this non-financial report since their impact is not significant.

cementitious product, defined as: all the clinker produced, including that used for the production of cements/binders and that which is sold directly, as well as gypsum and any materials mixed with clinker to produce cements and/or binders (e.g. limestone, slag, fly ashes, pozzolan, production process dust). The cementitious product also includes any quantities of mineral components (slag, fly ashes and pozzolan) that are processed and sold separately as cement substitutes. Clinker purchased from third parties and used for the production of cements and/or binders is not included.

Social indicators relating to injuries refer to direct employees and employees of contractors working in our production sites.

For the calculation of greenhouse gas emissions of cement plants in Italy, Germany, Luxembourg, Poland and Czech Republic that fall within the Emissions Trading System (EU ETS), the Company used the criteria required by Regulation (EU) 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. Even non-ETS countries apply the same methodology as ETS countries and this confirms Buzzi Unicem's commitment towards promoting best practices in the countries in which it operates. 100% of the Group's emissions are calculated on the basis of the criteria established by standard EN 19694-3, method B2.

Additionally:

- all data refer to the period 01-01-2020 to 31-12-2020;
- the environmental and social data include companies consolidated using the line-by-line method;
- economic data come from the Consolidated Financial Statement.



Group profile

The Group at a glance

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Regional overview

18

THE GROUP AT A GLANCE

INTERNATIONAL PRESENCE

Europe

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

Asia

Russia	SLK Cement
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America

USA	Buzzi Unicem USA, Alamo Cement
Mexico	Corporación Moctezuma (50%)
Brazil	Cimento Nacional (50%)

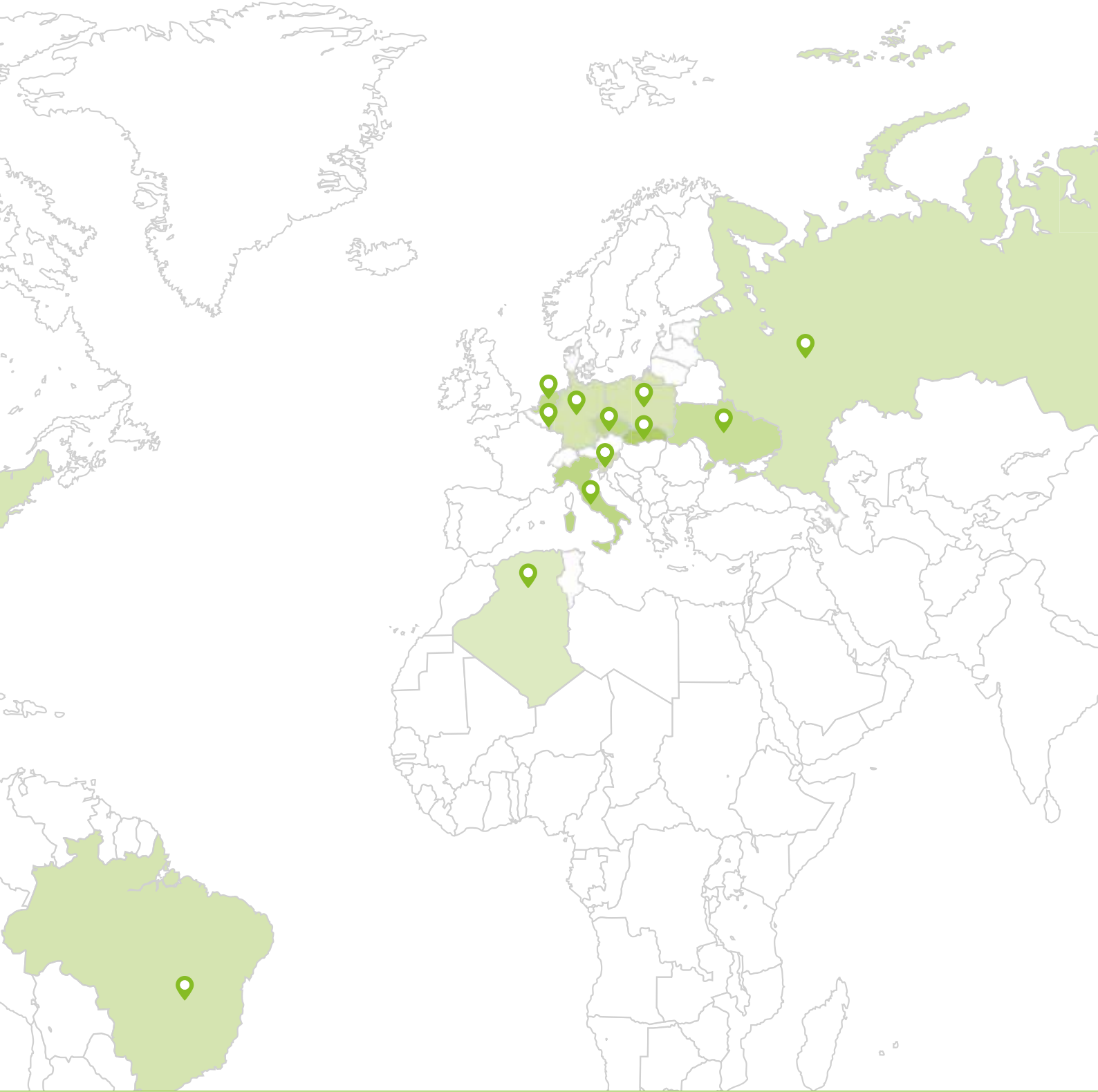
Africa

Algeria	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





44
Terminals

40
m tons/year
Cement production
capacity

406
Ready-mix batch
plants

18
Aggregate
quarries

Operating structure

		ITA	GER	LUX	NLD	POL	CZE SVK	UKR	RUS	USA	TOT	BRA ¹	MEX ¹
Cement plants	no.	13	8	2	0	1	1	2	2	8	37	2	3
of which grinding	no.	4	2	1	0	0	0	0	0	0	7	0	0
Cement production capacity	m tons/ year	10.8	7.2	1.4	0.0	1.6	1.1	3.0	4.3	10.2	39.6	4.1	8.3
Ready-mix batch plants	no.	119	108	3	13	20	69	5	0	69	406	0	32
Aggregate quarries	no.	6	3	0	0	0	6	0	0	3	18	0	2
Depots and terminals	no.	2	2	0	0	1	0	2	1	36	44	3	0

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

¹ Figures at 100%.

Key Figures

		2014	2015	2016	2017	2018	2019	2020
Cement production	t/000	24,280	24,857	24,901	26,173	27,143	28,306	28,016
Concrete sales	m ³ /000	12,048	11,936	11,938	12,294	12,093	12,120	11,743
Aggregate sales	t/000	7,558	8,120	6,839	6,935	6,753	5,551	4,853
Net sales	€ m	2,506	2,662	2,669	2,806	2,873	3,221	3,222
Capital expenditures	€ m	318	304	236	218	444	339	258
Headcount at year end	no.	10,117	9,738	9,975	10,025	9,880	9,841	9,683



Sales revenue

(millions of euro)

2014	2,506
2015	2,662
2016	2,669
2017	2,806
2018	2,873
2019	3,221
2020	3,222

Capital expenditures

(millions of euro)

2014	318
2015	304
2016	236
2017	218
2018	444
2019	339
2020	258

Main Environmental Performance

		2018	2019	2020
'Gross' direct CO ₂ (Scope 1)	kg / t cementitious product	690	688	694
Specific thermal consumption	MJ / t clinker	4,080	4,109	4,138
Thermal substitution	%	27.1	27.6	29.2

Main Social Performance

	2018	2019	2020
Headcount at year end	9,880	9,841	9,683
of which male	85.2%	85.5%	85.5%
of which female	14.8%	14.5%	14.5%
LTIFR *	6.4	5.8	4.8
Fatalities	2	1	2**
Fatal road traffic accidents (causes still not clear)	-	-	4
Management	447	436	439
White collars	3,101	3,141	3,145
Blue collars	6,090	6,003	5,851
Trainees	153	162	169
Marginal/helpers	89	99	79
Total hires	1,759	1,465	1,116
Percentage of hiring	17.8%	14.9%	11.5%
Total terminations	1,904	1,637	1,285
Turnover rate	19.3%	16.6%	13.3%
Absence rate (illness/injuries)	3.7%	3.3%	3.6%
Hours of training per capita	32	24	19

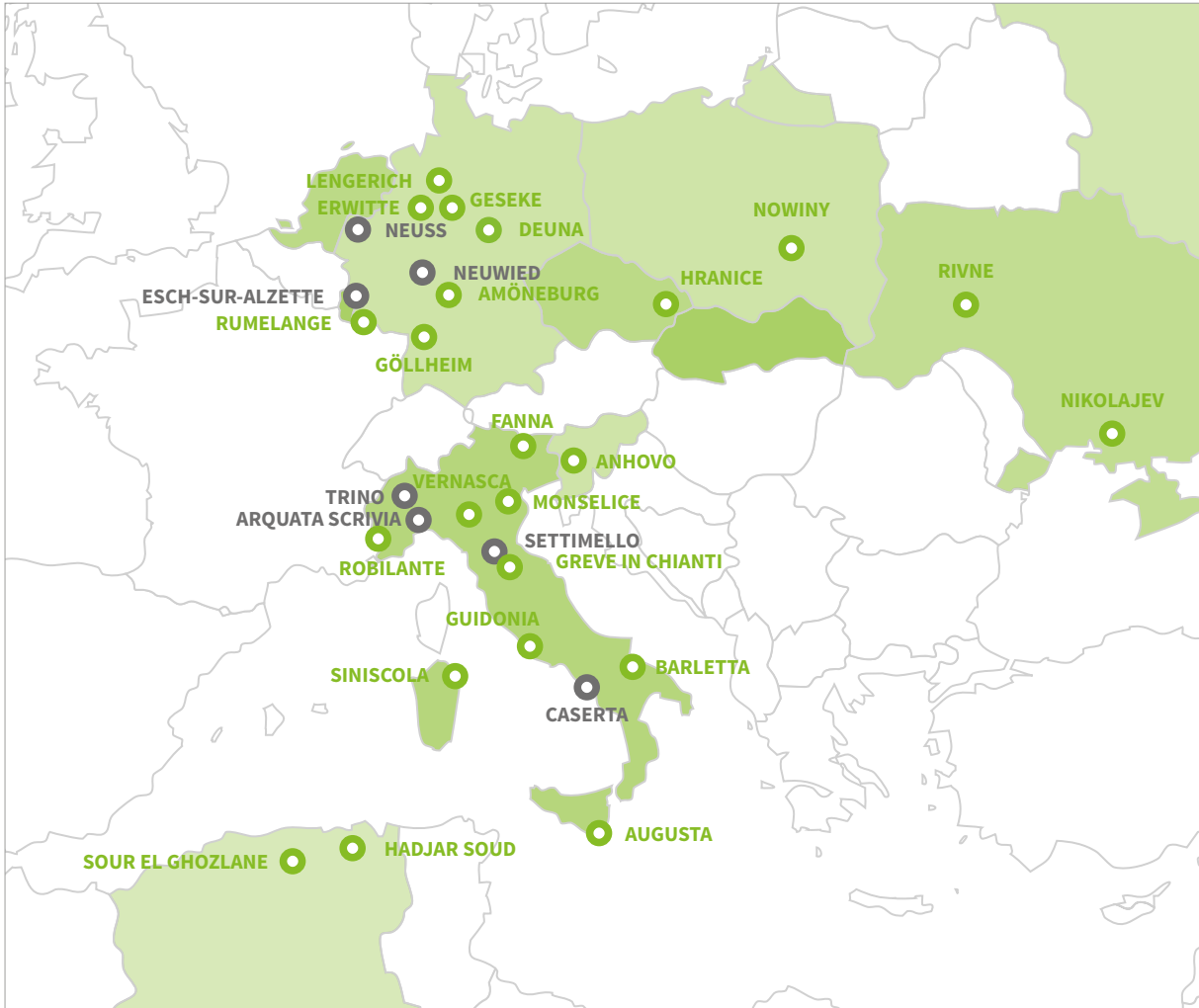
* LTIFR = total number of injuries causing absences from work divided by worked hours and multiplied by 1,000,000 The value includes cement, concrete, aggregates, terminals, transports, offices /laboratories/headquarters, employees + contractors.

** Fatal accidents of workers of local companies in the cement sector in Russia and Ukraine.

Cement plant locations

As at 31 December 2020

Europe and Africa



Asia



Caption

● Cement plants ● Grinding plants

America



Italy

13

plants

10.8

(million tons)
cement production
capacity

119

ready-mix
batch plants

6

aggregate
quarries

2

depots
and terminals

		2020	2019	20/19
Cement production	t/000	4,616	4,708	-2.0%
Concrete sales	m ³ /000	2,462	2,603	-5.4%
Aggregate sales	t/000	672	766	-12.2%
Net sales	€ m	501.1	504.7	-0.7%
Capital expenditures	€ m	52.0	108.1	-51.9%
Headcount at year end	no.	1,561	1,593	-2.0%



Germany, Luxembourg and Netherlands

10

plants

8.6

(million tons)
cement production
capacity

124

ready-mix
batch plants

3

aggregate
quarries

2

depots
and terminals

		2020	2019	20/19
Cement production	t/000	6,977	7,352	-5.1%
Concrete sales	m ³ /000	4,588	4,451	3.1%
Aggregate sales	t/000	463	790	-41.4%
Net sales	€ m	908.6	872.1	4.2%
Capital expenditures	€ m	49.5	56.1	-11.8%
Headcount at year end	no.	2,100	2,104	-0.2%



Poland

1

plant

1.6

(million tons)
cement production
capacity

20

ready-mix
batch plants

1

terminal

		2020	2019	20/19
Cement production	t/000	1,521	1,607	-5.3%
Concrete sales	m ³ /000	609	742	-17.9%
Net sales	€ m	117.8	123.8	-4.8%
Capital expenditures	€ m	6.0	6.8	-11.5%
Headcount at year end	no.	349	356	-2.0%



Czech Republic and Slovakia

1

plant

1.1

(million tons)
cement production
capacity

69

ready-mix
batch plants

6

aggregate
quarries

		2020	2019	20/19
Cement production	t/000	975	1,004	-2.9%
Concrete sales	m ³ /000	1,552	1,674	-7.3%
Aggregate sales	t/000	1,390	1,532	-9.3%
Net sales	€ m	159.5	168.2	-5.2%
Capital expenditures	€ m	9.3	13.5	-31.1%
Headcount at year end	no.	737	762	-3.3%



Ukraine

2

plants

3.0

(million tons)
cement production
capacity

5

ready-mix
batch plants

2

depots
and terminals

		2020	2019	20/19
Cement production	t/000	1,749	1,840	-5.0%
Concrete sales	m ³ /000	142	157	-9.6%
Net sales	€ m	116.1	131.9	-12.0%
Capital expenditures	€ m	9.2	10.5	-12.3%
Headcount at year end	no.	1,281	1,284	-0.2%



Russia

2

plants

4.3

(million tons)
cement production
capacity

1

terminal

		2020	2019	20/19
Cement production	t/000	3,714	3,644	1.9%
Net sales	€ m	195.8	214.5	-8.7%
Capital expenditures	€ m	17.8	40.3	-55.8%
Headcount at year end	no.	1,355	1,387	-2.3%



United States of America

8

plants

10.2

(million tons)
cement production
capacity

69

ready-mix
batch plants

3

aggregate
quarries

36

depots
and terminals

		2020	2019	20/19
Cement production	t/000	8,465	8,151	3.9%
Concrete sales	m ³ /000	2,389	2,493	-4.2%
Aggregate sales	t/000	2,327	2,463	-5.5%
Net sales	\$ m	1,440	1,391	3.5%
Capital expenditures	\$ m	130	116.5	11.6%
Headcount at year end	no.	2,300	2,355	-2.3%



Mexico¹

3

plants

8.3

(million tons)
cement production
capacity

32

ready-mix
batch plants

2

aggregate
quarries

		2020	2019	20/19
Cement production	t/000	7,019	6,240	12.5%
Concrete sales	m ³ /000	948	1,124	-15.7%
Aggregate sales	t/000	203	990	-79.5%
Net sales	\$ m	654.8	664.0	-1.4%
Capital expenditures	\$ m	22.5	36.1	-37.7%
Headcount at year end	no.	1,170	1,078	8.5%



¹Figures at 100% - valued by the equity method.

Brazil¹

2

plants

4.1

(million tons)
cement production
capacity

3

depots
and terminals

		2020	2019	20/19
Cement production	t/000	3,219	2,923	10.1%
Net sales	\$ m	159.1	150.8	5.5%
Capital expenditures	\$ m	2.9	5.2	-44.2%
Headcount at year end	no.	712	681	4.6%

¹Figures at 100% - valued by the equity method.



 Unicon

CLEANKER



This CLEANKER project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N° 764816



Governance

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Policies and Targets

Buzzi Unicem’s Sustainability Policies establish the context within which objectives are monitored and periodically re-examined for sustainable growth over time. The Policies are based on the three most important issues for the Company and its stakeholders:

Safety, Climate Change and Stakeholder Engagement and each of these, along with the respective targets, can be associated with one or more of the 17 Sustainable Development Goals and highlight Buzzi Unicem’s tangible contribution to the 2030 Agenda.



Buzzi Unicem operates to achieve the maximum level of safety for its own staff and its suppliers’ staff. The maximum level of safety is that at which we do not expect there to be any injuries or occupational diseases.

To achieve the above we believe it is essential:

- to comply with all the prevailing legislative requirements in the countries where the Group operates;
- make technical and organisational choices that are in line with best practices;
- ensure that the above choices are never influenced by reasons of economic convenience and/or containing costs;
- being aware that safety can only be

- achieved by ensuring, in a continual manner, a correct assessment of risks, behaviour, preventive measures and a system of controls involving all workers;
- being aware that in this regard the management’s responsibility is fundamental and must be evident;
- being committed to monitoring and reporting our performances through indices (KPIs), that are recognised internationally and useful for internal assessments and comparisons on a country by country basis with other companies in our own and other sectors;
- recognising that third party safety certifications, which the company is committed to acquiring, are a valid mechanism for implementing this policy.

Safety Target

The Target involves achieving working conditions that will not result in any injuries and/or any occupational diseases.





- Buzzi Unicem recognizes the importance of commitments made by the international community to limit climate change.
- Respecting the prevailing opinion of the scientific community, which contributes part of global warming to greenhouse gas emissions and particularly carbon dioxide (CO₂) emissions, Buzzi Unicem monitors its own emissions and reports on these in absolute and specific terms in its Sustainability Report.
- In line with the objectives that have been established over the years by international climate protocols, Buzzi Unicem is committed to reducing its CO₂ emissions. After the Paris agreement of December 2015, the commitment was extended to all countries in which the Group operates.

Climate Change Target

Although there are many factors in play, and not all of these are easy to predict and under the control of Buzzi Unicem, by 2022 we plan to achieve a reduction of CO₂ emissions, based on 2017 production capacity, of 5% compared to 2017 levels.





- Buzzi Unicem recognizes the importance of creating and maintaining relationships of trust, based on mutual respect, active partnership, transparency and long-term collaboration with its stakeholders, in particular those based in the areas in which the Group operates.
- Creating relationships of trust with stakeholders means knowing them, understanding their requirements and promoting their involvement during significant events in the life cycles of plants and the main headquarters as well as strategic initiatives that are potentially of mutual interest.
- To this end, Buzzi Unicem promotes regular communication in initiatives, particularly with employees, suppliers, customers, local communities and authorities, the level of involvement and contents of which are defined, planned and implemented on the basis of procedures that are compliant with this policy.

Stakeholder Engagement Target

The Target involves the implementation of the strategic approach to stakeholder engagement and the organisation of cyclical events in each production site with a high economic, environmental and social impact.



OBJECTIVES FOR SUSTAINABLE DEVELOPMENT

Sustainable development means, by definition, “meeting the needs of present generations without compromising the same opportunities for future generations” and, to achieve this, it is essential to combine three fundamental elements: economic growth, social inclusion and the protection of the environment. The Sustainable Development Goals (SDGs) are 17 goals that were adopted in September 2015 by the governments of the 193 member states of the General Assembly of the United Nations to make up a programme known as Agenda 2030 for Sustainable Development.

The 2030 Agenda recognizes 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, the emancipation of women and girls, good governance at all levels and responsible, effective and transparent institutions. The Goals are universal and are applicable in equal measure to developed and less developed countries.

For more information:

www.unric.org/it/agenda-2030





 **Buzzi Unicem**

Corporate Governance

The corporate bodies

- 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 comprises 3 executive members and 9 non-executive directors, 7 of whom are independent.
- The Board of Statutory Auditors 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.

The Board of Directors set up the Control and Risk Committee. The Committee is currently composed of

3 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 Board of Directors on internal control and risk management.

The Board of Directors set up the committee for transactions with related parties, that is responsible for issuing the opinions required by Consob Regulation n. 17221/2010 and as amended. It is composed of three independent Board members.

At the group level, the Company has put in place a Sustainability Steering Committee and a Sustainability department, whose Manager reports to the Control and Risk Committee at least once per year.

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 (for more information on the Code of Conduct see the box below).

CODE OF CONDUCT

Sustainability, integrity and good Corporate Governance

are the key components of our ethical culture and inspire our conduct towards customers, suppliers, employees, shareholders and stakeholders in general.

Buzzi Unicem believes that, along with full compliance of laws, ethics represent a fundamental aspect in managing a business and add value to the company. All of our activities, whether they are strategic or operational, take place in compliance with the applicable laws and ethical values governing our conduct.

This is why we drafted the Code of Conduct, which defines the standards of integrity and propriety which Buzzi Unicem has voluntarily chosen to adopt as a commitment towards its stakeholders.

The Code applies to Buzzi Unicem SpA and all its Italian and foreign subsidiaries.

The principles in the Code apply to directors, members of corporate bodies,

employees, suppliers and everyone acting for and on behalf of Buzzi Unicem, including, but not limited to, representatives, agents, associates, external advisers and companies who receive an appointment from the company, etc.

All recipients must comply with the guidelines of the Code in dealing with and overcoming challenges regarding ethics and legality which they may encounter in their day-to-day professional activities. The Code is an integral part of Buzzi Unicem's Corporate Governance and guides company bodies, processes and systems to ensure efficient management in accordance with the highest corporate standards. Buzzi Unicem invites its stakeholders to adopt conduct in line with that set forth in its Code.

The updated version of the Code of Conduct was approved by the Board of Directors of Buzzi Unicem SpA on 7 February 2019.

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; it 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 the observation of risks control, 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 risk monitoring system; short-term risks are quantified financially in terms of their impact and likelihood of occurrence, while medium and long-term risks are subject to a qualitative assessment. The assessment, detection and containment of these two risk types is the responsibility of specific management departments.

The short-term risks Buzzi Unicem is exposed to are linked to the nature of the group's business and are aggregated into categories. These typically include:

- distribution risk connected 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.

For medium and long-term strategic and operational risks, the qualitative assessment is yearly but management strategies are defined in periodic meetings by the top management and the Board of Directors. This group includes the risks connected with the general political and economic conditions and the evolution of the markets in which the Group operates.

We report among the main risks those deriving from the adoption of the EU regulations connected to the fight against climate change (Climate Law, Emission Trading Scheme, Taxonomy) and, more generally, the laws and/or regulations for protecting the environment, which, by (directly or indirectly) introducing restrictions on emissions could generate competitive advantages for producers in non-EU countries, like Turkey, Egypt, the Middle East and China if they are not bound by the same restrictions. Less significant risks, but which still deserve attention, are those for new construction materials, business combinations, fluctuating exchange rates, the scarcity of certain specific professions, the availability of alternative raw materials, the granting of licences/permits, conflicts between countries and epidemics. More details on the medium and long-term risks are provided on page 37 "Management of risk connected to non-financial factors".

Buzzi Unicem's managers and supervisors are supported in their 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

THE MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

In order to ensure propriety and transparency in the conduct of its business and corporate activities, and to protect its position and image, and that of its subsidiaries, shareholders and employees, Buzzi Unicem SpA considered it useful, in terms of its group policies, to adopt the Model of Organisation, Management and Control provided by the legislative decree 231/2001.

The Model is based on a structured and organic system of procedures and control activities.

The characteristics of Buzzi Unicem's organisation are:

- **System of ethical values:** the Code of Conduct defines the ethical values and principles of behaviour the Company has chosen to adopt in the running of its business.
- **Formalised organisational system:** Buzzi Unicem has put in place organisational instruments characterised by general principles of knowability within the Company and a clear and formal delineation of roles.
- **Separation of departments and segregation of duties:** Buzzi Unicem's organisation is based on a separation of the various operational departments and the administrative/accounting departments. The principle of the segregation of duties is applied so that no one person can independently manage all phases of a process.
- **System of delegations:** the system adopted by Buzzi Unicem involves caution in granting signatory powers, both for the actions of the entity, and especially for the use of cash and equivalents, and is structured on the basis of maximum values associated with different levels of responsibility.
- **Reward system:** presence of a reward system which, rather than encouraging individuals to commit crimes, rewards their ability, dedication and loyalty to the company.
- **IT systems:** the company's main processes are supported by IT applications of a high qualitative level

which are integrated and designed to segregate functions, protect information contained therein and enable the traceability of operations.

Buzzi Unicem has a specific communication and training plan to promote knowledge and the dissemination of its Model with all employees. The content of training activities differs on the basis of the position of intended recipients, their involvement in any sensitive activities specified in the Model or having

powers of representation in the Company.

On 06/11/2020 the Board of Directors approved an update to the Model which reflects recent changes to the law. In particular, pursuant to Legislative Decree 231/2001, the following punishable offences were introduced: tax and smuggling crimes.

The updated version of the Model has been distributed to recipients in accordance with the procedures set forth in the Model itself.



Committee, the Board of Directors assesses the effectiveness and suitability of the Internal Control and Risk Management System.

Transparency in the conduct of business

Buzzi Unicem is committed to conducting its business in accordance with the laws and regulations of the countries in which it operates. In pursuing financial success, Buzzi Unicem's companies are focused on integrity and propriety in all their activities.

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 2020 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 it was 89% completed.

As well as operational audits, there can be unplanned audits that may occur either at the request of the management or following whistleblowing reports. For years, the Company has had an internal reporting system in place for employees to report irregularities or breaches to applicable laws using a procedure that has also been applied by 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.

During the course of 2020, 28 whistleblowing reports were received, which turned out not to be reliable in 21 cases, while corrective action was carried out in the remaining cases.

Anti-corruption

Buzzi Unicem considers corruption to be a significant obstacle to sustainable development, economic growth and free competition. This is why it prohibits and does not tolerate any form of corruption.

The parent company has issued the document "Guidelines for Customer Loyalty Measures and Gifts Management" with the aim of defining

uniform rules, for all employees of the Group, for the acceptance and offer of customer loyalty measures and gifts. These guidelines were sent to all subsidiaries in Italy and abroad, who were asked to implement them.

Moreover, in order to harmonise the anti-corruption measures adopted in the various countries, the parent company issued the document "Guidelines for anticorruption training". These guidelines were circulated amongst all the Group's subsidiaries in Italy and abroad for the organisation of training courses for managers and employees operating in areas where there is a risk of corruption.

During the course of 2020, Germany, Netherlands, Luxembourg, Ukraine, Russia, Poland, Czech Republic and the United States organised training activities on anti-corruption issues that involved a total of 1056 employees.

In 2020 no corruption cases were identified within the activities of the Group.

Antitrust

In Italy, in accordance with the Guidelines on Antitrust Compliance adopted by the Competition and Market Supervisory Authority, an Antitrust Compliance Officer was appointed and an Antitrust Compliance Program was adopted.

The Antitrust Compliance Officer has a key role in stimulating innovative and pro-competitive conduct and contributing to reinforcing a culture of antitrust compliance and lawfulness within the company. The Officer is also independent, has suitable resources and instruments and reports directly to the Chief Operations Officer.

The Antitrust Compliance Program was designed to promote a permanent ethical culture of antitrust soundness and therefore aims to acknowledge the value of competition as an integral part of the culture and corporate policy and a continuous and lasting commitment of adherence to the plan.

Moreover, as we had already done in Germany, Luxembourg, Netherlands, Czech Republic, Slovakia, Poland, Russia and Ukraine, in Italy we have adopted a database to enable the constant monitoring, assessment and documenting of contacts with competitors in order to identify and manage potential risks.

MANAGEMENT OF RISK CONNECTED TO NON-FINANCIAL FACTORS

Environmental risk linked to climate change.

- Risk: increase in costs, reduction of competitiveness and reduction of operational activities as a result of extreme weather events.
- How Buzzi Unicem manages this risk:
 - Code of Conduct which requires that everyone working for and with Buzzi Unicem complies with conduct which is conducive to sustainable development;
 - Climate Change Policy with the objective of reducing CO₂ emissions;
 - Incentives to management to encourage them to reach the Group's objectives;
 - Investments in research and development for the development of technologies for reducing CO₂;
 - Involvement with industry associations in order to participate in the development of international and local policies.

Social Risk linked to injuries in our production sites.

- Risk: organisational shortcomings, production delays, reduced capacity to attract the best talent and reputational risks.
- How Buzzi Unicem manages this risk:
 - Code of Conduct which requires that everyone who enters a Buzzi Unicem production site engages in safety-focused conduct;
 - Safety Policy with the aim of guaranteeing safe and healthy working environments for employees, suppliers, contractors and third parties;
 - Investments for the continuous improvement of the safety conditions in our production sites;
 - Constant training in order to spread a common culture of safety based on safe conduct and compliance with laws and regulations;
 - Safe work plans to guarantee the proper functioning of daily operations.

Social Risk linked to a failure to involve stakeholders.

- Risk: authorisation processes obstructed by hostile groups, reputational repercussions that could extend to operating licences being limited.
- How Buzzi Unicem manages this risk:
 - Code of Conduct which requires that everyone working for and with Buzzi Unicem complies with conduct which is conducive to the transparent exchange of information;
 - Stakeholder Engagement Policy which aims to involve key stakeholders in a regular and continuous dialogue over time;
 - Continuous training of Buzzi Unicem staff to encourage openness, dialogue and local networking;
 - Shared projects and partnerships with local stakeholders, in the areas we operate in, with the aim of creating lasting value over time;
 - Regular opening of production sites and putting the skills, time and operational culture of our staff to the service of local communities.

Employees most exposed to contacts with competitors are required to register in a database all contacts they have with competitors.

The parent company has finally issued the updated “Directives concerning conduct for employees of the Buzzi Unicem Group for compliance with laws protecting competition” (Antitrust Code). This document was sent to the Group’s foreign companies who disseminated it among their staff.

In 2020, in the various Countries in which the Group operates, training courses were held on anti-trust issues and were attended by 44 employees in Italy, 35 in Holland, 4 in Poland and 113 in the United States.

Penalties

In Italy, in 2020, Buzzi Unicem has paid an antitrust penalty as it was alleged to have been involved - between 1 June 2011 and 1 January 2016 - in an agreement relating to the coordination of producers in simultaneously increasing prices as well as an exchange of information within the AITEC trade association and, in general, was alleged to have adopted a conduct that aimed to maintain the stability of market shares. The amount paid in 2020 was approximately 8,000,000 euro.

The appeal for revision to the Council of State against this penalty was deemed inadmissible by the Court on 28 September 2020, while the appeal to the European Court of Human Rights (ECHR) remains pending after being deemed admissible by said court on 22 December 2020. The case will now be assessed on its merits.

In Italy, since 2014 Unical S.p.A. has been paying a penalty in instalments under anti-trust laws for allegedly implementing an anti-competitive agreement in 2004. The amount paid in 2020 was 1,307,146.61 euro.

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

Dialogue with Stakeholders

Even in 2020 Buzzi Unicem regularly involved shareholders, investors and capital providers through various communication channels, in Italy and abroad, both on an institutional level - through the Annual General 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 attended by Buzzi Unicem, that were held in a digital form because of the pandemic, were:

- Italian Equity Digital Summit organised by Unicredit and Kepler Chevreux in May
- European Materials Conference organised by JP Morgan in June
- Italian CEO’s Conference organised by Mediobanca in June
- Infrastructure & Energy Day organised by Borsa Italiana in September
- Davy 12th Annual Industrial Conference organised by Davy in September
- HSBC Italian Jewels organised by HSBC in September
- Institutional Investors Roadshow organised by Equita in October
- Institutional Investors Roadshow organised by JP Morgan in November
- Materials and Infrastructure Conference organised by Bank of America in December

Moreover, in the context of relations of dialogue with investors, with the objective of responding in concrete terms to their requirements for discussions and further analysis on ESG issues, Buzzi Unicem attended the “Digital Italian Sustainability Week”, an event organised by Borsa Italiana, in a digital format, in July.

Under the company’s online communication strategy, the corporate website www.buzziunicem.com provides information of use for getting to know the Group: its history, its presence in different geographical areas and the quality of the products it offers to its customers. The site also includes a description of the work conducted in research laboratories and the certifications obtained, a discussion of sustainability and Corporate Governance, a page for press releases, access to annual and interim financial statements, a description of the shareholding structure, share listings, a list of analysts monitoring share listings, and information on the decisions made in ordinary and extraordinary shareholders’ meetings. The website www.buzziunicem.it offers ample information on production sites in Italy, relations at a local level and products and services offered to customers.

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

Direct economic value generated and distributed

The information on the direct financial 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 following table details of the annual value flows. The data is presented in millions of Euro, applies to 2020, and complies with the requirements of the GRI Standards (indicator 201-1).

(millions of euro)	2018	2019	2020
Direct economic value generated			
Revenues	2,957.1	3,276.9	3,246.2
Economic value distributed			
Operating costs ⁽¹⁾	1,809.2	1,970.0	1,861.2
Employee salaries and benefits	483.2	514.4	506.2
Payments to capital providers ⁽²⁾	74.5	58.8	58.0
Payments to Governments	116.5	129.9	172.5
Community investments	54.3	59.1	64.9
Economic value withheld ⁽³⁾	419.4	544.8	583.4

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

⁽²⁾ Including net financial costs and paid dividends.

⁽³⁾ Direct economic value minus amount distributed.



Taxes

Approach to tax

Buzzi Unicem is an international multiregional, “heavy-side“ group, focused on production and sales of cement, ready-mix concrete and aggregates. The choice of the geographical diversification of its operational units is dictated by business considerations, that are in turn mainly founded on the simultaneous existence of market prospects and the location of sources of raw materials, given the evident unprofitability of import and export operations of products between companies of the Group that are based in different countries.

As such, choices for the location of companies are not the result of tax considerations.

The Group’s fiscal strategy, i.e. the series of guidelines inspired by ethics, transparency and legality, was defined by Buzzi Unicem’s Board of Directors within the framework of the Code of Conduct adopted on 7 February 2019, which is applicable to the Company and all its Italian and foreign subsidiaries.

This strategy can be summarised as follows:

- awareness that financial contribution, in terms of the correct payment of duties and taxes in the various countries in which the Group operates, represents a prerequisite for the development and prosperity of the respective economies;
- resulting compliance, in both formal and substantive terms, of fiscal conduct with the various applicable legal systems and the correct fulfilment of the resulting financial obligations;
- careful calculation of transfer prices and collaboration with the competent tax authorities through a request, where possible, to apply mutual cooperation agreements between states, in accordance with OECD rules;
- transparency in disclosures to all stakeholders, with a detailed illustration of Buzzi Unicem’s and its subsidiaries’ most relevant tax disputes in a dedicated section of the consolidated and statutory financial statement.

Tax governance, control and management of risk

The Board of Directors is responsible for supervising the conduct of the Company, in strict compliance with the principles and regulations, including those of a fiscal nature, referred to in the Code of Conduct, that was approved by the Board on 7 February 2019. For the Group companies, this supervision is entrusted to

the highest specific governance body of the respective subsidiaries, who are also required to comply with the above Code of Conduct.

The activity of the tax department (procedures and statements) is subject to external audits at an individual entity level on at least an annual basis.

The most significant tax risks are included in the Group’s Enterprise Risk Management system and are monitored every six months.

Since 2016 Buzzi Unicem and its subsidiaries have also adopted a whistleblowing policy to identify criticalities in terms of unethical or illegal conduct in all areas of compliance with regulations or provisions, including for tax issues.

The policy identifies the senior executives to whom letters or reports from whistleblowers must be sent and defines the procedures for subsequent investigations, in conformity with the applicable national legislation for the processing of personal data and in order to protect whistleblowers in good faith. In the event of a whistleblowing letter being confirmed, the policy envisages the issuing of a specific report for the attention of senior executives.

Stakeholder engagement

Buzzi Unicem maintains correct and transparent relations with the competent tax authorities since it considers this collaborative approach to be fundamental both for reducing tax risks and for avoiding reputational damage.

From this perspective, the Company intends to improve its system for identifying, measuring, managing and controlling tax risks, which are understood to be the risk of breaching tax regulations or acting in a manner that is in contrast with the principles of tax laws, in order to adhere to the “cooperative compliance” tax regime pursuant to legislative decree 128/2015 as soon as the Group returns within the scope of said procedure, in order to prevent in advance significant disputes of interpretation with the tax authorities.

Buzzi Unicem participates actively in its general trade associations (Cembureau and Global Cement and Concrete Association), that represent and protect the technical and financial interests of the sector with institutions as well as public and private bodies and organisations, by promoting disclosure and information activities to the public

and through their commitment to sustainability. To ensure the utmost transparency of its disclosures with all categories of stakeholders, Buzzi Unicem dedicates a large section of its statutory financial statement and consolidated group financial statement to a detailed illustration of the main tax disputes it is involved in in the various countries in which it operates.

Country by country reporting

Reporting scope

Reporting on the different tax jurisdictions in which the Group operates concerns all of entities that are directly or indirectly controlled by Buzzi Unicem SpA and included in its Consolidated Financial Statement, as well as the parent company Fimedi SpA and the sub-holding company Presa SpA. The figures shown are taken from the Country by Country Report the Group is required to present to the Italian tax authority, on behalf of the parent company Fimedi SpA, pursuant to EU directive 216/81 of 25/05/2016, as implemented in Italy by article 1, paragraphs 145 and 146 of Law 28/12/2015 n. 2018 (2016 Stability Law).

The figures included in the Report are prepared in accordance with the IFRS international accounting

principles and are subject to external annual audits. Please note that entities subject to joint control are excluded from the report and that the Group does not operate through permanent establishments.

Source of the figures

The figures for the various consolidated entities come from the separate financial statements prepared by the latter, with the exception of the US subsidiaries, who do not draft separate statutory financial statements, but only consolidated financial statements.

Applicable tax year

For this first year of the application of GRI 207, the information is provided for the 2019 financial year, which is the last consolidated financial statement that has been filed in public registers.

Structure and content

The figures from the various consolidated entities are aggregated for each tax jurisdiction in which the Group operates, by adding the values from the financial statements of the individual entities that are fiscally resident in the same jurisdiction.



Reporting on a country by country basis

2019 figures for the Buzzi Unicem group

(amounts in euro)

Tax jurisdiction	Revenues		Revenues		Profits or (losses) before income taxes
	Unrelated party	Related party	Total		
1. Italy*	528,387,114	104,607,981	632,995,094	83,599,405	
2. Algeria	13,681	71,068	84,748	25,818	
3. Netherlands	81,769,105	19,057,960	100,827,064	41,545,837	
4. Germany	669,220,751	130,480,912	799,701,662	-155,978,107	
5. France	12,941,810	1,000,208	13,942,018	1,361,483	
6. Luxembourg	101,006,481	2,594,611	103,601,092	159,601,166	
7. Czech Republic	145,415,264	31,056,218	176,471,482	34,505,300	
8. Hungary	469,175	-	469,175	-30,678	
9. Poland	125,828,098	7,922,882	133,750,980	23,959,595	
10. Russia	218,090,475	4,070,239	222,160,713	54,244,667	
11. Slovakia	27,165,074	399,535	27,564,609	-3,569,248	
12. Ukraine	134,019,028	9,493,780	143,512,808	18,273,169	
13. USA	1,256,384,642	326,724,788	1,583,109,430	492,102,262	
14. Cuba	-	-	-	-	

* The "Italy" tax jurisdiction includes Fimedi SpA and Presa SpA (main business: ownership of shares or other capital instruments) as the parent companies of Buzzi Unicem.

Income taxes paid based on cash accounting	Accrued taxes on income - current year	Capital declared	Undistributed profits	Headcount	Tangible fixed assets other than cash and equivalents
119,676	3,271,977	268,399,835	1,011,924,351	1,593	370,000,182
-	-	30,489	69,041	-	104
150,854	91,962	280,159	11,727,832	125	9,210,557
4,777,367	19,859,959	138,180,999	-150,134,412	1,791	400,621,552
120,968	391,258	680,000	7,616,404	29	7,118,978
3,348,449	3,791,995	67,454,689	19,267,897	159	68,136,803
7,279,506	6,886,550	31,896,226	54,074,851	665	61,362,930
-	898	18,153	-271,509	7	993,418
4,204,729	4,766,565	16,444,277	58,147,839	356	64,564,767
10,647,412	10,871,130	12,355,477	42,398,349	1,387	186,973,347
-2,880	8,510	11,859,396	-5,731,151	90	9,941,827
58,876	-	11,671,186	17,634,576	1,284	51,601,731
53,532,626	57,973,675	516,041	2,819,670,047	2,355	1,880,427,792
-	-	-	-	-	-

Companies of the Buzzi Unicem group

Tax jurisdiction	Entities belonging to the Group that are resident in the tax jurisdiction	Primary activities
Algeria	Buzzi Unicem Algérie S.à r.l.	Sale, commercialisation, distribution, marketing
Cuba	Compañía Cubana de Cemento Portland, S.A.	Current business unknown*
	Proyectos Industrias de Jaruco, S.A.	Current business unknown*
	Transports Mariel, S.A.	Current business unknown*
Czech Republic	ZAPA beton a.s.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Cement Hranice a.s.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
France	Béton du Ried S.A.S.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Gravières et Sablières Seltz S.A.S.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Germany	TBG Lieferbeton GmbH & Co. KG Odenwald	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Kieswerk Trebur GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	GfBB prüftechnik GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Kieswerk Leubingen GmbH	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Beton GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	sibobeton Osnabrück GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	sibobeton Ems GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	sibobeton Enger GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Ostfriesische Transport-Beton GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	sibobeton Wilhelmshaven GmbH & Co. KG	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	SIBO-Gruppe GmbH & Co. KG	Administration, management, support or assistance services

* The company was nationalised in 1959 and there have been no contacts with it since

Companies of the Buzzi Unicem group (continues)

Tax jurisdiction	Entities belonging to the Group that are resident in the tax jurisdiction	Primary activities
	BTG Beton-Transport-Gesellschaft mbH	Intragroup transport services
	Lieferbeton Odenwald Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Seibel Beteiligungsgesellschaft mbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	MKB Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Dyckerhoff Beton Rheinland-Pfalz Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	GfBB prüftechnik Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Dyckerhoff Transportbeton Schmalkalden Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Lichtner-Dyckerhoff Beton Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Dyckerhoff Beton Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	BLR Betonlogistik Rhein-Ruhr Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Nordenhamer Transportbeton GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	Dyckerhoff Kieswerk Trebur Verwaltungs GmbH	Economic entity not included in the group of consolidated companies for reasons of materiality
	SIBO-Gruppe Verwaltungsgesellschaft mbH	Real estate holding company
	Hotfilter Pumpendienst Beteiligungsgesellschaft mbH	Real estate holding company
	Dyckerhoff GmbH	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Portland Zementwerke Seibel und Söhne GmbH & Co. KG	Sale, commercialisation, distribution, marketing
Hungary	ZAPA beton HUNGÁRIA Kft.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Italy	Buzzi Unicem SpA	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Unical SpA	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Serenergy Srl	Provider of services to unrelated parties
	Calcestruzzi Zillo SpA	Rental of companies in the concrete sector
	Ghiaie Beton S.p.A.	Rental of companies in the concrete sector

Companies of the Buzzi Unicem group (continues)

Tax jurisdiction	Entities belonging to the Group that are resident in the tax jurisdiction	Primary activities
	Testi Cementi S.r.l.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Arquata Cementi Srl	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Borgo Cementi Srl	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Luxembourg	Buzzi Unicem International S.à r.l.	Ownership of shares or other capital instruments
	Cimalux S.A.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Cimalux Société Immobilière S. à r.l.	Real estate holding company
Netherlands	Dyckerhoff Basal Nederland B.V.	Ownership of shares or other capital instruments
	Dyckerhoff Basal Betonmortel B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Friesland Beton Heerenveen B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Betonmortel Centrale Groningen (B.C.G.) B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	BSN Beton Service Nederland B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	MegaMix Basal B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Dyckerhoff Basal Toeslagstoffen B.V.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Poland	Dyckerhoff Polska Sp. z o.o.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Russia	OOO SLK Cement	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	OOO Dyckerhoff Suchoi Log, obshestvo po sbitu tamponashnich zementow	Sale, commercialisation, distribution, marketing
	OOO CemTrans	Intragroup transport services
	OOO Omsk Cement	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	OOO Dyckerhoff Korkino Cement	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Slovakia	ZAPA beton SK s.r.o.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Ukraine	TOB Dyckerhoff Ukraina	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	TOB Dyckerhoff Transport Ukraina	Intragroup transport services
	PrAT Dyckerhoff Cement Ukraine	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing

Companies of the Buzzi Unicem group (continues)

Tax jurisdiction	Entities belonging to the Group that are resident in the tax jurisdiction	Primary activities
USA	RC Lonestar Inc.	Ownership of shares or other capital instruments
	Buzzi Unicem USA Inc.	Administration, management, support or assistance
	Midwest Material Industries Inc.	Ownership of shares or other capital instruments
	Buzzi Unicem Ready Mix, L.L.C.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	RED-E-MIX, L.L.C.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	RED-E-MIX Transportation, L.L.C.	Intragroup transport services
	Lone Star Industries, Inc.	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Utah Portland Quarries, Inc.	Not active
	Rosebud Real Properties, Inc.	Not active
	River Cement Company	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	River Cement Sales Company	Sale, commercialisation or distribution
	Signal Mountain Cement Company	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Heartland Cement Company	Sale, commercialisation or distribution
	Heartland Cement Sales Company	Sale, commercialisation or distribution
	Hercules Cement Holding Company	Ownership of shares or other capital instruments
	Hercules Cement Company LP	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
	Alamo Cement Company	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing
Alamo Concrete Products Company	Manufacturing or production, fabrication and sale, commercialisation, distribution, marketing	
Alamo Transit Company	Intragroup transport services	

Please find below explanations on differences between income tax for companies accrued on pre-tax results and tax due, with details provided for individual tax jurisdictions (as required by "disclosure 207-4 paragraph b - x) of GRI 207 Taxes)

Germany	In Germany the income tax for companies is the "corporation tax", with a rate of 16% and a pre-tax at a rate of approximately 14%, for an overall tax rate of approximately 30%. The actual tax rate is approximately 8%, while the theoretical tax rate is 30%. This difference is due to the lower tax base for proceeds from exempt dividends, net of the effect of offsetting earlier losses and the non-deductibility of statutory losses deriving from the incorporation of Deuna in Dyckerhoff.
Luxembourg	The actual tax rate is approximately 18%, while the theoretical tax rate is 27.8%. This difference is due to the lower tax base for proceeds from the exempt dividends, net of the non-deductibility effect of certain expenses.
France	The actual tax rate is approximately 27.5%, which is in line with the theoretical tax rate of 28%.
Netherlands	The annual result and the tax base are both negative so no taxes are due on the companies' income.
Poland	The actual tax rate is approximately 22%, while the theoretical tax rate is 19%. This difference is due to the higher tax base for the non-deductibility of certain costs.
Czech Republic	The actual tax rate is approximately 19 %, which is in line with the theoretical tax rate of 19%.
Slovakia	The annual result and the tax base are both negative so no taxes are due on the companies' income.
Hungary	This discrepancy is due mainly to the minimum taxation (9%) set forth by the Hungarian tax law, even in the event of losses.
Ukraine	The actual tax rate is approximately 1%, while the theoretical tax rate is 18%. The difference derives from the use of losses carried forward for which no deferred tax assets were identified.
Russia	The actual tax rate is approximately 21%, which is in line with the theoretical tax rate of 20%.
Italy	The overall tax base is negligible given the presence of exempt dividends and is cancelled from the use of losses carried forward and the ACE (aid for economic growth) concession.
USA	The actual tax rate is higher than the legal tax rate mainly as a result of state taxes on income for the jurisdictions in which the subsidiaries operate, which is partially offset by a tax deduction for the percentage depletion for the extraction of minerals.



 **Buzzi Unicem**

Materiality Matrix

The Materiality Matrix represents on a Cartesian coordinate system the relevant economic, environmental and social topics for the company and its stakeholders.

The first Matrix, which was published in 2015, was updated at the beginning of 2020 in consideration of the following:

- the main trends in the cement and concrete sector at a global level
- the guidelines provided by the GRI standards, which is the most commonly used sustainability reporting system
- the non-financial reporting of a significant sample of international competitors.

Each topic has been “weighted” following and assessments involving various internal and external stakeholders:

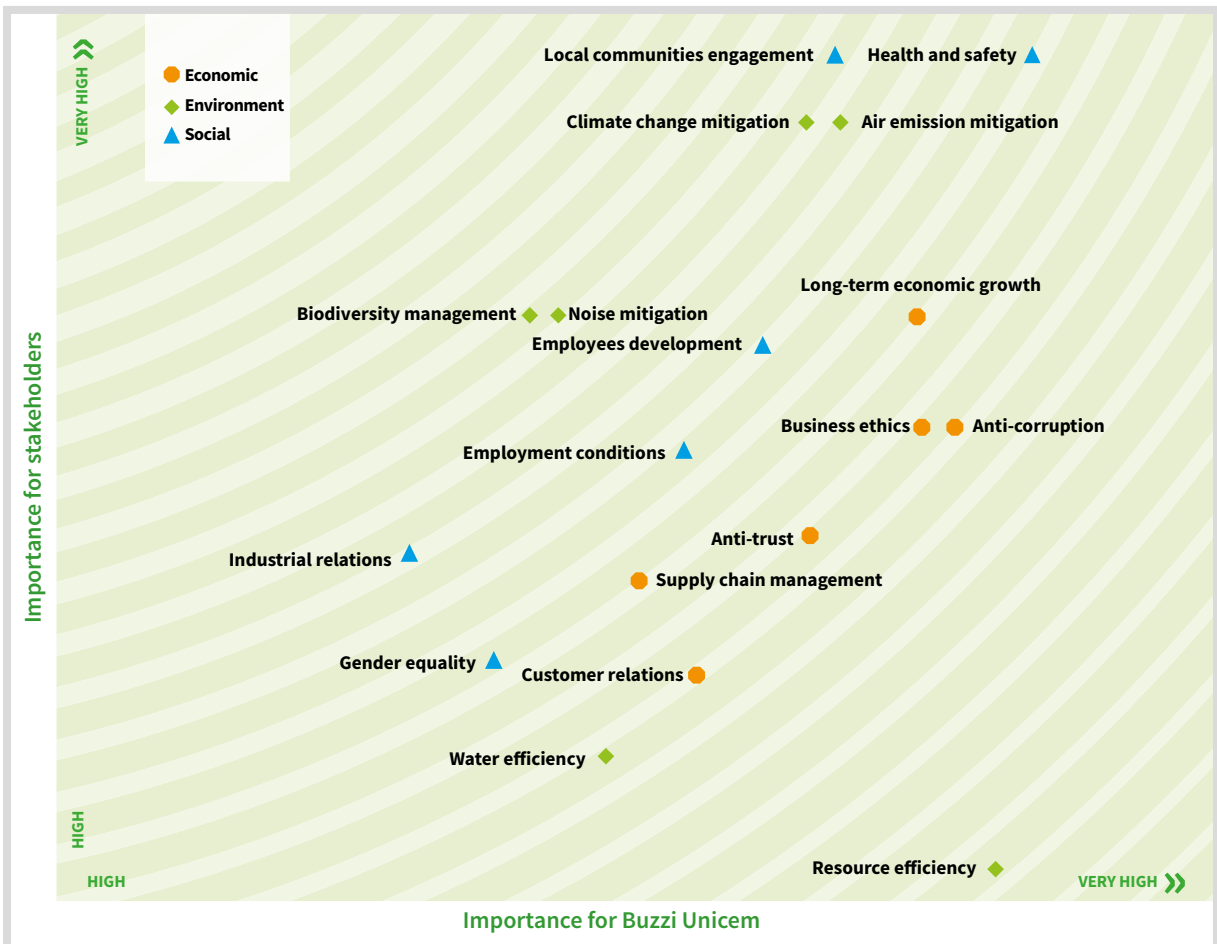
- the Sustainability Steering Committee provided the company’s point of view (x axis);

- along with a select group of Italian managers the Sustainability Department interpreted the perspective of our stakeholders (y axis);
- a sample of Italian and international investors and analysts all helped to complete the perspective from the financial sector (y axis).

The review process of the Materiality Matrix was specifically examined by PwC SpA during its limited assurance activities.

The closer a point is to the top right-hand corner, the higher its importance for both Buzzi Unicem and its stakeholders. Points featured in this part of the Materiality Matrix can be seen in more detail in the image below. Issues for which the company is committed to improving its reporting within the forthcoming Sustainability Reports.

The Matrix confirms the policies and strategies developed by the Group.





Stakeholder Engagement

Buzzi Unicem recognises the importance of building and maintaining relations 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 - by recognising and promoting the value of operations that are fully integrated within the social, urban and environmental setting for the business. The purpose of stakeholder engagement is to facilitate these interactions so they can become opportunities of mutual growth and enrichment while at the same time helping to reduce any past or present conflicts or misunderstandings. Creating relationships of trust with stakeholders means dedicating the time required to get to know them, understand their expectations and preoccupations, listen to their requests, provide responses and encourage their involvement during important events in the life of our cement plants.

In 2020, despite the limitations resulting from the Covid-19 pandemic and social distancing measures, 77% (65% in 2019) of cement plants in Italy, Germany, US, Czech Republic and Russia operated with significant engagement programmes and we confirm our intention of pursuing the target of 100% by the end of 2022.

Moreover, during the course of 2020, new organisational instruments, that had already been successfully tested by the parent company, were developed, and we are confident that their full implementation over the next two years will enable us to improve our ability to engage in dialogue.

All Buzzi Unicem plants are open to individuals and/or small groups for visits. On these occasions, people can visit all production departments in the company of technicians and can get answers to any questions they might have.

Buzzi Unicem is a member of CEMBUREAU, the Brussels-based organisation which represents the cement industry in Europe. The association acts as a spokesperson for the cement industry and brings to the attention of the European Union issues relating to the use of raw materials, secondary fuels and environmental protection, emissions, biodiversity, occupational health and safety.

In September 2018, Buzzi Unicem also became a member of the Global Cement and Concrete Association (GCCA). The Association, which was founded in London at the start of 2018, comprises 37 leading companies in the production of cement and concrete, which together represent more than 30% of global production capacity. The Mission of the GCCA involves interaction with institutions at an international level and with the most significant stakeholders so that cement and concrete are recognised as fully compatible with sustainable development.



EMPLOYEES

Our employees are the most important stakeholders for the company and are regularly involved in training and prevention activities.



SUPPLIERS

All suppliers and contractors are selected on the basis of their technical and financial competitiveness, credibility and solidity and must comply with Buzzi Unicem's Code of Conduct which reiterates the need for correct and transparent conduct in the development of the requested activities.



CUSTOMERS

The company and its customers work together in synergy to develop innovative technical solutions to best respond to the demands and challenges posed by a constantly evolving market.



SHAREHOLDERS

Regular targeted communication activities, such as meetings, presentations, press releases and roadshows with investors and analysts. More details can be found in the Governance section.



LOCAL COMMUNITIES

The company encourages a dialogue with institutions, opinion groups and civil society and supports community life in the areas where it has its production facilities. Details can be found in the Stakeholder Engagement section.



ASSOCIATIONS

Aside from membership of national associations, Buzzi Unicem is an active member of CEMBUREAU and GCCA. Details can be found in the Stakeholder Engagement section.

COVID19

OUR SUPPORT TO LOCAL TERRITORIES: WE HELP THOSE WHO HELP

Buzzi Unicem is aware that the Covid-19 pandemic has generated a profound economic and social crisis and created a situation that has dramatically revealed an increase in inequalities, so it has chosen to give a positive message through its tangible commitment to support people experiencing distress in this emergency situation.

With an outlay of more than 3 million euro, allocated evenly across all of the Group's operational sites in the various continents in which it operates, the Company has chosen to directly support vulnerable sections of the population, by providing tangible help to the basic needs of people and their families by supporting (more than 70) non-profit organisations who are involved in helping the neediest people in Italy and around the globe.

After a careful analysis of the intervention areas for the allocation of these funds, including on the basis of specific situations in each country, the funds were used for material goods

and assistance, particularly to provide meals, food shopping, support in the payment of utility bills, rent, personal services, assistance for single mothers and health assistance for vulnerable categories of people.

From the perspective of transparency, a reporting system was incentivised to understand needs and facilitate the process of providing help to beneficiaries.

The Contribution to Countries

In **Italy** most of the contributions were donated to Caritas - a strategic partnership supporting Italian Dioceses - which plays an important role in addressing social needs, especially at the current time.

In certain areas other associations were involved to ensure a greater reach for our assistance.

In **Germany** the company supported various non-profit associations engaged in helping children and adults with serious health problems, in particular foundations operating in the

paediatric oncology sector, hospices and support groups for children, like hospital clowns. Other beneficiaries help single mothers and offer support in mitigating problems associated with disability.

Even in the **Netherlands** the support was directed mainly to children, through contributions to associations operating in hospitals or entities helping neglected or abused children.

In **Luxembourg** the funds were donated to foundations that deal with responding to the basic needs of disadvantaged people, by offering services like canteens for the poor, financial support for the payment of bills, rent and other expenses, as well as psychological and psychiatric support.

In **Poland** the contributions were donated to associations involved in raising funds for health assistance and for providing equipment to children's hospitals in the country, and were also donated to Caritas and the Red Cross.

Similarly, in **Ukraine**, funds were donated to Caritas and to an entity supporting children with cancer.

In the **Czech Republic** we offered support to associations helping children in foster homes and child sponsorships.

In **Russia** a fund was set up to help children in need.

In the **United States** we chose to support local food banks, by helping them to satisfy increased demand in their areas. In other cases we supported organisations providing support to hospitals and/or other health facilities, where there has been a dramatic increase in the need for funds, including as a result of the characteristics of the American health system.

Numerous projects were launched for local communities in line with our stated commitment.



Performance Indicators

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Environmental Performance

Buzzi Unicem's Sustainability Report contains details of performances within each country and compares the contribution of each country to the Group's sustainability performance.

Cement

Consumption of materials

The natural raw materials used in the production of cement are limestone, marl, clay, shale, sand, iron and aluminium minerals, gypsum and pozzolan. In compliance with the principles of a circular economy, in specific conditions, some of these materials can be replaced with waste material deriving from other industrial processes which may otherwise require disposal.

Waste from steel processing and production residues of sulphuric acid can be used instead of iron minerals; chemical gypsum obtained from the treatment of combustion gases from electrical power plants can replace natural gypsum. Thanks to their hydraulic properties, slag and fly ash can partially be used instead of clinker and pozzolan, contributing to a reduction in direct CO₂ emissions.

In 2020, the percentage of natural raw materials replaced for the production of binders remained stable at 9.1% compared to 2019.

In natural locations where its quarries are situated, Buzzi Unicem implements mitigation actions with the aim of protecting biodiversity.

Water consumption

Water consumption in the cement technology cycle is mainly due to controlling the temperature of gases 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 (Volyn and Yug plants in Ukraine and Suckhoi Log and Korkino in Russia).

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

Specific consumption of water improved significantly in 2020, as it fell to 303 litres/ton of cementitious product compared to 368 in 2019.

Even the percentage of water that was recovered improved significantly and was up to 29%, compared to 21% in 2019.

Consumption of thermal energy

Production of cement, and especially of clinker, requires a significant use of thermal energy. Producing clinker with good properties requires a temperature of around 1,450 Celsius degrees within kilns. Energy consumption is therefore influenced by kiln technologies and the continuity of production. In 2020 specific consumption was 4,138 MJ/ ton of clinker, in line with the result for 2019.

Buzzi Unicem continued to promote the use of alternative fuels as a substitute for traditional fuels of fossil origin. In particular, these are fuels deriving from waste material, many of which have a significant content of biomass considered neutral for CO₂ emissions purposes.

The use of alternative fuels is recognised within 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 CO₂ emissions, based on the content of biomass, and eliminates disposal of waste to landfills.

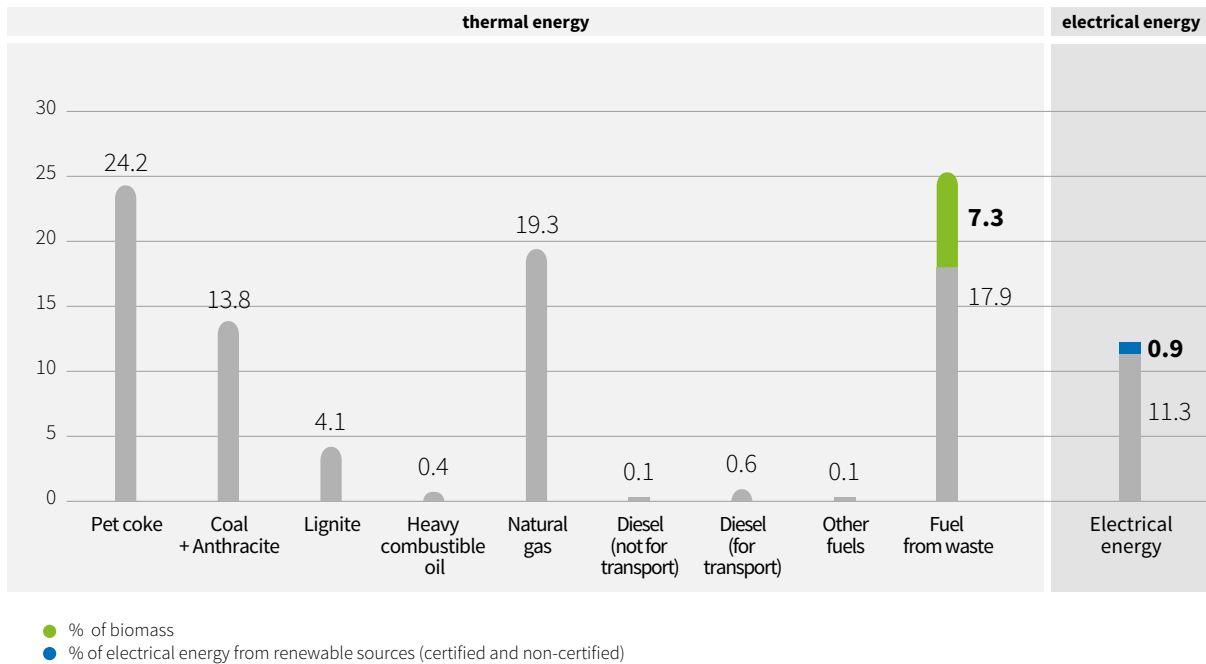
In 2020 there were additional improvements in heat replacement values in Germany (72.7%), Czech Republic (80.8%) and Luxembourg (57.9%). Poland remained stable at high levels (67.5%), while there were smaller improvements in the US (21.0%) and Italy (16.1%).

The average figure for the Group is 29.2%, compared to 27.6% in 2019.

We report that the contribution of energy from biomass in 2020 was 7.3% of the total energy consumed (up from 6.6% in 2019).

Percentage breakdown of energy consumption by type and source (2020)

The total energy consumption was 110,203 TJ (110,600 TJ in 2019)



Consumption of electrical energy

Reducing electrical energy consumption is another objective for Buzzi Unicem.

For the production of binders, electrical energy requirements amount to 12.2% of total energy, of which 0.9% comes from renewable sources (certified and non-certified). In this edition of the report, Buzzi Unicem is publishing for the third year the figures on the use of electrical energy from renewable sources.

	Average (2018)	Average (2019)	Average (2020)
ITA	14%	11%	9%
USA	13%	12%	12%
GER	2%	2%	3%
LUX	24%	30%	32%
POL	11%	11%	12%
CZE	7%	8%	8%
RUS	0%	0%	0%
UKR	0%	0%	4%

Percentage of electrical energy from renewable sources.

Specific consumption of electrical energy by the Group in 2020 amounts to 123 kWh/t of cementitious product, in line with the 2019 result.

Greenhouse gases emissions

Task Force on Climate related Financial Disclosure (TCFD)

In line with the recommendations of the Task force on Climate related Financial Disclosure (TCFD) during the course of 2021, alongside a strategic partner, Buzzi Unicem will launch an ad hoc project to assess the specific risks deriving from climate change in the countries in which it has production facilities.

In the cement production process most of the CO₂ is generated during the production of clinker, the basic constituent of cement. Its synthesis takes place within kilns where a mix of minerals is ‘cooked’ at a temperature of up to 1,450°C.

One of the main components of the raw mix is limestone, which is “de-carbonized” and releases CO₂ in a gaseous form at temperatures of 950°C and higher. Another contribution to the CO₂ emissions comes from the fuels used to reach the necessary temperature for the cooking process and it is precisely the sum of these two

components that establishes the “direct” (Scope 1) CO₂. The “direct” CO₂ can be expressed as a gross or net quantity based on how the CO₂ emission of alternative fuels is inferred (i.e. the biomass parts only or the total emissions).

A second source of CO₂ emissions is linked to the production of electrical energy used in the cement production process, which is known as “indirect” (Scope 2) CO₂ because it takes place in electrical power

plants as opposed to the cement plants.

The remaining part is attributable to CO₂ generated from other indirect emissions (Scope 3) for which Buzzi Unicem has begun to collect data in order to report them in detail in the future.

The following table shows the level of CO₂ emitted in 2020 at the Group level, including the distinction between ‘gross’ and ‘net’:

	(2018)	(2019)	Tons emitted (2020)
‘Gross’ direct CO ₂ (Scope 1) ⁽¹⁾	18,981,303	19,930,001	19,700,460
‘Net’ direct CO ₂ (Scope 1) ⁽²⁾	-	18,448,321	17,994,513
Indirect CO ₂ (Scope 2)	1,639,497	1,703,718	1,621,254

⁽¹⁾ “Gross” direct CO₂: emissions of CO₂ that come from fossil fuels plus those deriving from the fossil component of alternative fuels.

⁽²⁾ ‘Net’ direct CO₂: emissions of CO₂ deriving from the use of fossil fuels only (alternative fuel are not considered).

Buzzi Unicem is continuing the implementation of the CO₂ Reduction Plans in all countries in order to achieve a reduction of 5% of its 2017 emission levels by 2022.

The Plans contain the initiatives of every country for optimising the thermal and electrical efficiency of plants, increasing the use of alternative fuels (with particular regard to those with a significant content of biomass) and non-natural raw materials and optimisations associated to clinker/cement ratios.

Moreover, Buzzi Unicem shares the goal of achieving carbon neutrality by 2050 in line with the stated aim of the European Association of cement producers (Cembureau)*.

In 2020 the clinker/cement ratio was 80.9% (79.7% in 2019). The content of biomass of alternative fuels has allowed us to avoid 559,199 tons of emissions of CO₂.

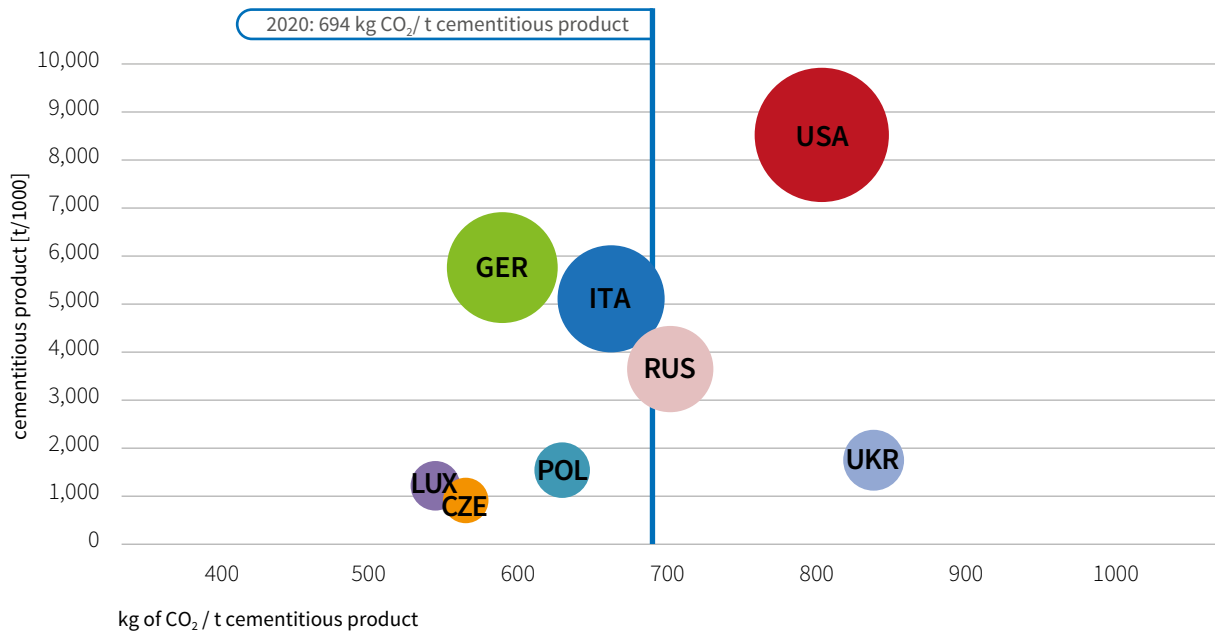
The Group emission factors are summarised in the following table:

	(2018)	kg of CO ₂ /t cementitious product (2019)	(2020)
‘Gross’ direct CO ₂ emission factor	690	688	694
‘Net’ direct CO ₂ emission factor	-	637	634

* It is very likely that the same goal will also be confirmed before the end of the year by the Global Cement and Concrete Association (GCCA).

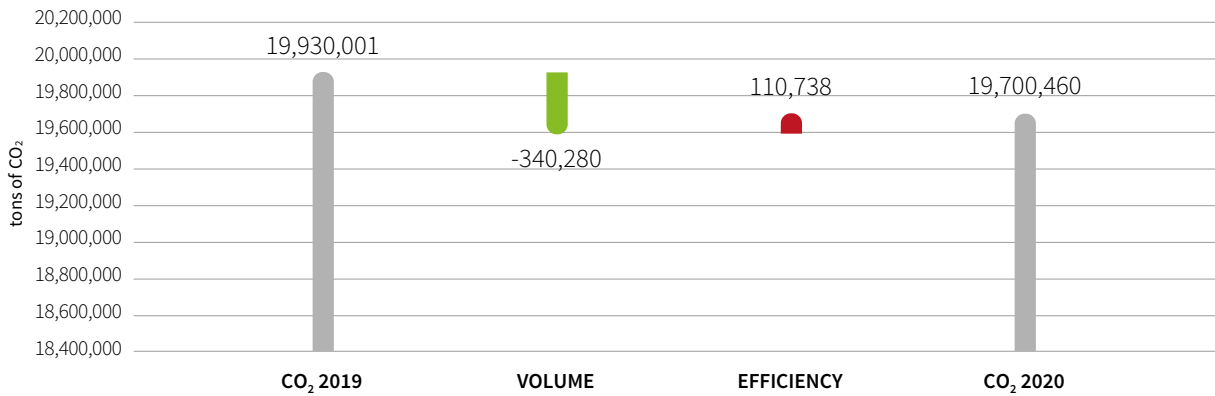
Distribution of the CO₂ footprint on a country basis

The dimension of the circles is proportional to the quantity of cementitious product produced in each country.

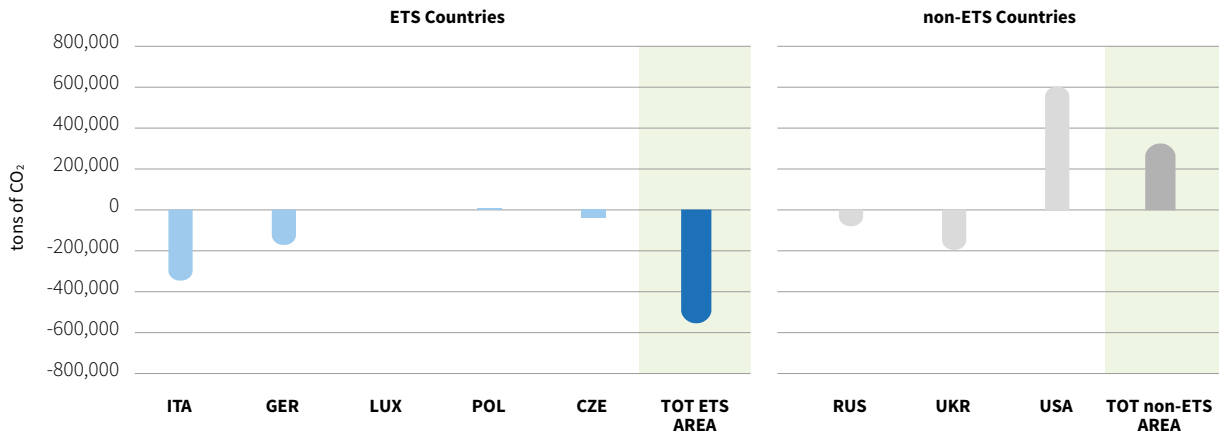


Comparison of 'gross' CO₂ Scope 1 emissions 2019-2020

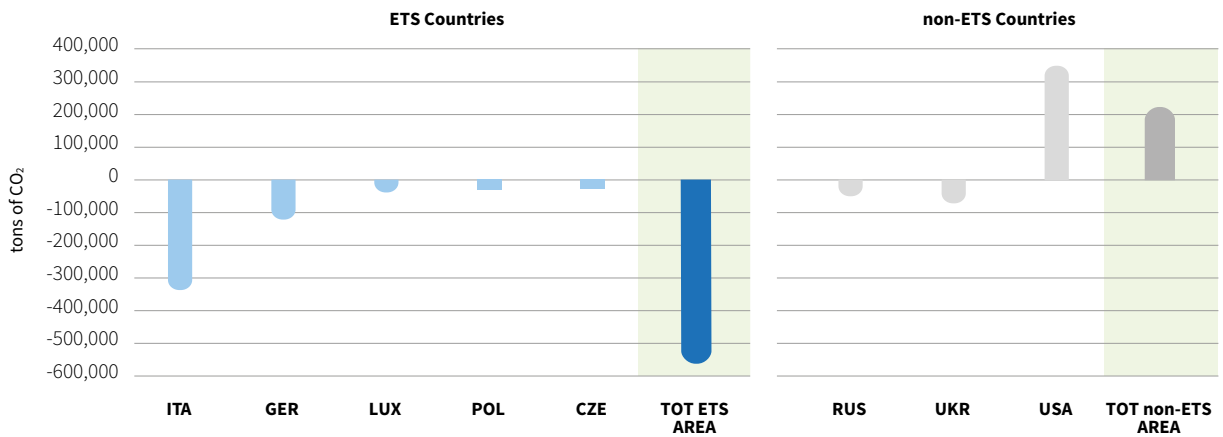
The charts also show the net emissions contributions from each individual country in relation to production volumes and efficiency.



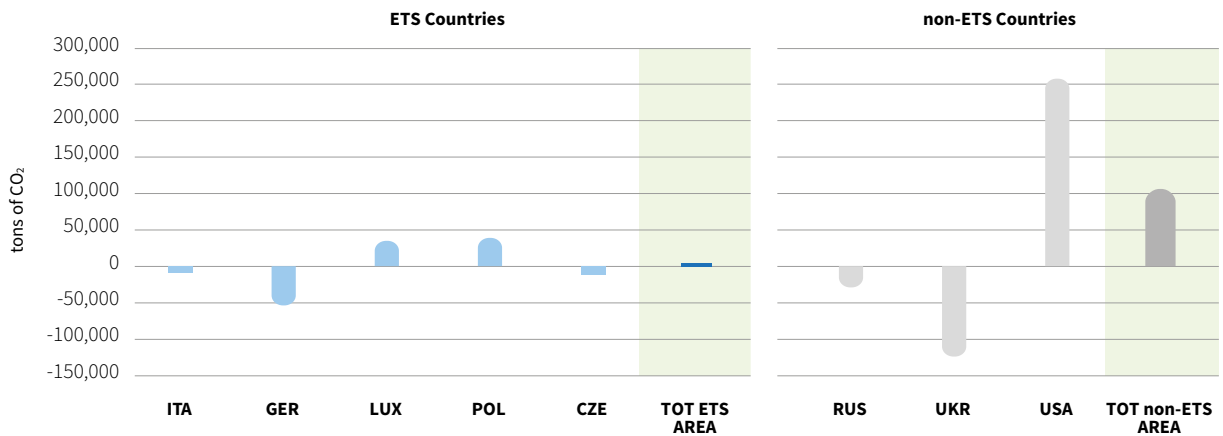
'Gross' CO₂ emissions scope 1: variations (t) due to volumes compared to 2019



'Gross' CO₂ emissions scope 1: variations (t) due to volumes compared to 2019



'Gross' CO₂ emissions scope 1: variations (t) due to efficiency compared to 2019





Other atmospheric emissions

Buzzi Unicem uses continuous emissions monitoring systems (EMS) to measure emissions of the main pollutants such as nitrogen oxides (NOx), particulate matter, sulphur dioxide (SO₂), and mercury (Hg).

The use of EMS enables a precise monitoring of emissions by line managers who can at any moment view the data and promptly intervene in the process. Moreover, this represents a guarantee for supervisory bodies and other stakeholders interested in having reliable and traceable data.

With regard to the production of clinker in 2020, monitoring coverage is the following: dust at 66% (67% in 2019), NOx at 95% (87% in 2019), SO₂ at 85% (92% in 2019) and Hg at 59% (58% in 2019).

In 2020, the average value for dust emissions fell by 18%, to 40 g/t clinker compared to 49 g/t clinker in 2019. The improvement was obtained thanks to major interventions on the filtration systems in the plants in Russia. In Italy, Germany, Czech Republic and Poland average values remained less than (or equal) to 10 g/t of clinker.

With regard to nitrogen oxides (NOx), deriving from combustion in the clinker kiln system, the use of SNCR abatement systems using urea or ammonia solutions and new-generation Low-NOx burners, enables compliance with strict emission limits. In 2020, the average value for Buzzi Unicem increased slightly to 1,224 g/t clinker (from 1,125 g/t clinker in 2019) as a result of more frequent and more precise sampling and measurements being conducted in Russia, Italy, Germany, Luxembourg, Poland and Czech Republic confirmed an emission factor of less than 1,000 g/t clinker.

Sulfur dioxide (SO₂) emissions comes from sulfur contents of natural resources and fuels.

The average emission factor for the Group was 186 g/t clinker (it was 189 g/t clinker in 2019). In Germany, Luxembourg, Russia and Ukraine emission levels remain below 40 g/t clinker.

Finally, the average mercury (Hg) emission was 20 g/t clinker (it was 18 g/t clinker in 2019).

Waste management

The cement production cycle generates two types of waste:

- **Dust from production process.** These are dusts that contain quantities of sulphur and chlorine that if in excess could alter the product characteristics. For this reason, they can be reinserted within the production cycle in controlled doses. In the United States this is not permitted by local standards and therefore dust from production process must be treated as waste; in Poland, part of the dust from the production process is reused in the process and part is treated as waste (in order not to interfere with the quality of the final product). This brings the respective indicator to approximately 4.8 kg/t of cementitious product, an improvement compared to 2019 (5.2 kg/t cementitious product).
- **Waste deriving from ordinary and extraordinary maintenance, laboratory activities and any demolitions.** 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 thus focused on increasing selection and differentiation.

In 2020, 35% of waste was recovered (32% in 2019), with this result strongly influenced by the disposal of dust from production process - indeed, in the countries where all dust can be used, the percentage of waste that is recovered is actually higher than 80%.

Noise

The environment and safety management systems implemented by Buzzi Unicem require periodic monitoring of noise emissions from its plants perceived from the outside. This activity enables the identification of any criticalities and the start of the respective targeted investments, with particular regard to cement plants situated near or within built-up areas.

In 2020, monitoring of noise emissions was carried out in 47% (up from 45% in 2019) of the Group's production facilities (100% of sites in the Czech Republic, Poland and Russia) and, following these monitoring activities, improvement interventions were carried out (installation of silencers and sound absorbing panels) for a value of more than 239,000 euro (265,000 euro in 2019).

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

Concrete

For the production of concrete, the raw materials used are essentially aggregates (sand, gravel and coarse aggregate). Even in this case it is possible to obtain a partial replacement with non-natural aggregates, by-products of industrial processes, recycled aggregates deriving from the recovery and subsequent treatment of demolition materials or concrete not cast in work sites and/or residues from concrete mixers that are removed before making a new load.

In the fight against climate change, even concrete can provide a significant contribution: CO₂ emissions per cubic metre, linked to the use of clinker in cement, can be reduced thanks to the addition of mineral components in cement and/or directly in concrete.

In the table below there are two separate values k/c: the first refers to cement alone (the ratio between clinker and cement) and the second (which shows the ratio of clinker to cementitious product) also considers constituents that are added directly to concrete.

In relation to the latter practice, in 2020, 372,335 tonnes of recovered aggregates were used (446,537 tonnes in 2019). The average cement content per cubic meter results 301 kg (298 kg in 2019) with a clinker content of 209 kg (206 kg in 2019).

For the first time we report the ratio, in l/m³, between the total quantity of water withdrawn from the normal sources of procurement (groundwater, rivers, aqueducts) and total concrete production.

		Buzzi Unicem group	ETS countries	non-ETS countries
Concrete sold (own production)	m ³	11,629,001	8,743,442	2,885,559
Average cement content per m ³	kg/m ³	301	309	278
Average clinker content per m ³	kg/m ³	209	199	240
Clinker/cement ratio	%	69.3	64.2	86.3
Ratio of clinker/cementitious product	%	62.5	58.0	77.5
Water withdrawn/production of concrete	l/m ³	215	187	299

Product Life Cycle (LCA/EPD)

Measuring the environmental impact of products is the basis of the Green Public Procurement Policies around the world. The diffusion of procedures for quantifying the main environmental impacts relating to products or services in individual production phases (from the acquisition of raw materials to the end of the product life cycle, i.e. during the entire life cycle) has resulted in a greater interest for LCA (Life Cycle Assessments).

Buzzi Unicem is able to conduct a study on the life-cycle

of all its concrete and thereby satisfy the requests of its customers, designers and public authorities who are increasingly requesting these assessments. To facilitate its take-up, the company has successfully implemented a web tool for the Environmental Product Declaration which in Italy is open and accessible to all customers architects and engineers interested in sharing the company's transparency process on the impact of materials and products.

Environmental Performance: Summary table

2018	2019	2020		
80.0	79.7	80.9	Clinker/cement ratio	%
Energy				
27.1	27.6	29.2	Thermal substitution	%
4,080	4,109	4,138	Specific thermal consumption	MJ / t clk
122	121	123	Specific electricity consumption	kWh / t cementitious product
Raw materials				
9.5	9.1	9.1	Non natural raw materials	%
Atmospheric emissions				
76	49	40	Dust	g / t clk
1,361	1,125	1,224	NO _x	g / t clk
188	189	186	SO ₂	g / t clk
25	18	20	Hg	mg / t clk
690	688	694	Direct CO ₂ emissions (gross)	kg / t cementitious product
-	637	634	Direct CO ₂ emissions (net)	kg / t cementitious product
Waste				
4.0	5.2	4.8	Waste produced	kg / t cementitious product
34	32	35	Waste recycled	%
Water consumption				
301	368	303		l / t cementitious product
-	21	29	of which recovered water	%
Certifications				
20	19	20	Environmental certifications UNI EN ISO 14001 or equivalent	number
18	20	20	Certifications OHSAS 18001, UNI EN ISO 45001 or equivalent	number
17	17	21	Environmental Product Declaration (EPD)	number

* The data for Cimento Nacional (BRA) and Corporación Moctezuma (MEX) have not been consolidated within the Group figures (companies not consolidated using the line-by-line method).

ITA	USA	GER	LUX	POL	CZE	RUS	UKR	BRA*	MEX*
76.8	91.1	69.3	65.9	75.8	77.0	87.6	82.4	67.3	72.3
16.1	21.0	72.7	57.9	67.5	80.8	0.4	0	18.3	0
3,575	3,963	4,149	3,838	3,829	3,694	4,842	5,735	3,349	3,296
105	137	118	102	111	126	133	116	91	78
6.3	5.8	14.7	23.1	10.5	11.1	5.0	11.5	11.1	0.2
5	17	4	32	10	6	128	210	34	124
937	1,377	476	848	559	764	2,415	1,658	852	3,310
49	431	34	26	407	62	19	0	1,367	28
13	32	26	4	47	10	0	0	0	0
661	801	589	551	629	563	700	836	571	624
643	745	459	457	515	468	699	836	553	624
0.9	12.1	1.0	1.0	5.3	0.4	2.7	1.8	1.1	0.3
90	16	89	94	100	80	91	91	81	88
257	323	242	115	224	109	461	522	101	118
4	61	30	0	0	100	16	0	0	0
9	0	7	1	1	1	1	0	0	3
6	0	7	0	1	1	3	2	0	3
12	0	7	1	0	1	0	0	0	0

Social Performance

The Group's safety performances are shown in detail per business in the tables and on a country basis in the diagrams.

Occupational Health and Safety

The published figures and rates refer to all the Group's business activities, i.e. cement, concrete and aggregates, terminals, transport and offices/laboratories/ headquarters.

Starting from 2015, the scope of these rates includes employees of the Group as well as employees of contractors and tendered service providers. Since 2020, the Group has also reported on third parties.

In 2020, Buzzi Unicem reported two fatal accidents involving workers of local companies in Russia (Korkino cement plant) and Ukraine (Volyn cement plant).

Moreover, in order to disclose its safety performances beyond establishing the responsibility for the company, the Group reports four fatal road accidents - for which we are not yet aware of the outcomes of investigations by the competent authorities - involving three drivers who were employees of our contractors that were driving their mixer-trucks (two in Italy and one in Germany) and a third party who was involved in an accident with a vehicle owned by our transport company in Ukraine.

The table summarises the details described above:

	Buzzi Unicem group			
	Employees	Contractors	Third parties	Total
Cement	0	2	0	2
Concrete	0	3 ⁽¹⁾	0	3⁽¹⁾
Other businesses ⁽²⁾	0	0	1 ⁽¹⁾	1⁽¹⁾

⁽¹⁾ Causes not yet clarified.

⁽²⁾ Other businesses = aggregates, terminals, transport and offices/laboratories/headquarters.

The table below also shows the main safety data and indicators for the Group, broken down for employees and companies and contractors and compared with the total for 2019:

	Buzzi Unicem group			
	Employees	Contractors	2020 Total	2019 Total
Injuries causing absences from work	65	60	125	152
Lost days	3,718	3,375	7,093	8,649
LTIFR ⁽¹⁾	3.7	7.5	4.8	5.8
TIFR ⁽²⁾	11.8	9.7	11.2	11.8
SR ⁽³⁾	0.21	0.42	0.27	0.33

⁽¹⁾ LTIFR (Lost Time Injury Frequency Rate) = total number of injuries causing absences from work divided by worked hours and multiplied by 1 million.

⁽²⁾ TIFR (Total Injury Frequency Rate) = total number of injuries causing and not causing absences from work divided by worked hours and multiplied by 1 million.

⁽³⁾ SR (Severity Rate) = number of days lost divided by worked hours and multiplied by 1,000.

Below are details of performances for 2020, broken down per business:

	Cement			Concrete			Other businesses ⁽⁴⁾		
	Employees	Contractors	Total	Employees	Contractors	Total	Employees	Contractors	Total
Injuries causing absences from work	39	32	71	17	28	45	9	0	9
Lost days	1,714	2,427	4,141	1,364	948	2,312	640	0	640
LTIFR ⁽¹⁾	4.0	6.7	4.9	4.7	10.9	7.3	2.1	0	1.8
TIFR ⁽²⁾	12.9	10.1	12.0	17.9	11.7	15.3	4.4	0	3.8
SR ⁽³⁾	0.17	0.51	0.28	0.38	0.37	0.38	0.15	0	0.13

⁽¹⁾ LTIFR (Lost Time Injury Frequency Rate) = total number of injuries causing absences from work divided by worked hours and multiplied by 1 million.

⁽²⁾ TIFR (Total Injury Frequency Rate) = total number of injuries causing and not causing absences from work divided by worked hours and multiplied by 1 million.

⁽³⁾ SR (Severity Rate) = number of days lost divided by worked hours and multiplied by 1,000.

⁽⁴⁾ Other businesses = aggregates, terminals, transport and offices/ laboratories/ headquarters.

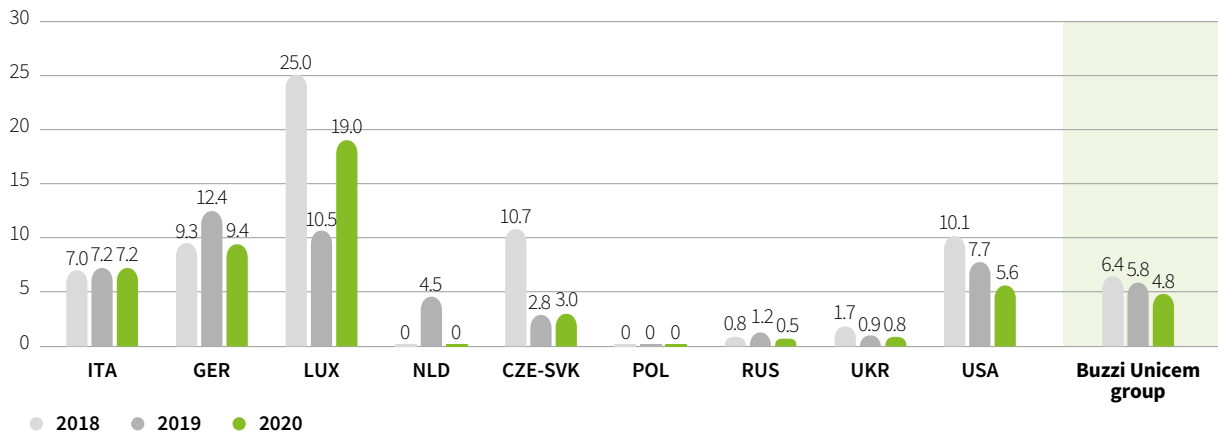
The LTIFR value at the Group level fell by 17% to 4.8 (5.8 in 2019) with the number of injuries falling to 125 (from 152 in 2019). The TIFR fell to 11.2 (11.8 in 2019), an improvement of 5%. The severity rate (SR) improved by 18%, falling to 0.27 (0.33 in 2019). There was a slight worsening in the cement sector with 71 injuries resulting in absences from work (68 in 2019). In 2020, Poland and the Netherlands reported zero injuries with and without absence from work, for both employees and contractors, in their sites.

The injury rates for concrete remain higher than those for cement in 2020 as well.

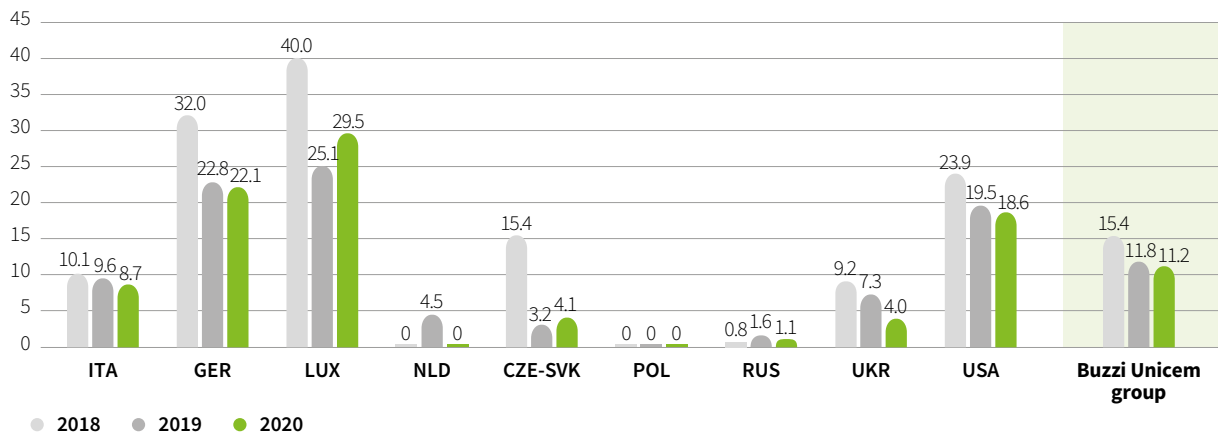
The diagrams in the following page show the trends for the injury rates (LTIFR, TIFR and SR) per country during the course of the last three years (the scope covers all the Group's business activities: cement, concrete, aggregates, terminals, transports, offices/laboratories/headquarters, employees + contractors). The indicators have improved in essentially all countries.



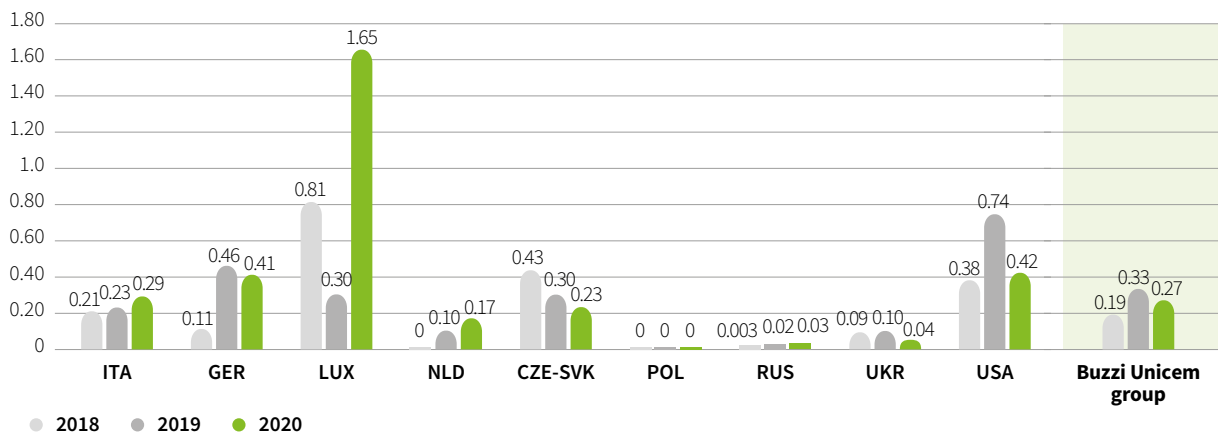
LTI FR: Lost Time Injuries Frequency Rate, calculated as the number of injuries causing absences from work divided by worked hours and multiplied by 1 million



TIFR: Total Injuries Frequency Rate, calculated as the total number of injuries, with and without absences from work, divided by worked hours and multiplied by 1 million



SR: Severity Rate, calculated as the number of days lost divided by worked hours and multiplied by 1,000



Beginning with the Sustainability Report 2019, the Group publishes data relating to two major stakes in jointly-controlled companies (which are not consolidated using the line-by-line method): Cimento Nacional in Brazil and Corporación Moctezuma in Mexico.

The following table shows the safety performances in the cement business for Cimento Nacional in Brazil:

	Cimento Nacional* (scope: only cement)			
	Employees	Contractors	2020 Total	2019 Total
Fatalities	0	0	0	0
Injuries causing absences from work	3	2	5	3
Lost days	40	349	389	79
LTIFR ⁽¹⁾	2.4	1.8	2.1	1.2
TIFR ⁽²⁾	16.6	24.7	20.4	24.1
SR ⁽³⁾	0.03	0.32	0.17	0.03

* The data for Cimento Nacional have not been consolidated within the Group figures (companies not consolidated using the line-by-line method).

⁽¹⁾ LTIFR (Lost Time Injury Frequency Rate) = total number of injuries causing absences from work divided by worked hours and multiplied by 1 million.

⁽²⁾ TIFR (Total Injury Frequency Rate) = total number of injuries causing and not causing absences from work divided by worked hours and multiplied by 1 million.

⁽³⁾ SR (Severity Rate) = number of days lost divided by worked hours and multiplied by 1,000.

The following two tables show the performances of Corporación Moctezuma in Mexico in the cement and concrete businesses:

	Corporación Moctezuma** (scope: only cement)				Corporación Moctezuma** (scope: only concrete)			
	Employees	Contractors	2020 Total	2019 Total	Employees	Contractors	2020 Total	2019 Total
Fatalities	0	0	0	0	0	0	0	0
Injuries causing absences from work	1	11	12	12	3	0	3	7
Lost days	30	461	491	578	62	0	62	224
LTIFR ⁽¹⁾	0.7	5.5	3.5	3.3	2.2	0	1.3	2.7
TIFR ⁽²⁾	4.3	15.9	11.2	9.4	9.0	2.0	5.9	5.0
SR ⁽³⁾	0.02	0.23	0.14	0.16	0.05	0	0.03	0.09

**The data for Corporación Moctezuma have not been consolidated within the Group figures (companies not consolidated using the line-by-line method).

⁽¹⁾ LTIFR (Lost Time Injury Frequency Rate) = total number of injuries causing absences from work divided by worked hours and multiplied by 1 million.

⁽²⁾ TIFR (Total Injury Frequency Rate) = total number of injuries causing and not causing absences from work divided by worked hours and multiplied by 1 million.

⁽³⁾ SR (Severity Rate) = number of days lost divided by worked hours and multiplied by 1,000.

Human rights and supply chain

The Group's Safety Policy also applies to contractors.

The new Code of Conduct was approved by the Board of Directors and published on February 2019. The Code defines the standards of integrity and propriety - including with regard to human rights - which Buzzi Unicem has decided to adopt as a commitment towards its stakeholders. The principles in the Code apply to directors, members of corporate bodies, employees, suppliers and everyone acting for and on behalf of Buzzi Unicem, including, but not limited to representatives, agents, associates, external advisers and companies who receive an appointment from the Group. The Code of Conduct applies to Buzzi Unicem S.p.A. and all its Italian and foreign subsidiaries (more details on page 32).

Human resources

Working conditions and employment data

The number of employees for Buzzi Unicem at the end of 2020 (within the scope of companies consolidated with the line-by-line method) was 9,683 (it was 9,841 in 2019).

Globally, there are three main areas in which the Company operates: Europe, America, Russia and Ukraine (each area has about a third of the workforce). The countries with the highest number of employees are: USA (2,300), Germany (1,789), Italy (1,561), Russia (1,355) and Ukraine (1,281).

95.8% of total contracts are permanent contracts (94.6% in 2019). 97.3% are full-time contracts (97.6% in 2019).

The turnover rate, which is calculated as the total number of terminations compared to the workforce at the end of the year, fell significantly: 13.3% (16.6% in 2019). The turnover fell in Germany, Luxembourg, Netherlands, Slovakia, Russia, Ukraine and the US and increased slightly in Italy and Poland.

Workplace Diversity

The Group operates in different countries and continents. The central role of people, in terms of their characteristics and diversities, is one of the founding values of the Group, as established by its Code of Conduct. Diversity is therefore considered a value if/when this is in line with Buzzi Unicem's Values and Policies.

Staff 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 performances. Incentive schemes differ depending on working duties and managerial level.

Collective bargaining

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

Because of the pandemic that affected the whole world even the activities of the European Works Council (EWC), which is the advisory and information body for all workers in the European Union, were suspended. Alternative procedures for meetings in the coming years are to be identified and agreed among the EWC members. In Italy, there are trade unions representatives (RSU) whose relationship with the company has historically been characterized by transparency and a spirit of collaboration; in Germany two employee representatives are on the Supervisory Board.

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.

Training and professional development

Training activities are selected on the basis of requirements that emerge at a country 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 2020 a total of 183,403 hours of training were provided at the Group level (231,481 in 2019). The average level of training per capita fell to 19 hours (it was 24 in 2019); the main reductions occurred in Germany, Luxembourg, Netherlands, Czech Republic, Slovakia and Ukraine following the suspension of training activities during the first lockdown and the blocking of enrolments in external seminars/courses in order to avoid travelling for work and potential infections.

Moreover, in accordance with the company guidelines, internal training sessions involving staff from more than one company site were suspended.

As a result, the total number of training hours fell significantly.

In Luxembourg training hours fell by about half due to the lack of participation in seminars by trade associations and the average of two days of internal training that is normally carried out.

In the Netherlands training was postponed for the “emergency team” and for drivers of mixer-trucks, since these training sessions need to be conducted in person and involve a high “practical” component. A specific course on concrete technology was not required in 2020, while this was held in 2019 based on staff recruitment.

In the Czech Republic only legally required training or training that could not be postponed was carried out.

In Poland there was a significant reduction in classroom training; there was no major increase in online training, given expectations for falling infection rates towards the end of 2020 and only partial participation in remote training sessions. Moreover, the regulating bodies granted an extension of deadlines for the necessary training because of the pandemic.

Where possible, in 2020, there was a significant use of remote working methods. The incidence of this varies in accordance with the specific business activities. Aside from headquarters offices, in the concrete sector, for administrative and sales staff, there was more remote working than in the cement sector, as the latter requires constant supervision of the production plants.

At the country level, the percentage of staff working remotely are shown below in terms of total working hours.

ITA	GER	LUX	NLD	CZE-SVK	POL	UKR	RUS	USA	TOTAL
4.9%	6.6%	1.2%	14.7%	5.5%	5.6%	1.7%	8.2%	6.1%	5.7%

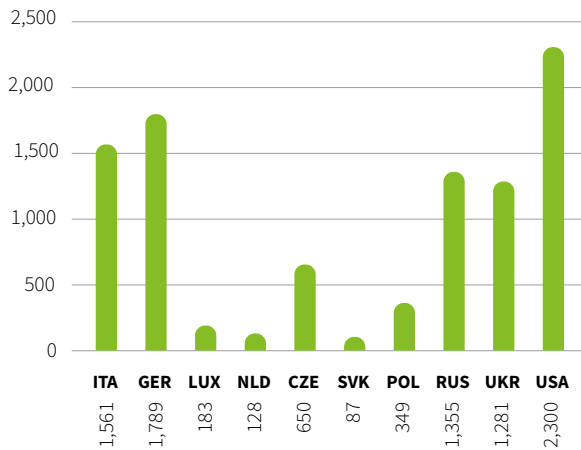
On the whole, the total number of remote working days were:

ITA	GER	LUX	NLD	CZE-SVK	POL	UKR	RUS	USA	TOTAL
15,378	23,500	450	4,750	8,910	4,200	4,900	25,600	39,300	126,988



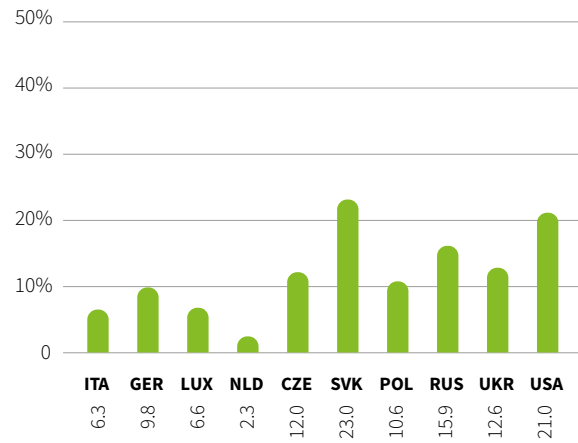
Social Performance: Charts and Tables

Headcount by country (2020)



GROUP TOTAL 9,683

Turnover rate (2020)



GROUP TOTAL 13.3%

Total workers by gender and type of contract (2018-2020)

	2018	2019	2020
Total headcount	9,880	9,841	9,683
Men %	85.2	85.5	85.5
Women %	14.8	14.5	14.5
Open-end contracts	9,235	9,314	9,275
Fixed-term contracts	645	527	408
Full-time	9,534	9,603	9,422
Part-time	346	238	261

Turnover rate for staff (2018-2020)

	2018	2019	2020
Total headcount	9,880	9,841	9,683
Total new hires	1,759	1,465	1,116
Total terminations	1,904	1,637	1,285
Turnover rate %	19.3	16.6	13.3
Male turnover rate %	19.8	17.1	13.7
Female turnover rate %	16.0	14.2	10.5

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

Breakdown by gender (2020)

	ITA	GER	LUX	NLD	CZE	SVK	POL	RUS	UKR	USA	TOT
Management	116	57	10	3	10	1	6	16	14	206	439
Men %	87.1	86.0	90.0	100.0	70.0	100.0	83.3	75.0	71.4	92.2	88.2
Women %	12.9	14.0	10.0	0.0	30.0	0.0	16.7	25.0	28.6	7.8	11.8
White collars	797	703	67	39	153	23	154	413	310	486	3,145
Men %	85.6	69.1	85.1	71.8	58.8	60.9	57.8	65.9	60.3	72.8	71.8
Women %	14.4	30.9	14.9	28.2	41.2	39.1	42.2	34.1	39.7	27.2	28.2
Blue collars	615	843	104	82	466	61	189	926	957	1,608	5,851
Men %	99.0	98.7	98.1	96.3	96.1	91.8	95.8	82.4	81.9	98.8	93.0
Women %	1.0	1.3	1.9	3.7	3.9	8.2	4.2	17.6	18.1	1.2	7.0
Trainees	33	134	2	0	0	0	0	0	0	0	169
Men %	60.6	87.3	100.0	-	-	-	-	-	-	-	82.2
Women %	39.4	12.7	0.0	-	-	-	-	-	-	-	17.8
Marginal / Helpers	0	52	0	4	21	2	0	0	0	0	79
Men %	-	55.8	-	100.0	76.2	50.0	-	-	-	-	63.3
Women %	-	44.2	-	0.0	23.8	50.0	-	-	-	-	36.7
Total	1,561	1,789	183	128	650	87	349	1,355	1,281	2,300	9,683

Collective bargaining (2018-2020)

	2018	2019	2020
Total employees	9,880	9,841	9,683
Employees covered by collective bargaining agreements	7,468	7,523	7,881
Coverage (%)	75.6	76.4	81.4

Minimum notice period regarding operational changes (2020)

Italy	11 weeks
Germany	4 weeks
Luxembourg	no notice
Netherlands	4 weeks
Czech Republic	8 weeks
Slovakia	8 weeks
Poland	12 weeks
Russia	9 weeks
Ukraine	12 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 (2020)

	Absentee rate in %	male absentee rate in %	female absentee rate in %	Occupational diseases	Deaths
Italy	3.9	4.0	3.1	2	
Germany	5.3	5.4	4.6		
Luxembourg	5.4	5.6	2.1		
Netherlands	7.3	7.4	6.2		
Czech Republic	4.9	4.7	5.7		
Slovakia	5.1	5.3	4.2		
Poland	4.6	4.4	5.4		
Russia	3.0	2.9	3.4		
Ukraine	2.9	2.8	3.0		
USA	1.9	1.9	1.6		

Group absentee rate* (2018-2020)

	2018	2019	2020
Absentee rate %	3.7	3.3	3.6
Men %	3.7	3.4	3.6
Women %	3.4	2.9	3.6
Occupational diseases	4	4	2
Deaths	-	-	-

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

Hours of training per capita (2020)

	Hours of training per capita
Italy	17
Germany	11
Luxembourg	8
Netherlands	4
Czech Republic	7
Slovakia	6
Poland	19
Russia	44
Ukraine	16
USA	19

Average hours of training per capita (2020)

		of which male	of which female
Management	19	17	29
White collars	21	22	18
Blue collars	18	18	11

Average hours of training (2018-2020)

	2018	2019	2020
Total hours of training	313,673	231,481	183,403
Hours of training per capita	32	24	19
Managers	25	18	19
White collars	33	28	21
Blue collars	32	22	18

Graduates (2020)

	% on total headcount	% on total men	% on total women
Italy	13.3	10.9	35.6
Germany	11.3	9.7	20.3
Luxembourg	13.7	12.4	30.8
Netherlands	10.2	9.6	14.3
Czech Republic	16.5	12.7	40.4
Slovakia	17.2	16.7	20.0
Poland	40.7	32.7	70.3
Russia	31.1	26.3	47.4
Ukraine	41.5	35.6	61.0
USA	10.5	9.0	29.9

Ratio between the highest paid manager and the median for employees in the same country (2020)

Italy	9.68
Germany	17.40
Russia	25.14
USA	14.23



Appendixes

GRI Content	80
Correlation table to the Legislative Decree 254/2016	88
Auditors' report	92

GRI Content

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES		REFERENCE
Organizational Profile		
102-1	Name of the organization	Vision
102-2	Activities, brands, products and services	Group profile - The Group at a glance
102-3	Location of headquarters	Group profile - The Group at a glance - International presence
102-4	Location of operations	Group profile - The Group at a glance - Cement plant locations
102-5	Ownership and legal form	Governance - Corporate Governance
102-6	Markets served	Group profile - The Group at a glance - Cement plant locations
102-7	Main numerical data (employees, sales, capitalisation, number of products/services, etc)	Group profile - The Group at a glance
102-8	Information on employees	Performance Indicators - Social Performance: Charts and Tables
102-9	Supply chain	<i>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 Ethics. In 2020 we have continued the work begun in 2015, engaging a relevant percentage of suppliers in the monitoring of the issue of occupational safety.</i>
102-10	Significant changes during the reference period	Methodology Note
102-11	Application of the principle of prevention or a preventative approach	Governance - Corporate Governance
102-12	External initiatives	<i>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).</i>
102-13	Membership of associations	Governance - Corporate Governance
Strategy		
102-14	Declaration from the Organisation's most Senior Executive on the importance of sustainability for the Organisation and its strategy with regard to	Letter to the Stakeholders
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Governance - Corporate Governance

GENERAL STANDARD DISCLOSURES

(continues)

GENERAL STANDARD DISCLOSURES	REFERENCE
Governance	
102-18 Governance Structure	Governance - Corporate Governance
102-38 Annual total compensation ratio	Performance Indicators - Social Performance: Charts and Tables
Stakeholder Engagement	
102-40 List of Stakeholders involved	Governance - Stakeholder engagement
102-41 Collective bargaining agreements	Performance Indicators - Social Performance: Charts and Tables
102-42 Selection criteria for Stakeholders involved	Governance - Stakeholder engagement
102-43 Approach to Stakeholder Engagement	Governance - Stakeholder engagement
102-44 Key topics and concerns raised	Governance - Materiality Matrix
Reporting Process	
102-45 Entities included in the consolidated financial statements	Methodology Note
102-46 Process used to define the content of the document	Methodology Note
102-47 List of material topics	Governance - Materiality Matrix
102-48 Restatement of information	Methodology Note
102-49 Changes in reporting	Methodology Note <i>Any restatements compared to the previous Report are shown within the individual chapters of the document.</i>
102-50 Reporting period	Methodology Note
102-51 Date of the most recent report	<i>The Sustainability Report (NFD) 2020 was published in spring 2021.</i>
102-52 Reporting cycle	<i>The Sustainability Report (NFD) is published annually.</i>
102-53 Contact details for questions regarding the report and its contents	info@buzziunicem.it
102-54 Declaration of compliance with GRI Standards	Methodology Note
102-55 GRI content index	Appendixes - GRI Content
102-56 Reference to external audit document	Appendixes - Auditors' report

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
Performance Indicators - Financial 2016 (material topic: financial growth)		
103-1	Explanation of the material topics and its Boundary	
103-2	Approach and corporate management systems	Governance - Materiality Matrix
103-3	Evaluation of the management approach	Governance - Corporate Governance
201-1	Direct economic value generated and distributed	Governance - Corporate Governance
Performance Indicators - Financial - Anti-corruption 2016 (material topic: anti-corruption; business ethics)		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Governance - Corporate Governance
103-3	Evaluation of the management approach	Governance - Corporate Governance - The Model of Organisation, Management and Control
205-2	Communication and training about anti-corruption policies and procedures	Governance - Corporate Governance - Anti-corruption Governance - Corporate Governance - Transparency in conducting business <i>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 11% of the Group's employees have been trained on issues relating to ethics, transparency, and contrasting corruption.</i>
205-3	Confirmed incidents of corruption and action taken	<i>In 2020 no corruption cases were identified within the activities of the Buzzi Unicem group.</i>
Performance Indicators - Financial - Procurement practices 2016 (material topic: management of suppliers)		
103-1	Explanation of the material topics and its Boundary	<i>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 Ethics. Where possible, the Group selects local suppliers, in consideration also of the types of purchases involved.</i>
103-2	Approach and corporate management systems	
103-3	Evaluation of the management approach	
204-1	Proportion of spending on local suppliers	<i>Information not currently available. Given the importance of this issue the Group is committed to reporting the issue starting from future financial years.</i>
Performance Indicators - Financial- Anti-trust		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Governance - Corporate Governance
103-3	Evaluation of the management approach	Governance - Corporate Governance - Antitrust
Performance Indicators - Financial - Taxes 2019		
103-1	Explanation of the material topics and its Boundary	Methodology Note
103-2	Approach and corporate management systems	Governance - Corporate Governance
103-3	Evaluation of the management approach	Governance - Taxes

SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
Performance Indicators - Financial - Taxes 2019 <i>(continues)</i>		
207-1 Approach to tax	Governance - Taxes - Approach to taxation	
207-2 Tax governance, control and risk management	Governance - Taxes - Tax Governance, control and management of risk	
207-3 Stakeholder engagement	Governance - Taxes - stakeholder engagement	
207-4 Country-by-country reporting	Governance - Taxes - Reporting on a country by country basis	
Performance Indicators - Environmental - Materials 2016 (material topic: consumption of raw materials and fuels, climate change)		
103-1 Explanation of the material topics and its Boundary	Governance - Materiality Matrix	
103-2 Approach and corporate management systems	Performance Indicators - Environmental Performance	
103-3 Evaluation of the management approach	- Consumption of materials	
	Performance Indicators - Environmental Performance	
	- Consumption of materials	
	Performance Indicators - Environmental Performance	
	- Summary Table	
301-1 Materials used by weight and volume	<i>A total of 44,123,899 t of raw materials were used, which included: 40,126,964 t natural raw materials and 3,996,936 t non-natural raw materials, in the cement sector.</i>	
301-2 Recycled input materials used	Performance Indicators - Environmental Performance	
	- Consumption of materials	
Performance Indicators - Environmental - Energy 2016 (material topic: consumption of raw materials and fuels; climate change)		
103-1 Explanation of the material topics and its Boundary	Governance - Materiality Matrix	
103-2 Approach and corporate management systems	Governance - Policies and Targets	
103-3 Evaluation of the management approach	Performance Indicators - Environmental Performance	
	Performance Indicators - Environmental Performance	
	- Consumption of thermal energy	
	Performance Indicators - Environmental Performance	
	- Consumption of electrical energy	
302-1 Energy consumption within the organization	Performance Indicators - Environmental Performance	
	- Summary Table	
	Performance Indicators - Environmental Performance	
	- Consumption of thermal energy	
	Performance Indicators - Environmental Performance	
	- Consumption of electrical energy	
302-3 Energy intensity	Performance Indicators - Environmental Performance	
	- Summary Table	
	Performance Indicators - Environmental Performance	
	- Consumption of thermal energy	
302-4 Reduction of energy consumption	Performance Indicators - Environmental Performance	
	- Consumption of electrical energy	

SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS	
Performance Indicators - Environmental - Water 2018 (material topic: water consumption)			
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix	
103-2	Approach and corporate management systems	Performance Indicators - Environmental Performance	
103-3	Evaluation of the management approach	- Water consumption	
303-1	Interaction with water as a shared resource	Performance Indicators - Environmental Performance - Water consumption	<i>In future financial years, the Group will report on the indicators in question in more detail, including with regard to the breakdown of water consumption in water-stressed areas.</i>
303-2	Management of water discharge-related impacts	Performance Indicators - Environmental Performance - Water consumption	
		Performance Indicators - Environmental Performance - Water consumption Performance Indicators - Performance Ambientali - Summary Table	
303-5	Water consumption	<i>The Group consumed a total of 8,596,852 cubic metres of water for the cement sector and 1,417,867 cubic metres of water for the concrete sector.</i>	
Performance Indicators - Environmental - Biodiversity 2016 (material topic: management of biodiversity)			
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix	<i>Information not currently available. Given the importance of this issue the Group is committed to reporting the issue starting from future financial years.</i>
103-2	Approach and corporate management systems	Performance Indicators - Environmental Performance	
103-3	Evaluation of the management approach	- Consumption of materials	
304-1	Operational sites owned, leased, or managed in, or adjacent to, protected areas or areas with a high biodiversity value	Performance Indicators - Environmental Performance - Consumption of materials	
Performance Indicators - Environmental - Emissions 2016 (material topic: climate change; air quality)			
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix	<i>Information not currently available. Given the importance of this issue the Group is committed to reporting the issue starting from future financial years.</i>
103-2	Approach and corporate management systems	Governance - Policies and Targets	
103-3	Evaluation of the management approach	Performance Indicators - Environmental Performance - Greenhouse gases emissions Performance Indicators - Environmental Performance - Other atmospheric emissions	
305-1	Direct (Scope 1) GHG emissions	Performance Indicators - Environmental Performance - Greenhouse gases emissions	
305-2	Energy Indirect (Scope 2) GHG emissions	Performance Indicators - Environmental Performance - Greenhouse gases emissions	
305-4	GHG emission intensity	Performance Indicators - Performance Ambientali - Summary Table	
305-5	Reduction of GHG emissions	Performance Indicators - Environmental Performance - Greenhouse gases emissions	
305-7	NOx, SOx, and other significant emissions	Performance Indicators - Environmental Performance - Other atmospheric emissions	<i>The company has emitted a total of 910 t of dust, 28,168 t of NOx, 4,280 t of SO₂, and 470 kg of Hg in the cement sector.</i>

SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
Performance Indicators - Environmental - Waste and emissions 2016		
103-1 Explanation of the material topics and its Boundary	Governance - Materiality Matrix	
103-2 Approach and corporate management systems	Performance Indicators - Environmental Performance	
103-3 Evaluation of the management approach	- Waste management	
	Performance Indicators - Environmental Performance - Waste management	<i>The value of the waste produced is shown for respective disposal methods (dangerous and non-dangerous waste considered jointly).</i>
306-2 Waste by type and means of disposal	<i>The company produced a total of 135,954 t of waste in 2020, of which 88,485 t was disposed of and 47,469 was sent for recovery, in the cement sector.</i>	
Performance Indicators - Environmental - Environmental compliance 2016 (material topic: business ethics)		
103-1 Explanation of the material topics and its Boundary		
103-2 Approach and corporate management systems	Governance - Materiality Matrix	
103-3 Evaluation of the management approach	Governance - Corporate Governance - Penalties	
307-1 Non-compliance with environmental laws and regulations	Governance - Corporate Governance - Penalties	
Performance Indicators - Environmental - Noise (material topic: noise mitigation)		
103-1 Explanation of the material topics and its Boundary		
103-2 Approach and corporate management systems	Governance - Materiality Matrix	
103-3 Evaluation of the management approach	Performance Indicators - Environmental Performance - Noise	
Performance Indicators - Social - Employment (material topic: working conditions)		
103-1 Explanation of the material topics and its Boundary		
103-2 Approach and corporate management systems	Governance - Materiality Matrix	
103-3 Evaluation of the management approach	Performance Indicators - Social Performance	
401-1 Total number and number of people recruited and turnover rate by age groups, gender and region	Performance Indicators - Social Performance: Charts and Tables <i>In 2020 the recruitment rate was 11.5%.</i>	<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>
Performance Indicators - Social - Industrial relations 2016 (material topic: industrial relations; working conditions)		
103-1 Explanation of the material topics and its Boundary	Governance - Materiality Matrix	
103-2 Approach and corporate management systems	Performance Indicators - Social Performance	
103-3 Evaluation of the management approach	- Collective bargaining	
402-1 Minimum notice periods regarding operational changes	Performance Indicators - Social Performance: Charts and Tables	

SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
Performance Indicators - Social - Health and Safety of workers 2018 (material topic: health and safety; working conditions)		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Governance - Policies and Targets
103-3	Evaluation of the management approach	Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables
403-1	Occupational Health & Safety Management system	
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	Governance - Policies and Targets Governance - Corporate Governance Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables
403-5	Worker training on occupational health and safety	Social Performance: Diritti umani e catena di fornitura Social Performance: Human resources
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational Health & Safety Management system	
403-9	Work-related injuries	Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables
Performance Indicators - Social - Education and training 2016 (material topic: development of people)		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Performance Indicators - Social Performance
103-3	Evaluation of the management approach	Performance Indicators - Social Performance - Training and professional development
404-1	Average hours of training per year per employee	Performance Indicators - Social Performance: Charts and Tables Performance Indicators - Social Performance - Training and professional development
404-3	Percentage of employees receiving regular performance and career development reviews	Performance Indicators - Social Performance - Staff incentive programs

In future financial years, the Group will report on the indicators in question in more detail.

The performance management process is described; the percentage of employees covered by incentive programs is not provided.

SPECIFIC STANDARD DISCLOSURES

(continues)

MATERIAL ASPECTS	PAGE/REFERENCE	OMISSIONS
Performance Indicators - Social - Diversity and equal opportunities 2016 (material topic: gender equal opportunities)		
103-1	Explanation of the material topics and its Boundary	
103-2	Approach and corporate management systems	Governance - Materiality Matrix
103-3	Evaluation of the management approach	Performance Indicators - Social Performance
405-1	Diversity of governance bodies and employees	Performance Indicators - Social Performance: Charts and Tables <i>A breakdown is provided by geographical area, gender and professional category for employees alone; breakdowns are not provided for age and details for management bodies.</i>
Performance Indicators - Social - Local communities 2016 (material topic: involvement of local communities)		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Governance - Policies and Targets
103-3	Evaluation of the management approach	Governance - Stakeholder engagement
413-1	Operations with local community engagement, impact assessments, and development programs	Governance - Policies and Targets Governance - Stakeholder engagement
Performance Indicators - Social - Marketing and labelling 2016 (material topic: relations with customers)		
103-1	Explanation of the material topics and its Boundary	Governance - Materiality Matrix
103-2	Approach and corporate management systems	Performance Indicators - Environmental Performance
103-3	Evaluation of the management approach	- Product Life Cycle (LCA/EPD)
417-1	Requirements for product and service information and labeling	Performance Indicators - Environmental Performance - Product Life Cycle (LCA/EPD) <i>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.</i>
Performance Indicators - Social - Socio-economic compliance 2016 (material topic: business ethics)		
103-1	Explanation of the material topics and its Boundary	
103-2	Approach and corporate management systems	Governance - Materiality Matrix
103-3	Evaluation of the management approach	Governance - Corporate Governance - Penalties
419-1	Non-compliance with laws and regulations in the social and economic area	Governance - Corporate Governance - Penalties

Correlation table to the Legislative Decree 254/2016

ISSUE OF LEGISLATIVE DECREE 254/2016	MATERIAL TOPIC	POLICIES APPLIED AND MANAGEMENT INSTRUMENTS
Environmental	Climate change Air quality	Code of Conduct Climate change policy Environmental management systems (UNI EN ISO 14001 or equivalent, EPD)
	Consumption of raw materials and fuels	Code of Conduct Climate change policy Environmental management systems (UNI EN ISO 14001 or equivalent, EPD)
	Consumption of water	Environmental management systems (UNI EN ISO 14001 or equivalent, EPD)
	Management of biodiversity	Environmental management systems (UNI EN ISO 14001 or equivalent)
	Noise mitigation	Environmental management systems (UNI EN ISO 14001 or equivalent)
Social	Economic growth	Code of Conduct Corporate governance model OECD Rules Country by Country Report pursuant to article 1, paragraphs 145 and 146 of law 28/12/2015 n. 208 (2016 Stability Law) IFRS international accounting principles
	Business ethics	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001
	Involvement of local communities	Code of Conduct Stakeholder engagement policy Safety Policy Occupational Health and Safety systems (UNI EN ISO 45001, OHSAS 18001 or equivalent)
	Supplier management	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001
	Relations with customers	Environmental Product Declaration (EPD)

REFERENCES TO PARAGRAPHS

CORRELATION WITH GRI STANDARDS

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System
 Chapter Governance, par. Policies and targets
 Chapter Environmental Performance, par. Greenhouse gases emissions
 Chapter Environmental Performance, par. Other atmospheric emissions

305-1 Direct (Scope 1) GHG emissions
 305-2 Energy indirect (Scope 2) GHG emissions
 305-4 GHG emissions intensity
 305-5 Reduction of GHG emissions
 305-7 Nitrogen oxides (NOX), sulphur dioxides (SOX) and other significant air emissions

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System
 Chapter Environmental Performance, par. Greenhouse gases emissions
 Chapter Environmental Performance, par. Consumption of materials

301-1 Materials used by weight or volume
 301-2 Recycled input materials used
 302-1 Energy consumed within the organisation
 302-3 Energy intensity
 302-4 Reduction of energy consumption

Chapter Environmental Performance, par. Water consumption

Consumption of water per ton of cementitious product
 Consumption of water per cubic metre of concrete
 303-1 Interaction with water as a shared resource
 303-3 Water withdrawal
 303-5 Water consumption

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System
 Chapter Environmental Performance, par. Consumption of materials

Quarries with mitigation actions with the aim of making possible the recovery of existing biodiversity and the involvement of stakeholders

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System
 Chapter Environmental Performance, par. Noise

Production sites with monitoring of noise emissions
 Investments for noise mitigation interventions

Chapter Governance, par. Value generated and distributed
 Chapter Governance, par. Taxes

201-1 Direct economic value generated and distributed
 207-1 Approach to tax
 207-2 Tax Governance, control, and risk management
 207-3 Stakeholder engagement and management of concerns related to tax
 207-4 Country-by-country reporting

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System

419-1 Non-compliance with laws and regulations in the social and economic area
 307-1 Non-compliance with environmental laws and regulations

Chapter Governance, par. Stakeholder Engagement
 Chapter Social Performance, par. Training and professional development

413-1 Operations with local community engagement, impact assessments, and development programs

Chapter Governance, par. Code of Conduct, Internal Control and Risk Management System
 Chapter Social Performance, par. Human rights and supply chain

204-1 Proportion of spending on local suppliers

Chapter Environmental Performance, par. Product Life Cycle

417-1 Requirements for products and service information and labelling
 Clinker/cement ratio

Correlation table to the Legislative Decree 254/2016 (continues)

ISSUE OF LEGISLATIVE DECREE 254/2016	MATERIAL TOPIC	POLICIES APPLIED AND MANAGEMENT INSTRUMENTS
Relating to staff	Development of people Working conditions	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001
	Gender equal opportunities	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001
	Industrial relations	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 Participation in European Works Council (EWC)
Respect of human rights	Occupational Health and Safety	Code of Conduct Safety Policy Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 Occupational Health and Safety systems (UNI EN ISO 45001, OHSAS 18001 or equivalent)
Anti-corruption	Anti-corruption practises Anti-trust practises	Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001

REFERENCES TO PARAGRAPHS

CORRELATION WITH GRI STANDARDS

Chapter Governance, par. Policies and targets
 Chapter Social Performance, par. Training and professional development

401-1 New employee hires and employee turnover
 404-1 Average hours of training per year per employee
 404-3 Percentage of employees receiving regular performance and career development reviews

Chapter Social Performance, par. Workplace Diversity

405-1 Diversity of governance bodies and employees

Chapter Social Performance, par. Collective bargaining

402-1 Minimum notice periods regarding operational changes

Chapter Social Performance, par. Occupational Health and Safety
 Chapter Social Performance, par. Human rights and supply chain

403-1 Occupational Health & Safety Management system
 403-2 Hazard identification, risk assessment, and incident investigation
 403-3 Occupational health services
 403-4 Worker participation, consultation, and communication on occupational health and safety
 403-5 Worker training on occupational health and safety
 403-6 Promotion of worker health
 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
 403-8 Workers covered by an occupational Health & Safety Management system
 403-9 Work-related injuries

Chapter Governance, par. Transparency in the conduct of business

205-2 Communication and training about anti-corruption policies and procedures
 205-3 Confirmed incidents of corruption and actions taken



BUZZI UNICEM SPA

**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 OF JANUARY 2018**

YEAR ENDED 31 DECEMBER 2020



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 of January 2018

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. 20267/2018, we have undertaken a limited assurance engagement on the "Sustainability Report 2020 - Consolidated non-financial statement under the Italian Legislative Decree n°254/2016" of Buzzi Unicem SpA and its subsidiaries (hereafter "Buzzi Unicem" or "Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 25 March 2021 (the "NFS").

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2019 by the GRI - Global Reporting Initiative (the "GRI Standards"), identified by them as the reporting standards.

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

Moreover, the 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.

Finally, the 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 or faced by the Group.

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

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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 Standard on Quality Control 1 (ISQC Italia 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 Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“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 detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and 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 the 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;
 - key 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 detail, we held meetings and interviews with the management of Buzzi Unicem SpA and with the personnel of Unical SpA 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 its consistency with available evidences;
 - 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 and sites, Buzzi Unicem SpA and Unical SpA, at the office in Casale Monferrato (Italy) and the sites in Fanna and Molinella (Italy), 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 meetings and interviews 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.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Buzzi Unicem Group for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Turin, 2 April 2021

PricewaterhouseCoopers SpA

Signed by

Mattia Molari
(Partner)

Signed by

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2020 translation.

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

Editorial coordination

SDWWG
Milan

Buzzi Unicem S.p.A.
Via Luigi Buzzi, 6
Casale Monferrato (AL)
Tel. +39 0142 416 111
buzziunicem.com

Share Capital € 123,636,658.80

Company Register of Alessandria-Asti no. 00930290044

Cover photo:

Students visiting the Plant in Guidonia (RM).





Buzzi Unicem S.p.A.

Via Luigi Buzzi, 6 | Casale Monferrato (AL) | Tel. +39 0142 416 111

[buzziunicem.com](https://www.buzziunicem.com)